



AFSCME Facts

Early Childhood Education Funding In the American Rescue Plan Act March 22, 2021

The American Rescue Plan Act of 2021, which was signed into law by President Biden on March 11, includes massive new funding for early childhood education through the Child Care Development Block Grant and Head Start. This fact sheet provides an overview of these changes.

How much does the Child Care Development Block Grant (CCDBG) program receive?

The Child Care and Development Block Grant (CCDBG), the main federal program funding early childhood education, receives \$39 billion in supplemental funding, after receiving \$13.5 billion in such funding in the two previous Covid relief bills (the CARES act and the Consolidated Appropriations Act). This new funding includes **\$23.975 billion in newly created child care stabilization grants** and **\$14.99 billion in additional CCDBG funds**.

How can the supplemental CCDBG funding be used?

As with the CCDBG funding provided in the two previous relief bills, the new money generally can be used to provide child care assistance to families and to help child care providers cover their increased operating costs during the pandemic. The guardrails for using each of these funds are described below.

What are the rules for the new child care stabilization grants?

Grant amounts are based on providers' operating expenses. Funds received by providers shall be used to cover their operating expenses, which includes personnel and facility costs (such as rent, mortgage, facility maintenance or improvements or insurance), expenses related to COVID-19 (such as equipment and goods and services needed to resume or maintain services) and mental health supports for children and employees. Funds can be used to reimburse providers for expenses incurred before passage of the act. Providers are eligible for the funds even if they are closed due to COVID-19 when they apply for the grants. Providers must certify that they will not reduce employee's compensation from the level in place when they applied for the grant. Finally, they need to offer families some relief from copayments and tuition payments.

By when do the stabilization grants have to be allocated?

While there is no specific deadline for states to allocate these funds, they are required to accept and process provider applications on a rolling basis. Congress appropriated the \$23.975 billion in stabilization grant funding to be available through the end of FY 2021, with the U.S.

Department of Health and Human Services required to allocate grants of this money to each state. Each state, after reserving no more than 10% of this money for administering this program, providing technical assistance and other purposes, then issues subgrants to eligible applicants.

Are private-pay providers eligible for these grants?

Yes. Providers do not have to have received CCDBG funds in the past to be eligible for this funding.

What is the other \$14.99 billion in additional CCDBG funding to be used for?

States have greater flexibility in using these funds than they generally do in using CCDBG funds, which are intended to provide child care to low-income families. States do not have to set aside a certain amount of this money for quality improvement services, and funds can be used to provide care for the children of essential workers such as first responders, health care employees or sanitation workers without considering income eligibility requirements. This funding must be used to supplement and not supplant other federal, state and local government funding for child care.

How long do states have to spend this additional CCDBG funding?

The additional CCDBG funding must be spent by Sept. 30, 2023.

How much total new CCDBG funding did each state receive in the American Rescue Act?

Estimated additional funding for this fiscal year by state can be seen on the far right column of Table 2, beginning on page 9, [here](#). Numbers are in millions. For example, California is slated to receive \$3.769 billion, while New York is estimated to receive \$1.832 billion. State estimates for each of these two funding streams can be found in the columns labeled “Child Care Stabilization Grants” and “CCDBG Supplemental.”

How much is provided for Head Start providers?

The American Rescue Plan provides Head Start with \$1 billion in supplemental funding, to be available through Sept. 30, 2022. For an estimate of how much Head Start agencies in each state will receive in this supplemental funding, see the far right column of Table I, beginning on page two, [here](#). Numbers are in millions. For example, California is slated to receive \$105.14 million and New York is estimated to receive \$59.075 million.

How will supplemental Head Start funding be distributed?

Supplemental Head Start funding will be distributed to Head Start agencies as one-time grants. The amounts of the grant will be determined based on enrollment.