



North Carolina'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 North Carolina took to support the child care industry and working parents through 2020.

North Carolina received \$118 million in supplemental CCDBG funds through the CARES Act.

The state estimates it spent most of this funding supporting child care providers who had temporarily closed or had seen decreased enrollment (70%), and to cover increased payment rates for providers who were open and caring for children of frontline and essential workers (25%). All providers, open or closed, received subsidy stabilization support for April, May, and June. Child care providers automatically received operational grants scaled according to the provider's quality, size, and percent of children who receive subsidies.

North Carolina offered these child care recovery grants in July, launched a hotline for families to access enhanced child care referrals, and continued to use funds for cleaning, sanitation, and supplies.

Beyond its supplemental CARES dollars, North Carolina repurposed over \$60 million of existing CCDBG funds to support child care for essential workers, offer providers continued and increased subsidy payments, and covered parent copayments for April through June.

Beginning in April, the state also provided child care teachers bonuses of \$950 per month and support staff bonuses of \$525 per month. In April, these bonuses brought the average monthly salary of child care workers to \$2,860, while the average monthly salary of child care workers receiving unemployment remained higher: \$3,553. The North Carolina Department of Health and Human Services cited this gap as a barrier to retaining the child care workforce.

North Carolina anticipated needing an additional infusion of \$118 million (equal to the amount they received in the CARES Act) to continue these activities over the following six months.

On May 22, about 40% of providers across the state remained closed. To help these providers reopen, North Carolina announced "Operational Grants" to assist programs in covering costs for the number of days they were open in June. These one-time, non-competitive grants were distributed to all open providers regardless of whether they received financial assistance in past months. Grant amounts varied by provider type and ranged from \$500 to \$30,000 for center-based providers, and from \$359 to \$2,500 for home-based providers. These amounts were based on factors including providers' quality rating, pre-COVID-19 enrollment, and infant-toddler enrollment.

North Carolina paid subsidies based on pre-COVID-19 enrollment during March, April, and May, and providers that were open continued to receive enrollment-based payments through June, July, and August. In September, about 90% of children receiving subsidies were attending in person, so the state reverted to attendance-based payments and no longer covered parent copayments like it did through August.

In early September, the state dedicated \$35 million of its federal Coronavirus Relief Fund dollars to continue supporting providers and families through the fall. The additional funds were used to offer another round of operational grants to help providers that were open and serving children to cover their staff salaries and other costs related to providing care at a higher cost despite lower revenues.

Acknowledging that parents faced the challenge of finding affordable child care for their school-age children during fall, the state offered school-age care payments to families during the fall.

Parents could receive a direct assistance payment allowable for use at licensed child care programs or registered community-based organizations that offered school-age care. Families with incomes below 150% of the income-eligibility threshold for free or reduced-priced lunch received priority. On December 1, the state announced that it would no longer accept further applications for the program due to the large number of applications received.

Also at the beginning of December, the state announced that it would offer bonus payments to child care staff who worked in person during November and December. Child care workers were eligible to receive up to \$450 for their work in November and up to \$600 in December. Though these payments were less than offered earlier in the year, they were still intended to retain child care staff and ensure programs could remain fully operational.

At the time of publication, the state had yet to announce child care support plans for 2021.