



Iowa's Response to COVID-19: Child Care Actions

Fact Sheet | January 2021

On March 27, 2020, the CARES Act was signed into law, including \$3.5 billion in supplemental appropriations for the Child Care and Development Block Grant to prevent, prepare for, and respond to the coronavirus. This funding represents a 60% increase in total discretionary appropriations for fiscal year 2020, which amounts to \$9.326 billion. States were given broad flexibility for how to use this funding and have therefore taken a variety of approaches to help address needs of working families and providers through COVID-19. However, as the funds ran out during the ongoing crisis, many states began pulling from other sources to continue supporting parents and providers alike. This fact sheet explains the actions Iowa took to support the child care industry and working parents through 2020.

Iowa received \$32 million in supplemental CCDBG funds through the CARES Act. In March, 76% of programs were temporarily closed due to the crisis.

In May, June, and July, the state offered a COVID-19 Childcare Sustainability Plan consisting of monthly \$2,000 stipends to all licensed child care providers that remained open, and \$500 to all registered homes that were open. To encourage providers to serve essential workers, the state doubled this award if providers offered a 25% tuition discount to essential personnel for a potential total of \$4,000 to centers and \$1,000 to homes. The state distributed \$20 million through this program.

Further, to offer additional support to providers serving families receiving subsidies, the state used \$2 million of their CARES Act funds to cover full tuition amounts including copays, so that families would not have to pay them during the crisis.

For providers that closed during the pandemic, the state offered "Rejuvenation Grants" in the form of one-time payments available from April through June. These grants were intended to defray revenue losses due to lower enrollment and to fund the costs of cleaning, replacing equipment or materials, and acquiring necessary supplies. Licensed centers were eligible for \$1,500 and registered homes were eligible for \$600, which the state estimated would cost \$6 million overall. This program ended on November 30.

The state also paid subsidies based on full-day, full-attendance rates to providers for all school-aged children based on enrollment. Additionally, the state lifted restrictions on the number of absent days paid per month to child care providers that were open. The state also waived family copayments and reimbursed providers for the copay amounts to help support families. This is expected to continue through the length of the state's Emergency Declaration, which has been extended through February 6.

Between December through February 2021, Iowa plans to offer a monthly stipend of \$2,000 for child care centers and \$500 for home-based providers that are open or planning to reopen during that time. This funding was intended to provide immediate support for expenses such as supporting staff wages, replenishing toys or supplies, and paying rent or utilities. Providers remained eligible for these grants if they had received a Paycheck Protection Program loan, however if they had, any funds received by DHS could not be utilized for payroll purposes.

Furthermore, on January 13, Governor Reynolds announced a new grant program, sourced through state-appropriated funds, to increase the number of child care slots in local communities in Iowa. Employers, nonprofits, and employer consortiums were eligible for grants up to \$100,000 to start new construction of a child care facility, rehabilitate an existing structure as a child care facility, or retrofit and repurpose an existing structure for use as a child care facility. Applications were expected to close on February 12, 2021.