

CCDBG Funds in the CARES Act

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The Coronavirus Aid, Relief, and Economic Security Act¹, or CARES Act, includes \$3.5 billion in additional funding for the Child Care and Development Block Grant, or CCDBG, to provide child care assistance to emergency and frontline workers and to help stabilize the child care market in the wake of the COVID-19 pandemic. Because the funding is being administered through the CCDBG program, CCDBG requirements apply to the supplemental funding in the CARES Act. However, Congress included flexibilities to ensure that these funds get to the people who need child care today. These only apply to the \$3.5 billion included in the CARES Act and not to the “regular” CCDBG funds annually appropriated by Congress. This brief provides an overview of the CCDBG requirements included in the CARES Act.

The Child Care and Development Block Grant

CCDBG provides funds to states, territories, and tribes^a: (1) to help low-income working families pay for child care, and (2) to improve the quality of child care available to all families.² CCDBG was reauthorized in 2014 with a new emphasis on child development and quality.³ Following reauthorization, states continue to have flexibility in setting income eligibility levels, payment rates to child care providers, and parent copayments. The reauthorization did include some new requirements around health and safety and monitoring. It also requires states to set-aside at least 12% of total spending for quality improvement activities and about 70% of funding on direct child care services^b.

Child Care in the CARES Act

The CARES Act requires states to use the \$3.5 billion to supplement—not supplant—state general revenue funds that are already being used to provide child care assistance to low-income working families. It also allows states to use the additional funds to:

- Provide continued child care payments to child care providers in the case of decreased enrollment or closures due to the novel coronavirus, and assuring child care providers can remain open or reopen
- Place conditions on payments to child care providers ensuring they use a portion of the funds to

a Throughout this brief, any reference to “states” is inclusive of states, territories, and tribes.

b After a state sets aside funds for quality and administrative activities, states must spend 70% of whatever CCDBG funding is left on direct child care services for low-income working families. For more information, see: Child Care State Capacity Building Center, CCDF Fundamentals for State and Territory Administrators, August 2017. Available at: https://www.acf.hhs.gov/sites/default/files/occr/rg_ccdf_fundamentals.pdf.

continue to pay salaries and wages of staff

The CARES Act increases state flexibility by waiving several CCDBG requirements for the \$3.5 billion provided in supplemental funding, including:

- Exempting the funding from minimum spending requirements on direct child care services and quality investments
- Allowing states to disregard income eligibility requirements when providing child care support to essential workers
- Awarding funding for sanitation and cleaning, or to help maintain or resume child care services, to eligible child care providers regardless of whether they currently serve children receiving child care assistance

Each of these flexibilities is described in more detail below.

Minimum Spending Requirements

The CARES Act exempts the \$3.5 billion in supplemental child care funding from the requirements for states to invest 12% of total spending to improve the quality of child care and about 70% of total spending on direct child care services.

Under traditional CCDBG rules, states may spend more than these required minimums. However, these minimum spending requirements essentially limit how much a state can spend on either quality or direct services because states must trade-off between the two to comply. The exemptions in the CARES Act allow states to spend their allocation in the way that best fits the needs of their communities. It also gives states flexibility to get funds out the door and into the hands of child care providers who are caring for the children of emergency staff or are closed and not sure if they will be able to reopen without additional, immediate investments.

Eligibility Requirements

The CARES Act includes funds to provide child care to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to coronavirus. To meet their needs, the child care funding is available to families regardless of their income. Under the CCDBG Act, families must have incomes below 85% of the state median income to qualify for child care assistance. However, the CARES Act waives this requirement for families served through the \$3.5 billion included in the stimulus.

CCDBG has additional requirements that families must meet to be eligible for child care assistance, including that a family cannot have assets of more than \$1 million, parents must be working or in job training or education, and children must be under the age of 13. The CARES Act exempts the \$3.5 billion from only the income eligibility requirements. Families must still meet the other requirements to qualify.

Eligible Child Care Providers

States may award the emergency funding to any eligible child care provider^c for the purpose of cleaning and sanitation, and other activities necessary to maintain or resume operations. CCDBG regulations already allow states to use the quality funds to support eligible child care providers, even if they are not serving children

^c Section 658P(6) of the CCDBG Act defines an eligible child care provider as: (1) A center-based, group home, or home-based child care provider that is licensed, regulated, or registered based on state law and meets state and local health and safety requirements, or (2) A child care provider over the age of 18 who provides child care services only to children to whom they are related and meets and requirements for relative child care providers.

with child care subsidies, and the CARES Act aligns with these regulations by making the funds available to any eligible child care provider regardless of whether they were serving children receiving child care assistance prior to the COVID-19 public health emergency.

Changes to State Policy

The CARES Act directs the Secretary of HHS to remind states that they do not need to amend their CCDBG state plans before taking advantage of the new flexibilities when spending the supplemental \$3.5 billion. Flexibility around filing plan amendments means states may make changes to policies set at the state level, such as parent copayments and how much to pay child care providers that continue to provide care, without additional burdens or delays. States must still make any of those changes within the federal guidelines either included in the CARES Act, or the CCDBG Act for requirements not addressed in the CARES Act.

Conclusion

The \$3.5 billion in emergency child care funding in the CARES Act will provide immediate support to families who need care during the COVID-19 pandemic and support the child care providers caring for the children of essential and frontline workers. By applying additional flexibility to the supplemental funds, Congress is helping states move quickly to spend the money and support the economy now.

ENDNOTES

- 1 Coronavirus Aid, Relief, and Economic Security Act of 2020, Pub. L. No. 116-136, March 27, 2020. Available at: <https://www.congress.gov/bill/116th-congress/house-bill/748>.
- 2 Bipartisan Policy Center, Building Bipartisan Support for Child Care: A Toolkit, September 2019. Available at: <https://bipartisanpolicy.org/building-bipartisan-support-for-child-care-a-toolkit/>.
- 3 Karen E. Lynch, "CCDBG Act of 2014: Key Provisions and Implementation Status," Congressional Research Service, November 22, 2016. Available at: <https://crsreports.congress.gov/product/pdf/IF/IF10416>.

local health and safety requirements, or (2) A child care provider over the age of 18 who provides child care services only to children to whom they are related and meets and requirements for relative child care providers.

