

ACF	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
Administration for Children and Families	1. Log No: CCDF-ACF-IM-2021-02	2. Issuance Date: 05-10-2021
	3. Originating Office: Office of Child Care	
	4. Key Words: Child Care and Development Fund, CCDF, American Rescue Plan Act, ARP Act	

**INFORMATION MEMORANDUM
ARP ACT CHILD CARE STABILIZATION FUNDS**

- To:** State, Territory, and Tribal Lead Agencies administering the Child Care and Development Fund (CCDF) program, as amended, and other interested parties.
- Subject:** Child Care Stabilization Grants Appropriated in the American Rescue Plan (ARP) Act (Public Law 117-2) signed into law on March 11, 2021.
- References:** The Child Care and Development Block Grant (CCDBG) Act (42 U.S.C. 9857 *et seq.*); 45 CFR Parts 98 and 99; The American Rescue Plan (ARP) Act of 2021 (Public Law 117-2)
- Purpose:** To provide an overview and guidance on the child care stabilization grants made available through the ARP Act.
- Background:** The ARP Act appropriated funding for child care through three funding streams. These include:
- Section 2201. \$14,990,000,000 for CCDF Supplemental Discretionary Funds, available until September 30, 2024.
 - Section 2202. \$23,975,000,000 for child care stabilization grants, available until September 30, 2023.
 - Section 9801. \$3,550,000,000 in Mandatory and Matching funding for CCDF, a permanent annual appropriation.
- Each funding stream has unique requirements. Therefore, the Office of Child Care (OCC) will be issuing three separate guidance Information Memoranda (IM). The information in each IM is only applicable to the funding stream discussed in the IM, unless otherwise noted.
- Guidance:** Section 2202 of the ARP Act provides resources to states, territories, and tribes to provide stabilization grants to child care providers. This IM is designed to help states, territories, and tribes quickly distribute those funds and protect the existing child care market. The guidance explains specific requirements included in the Act, identifies opportunities for lead agencies to leverage these

resources to a wide range of child care providers, and reminds lead agencies of their legal obligations under federal civil rights laws to provide equal access to child care programs, services, and activities. The guidance included in this IM only applies to section 2202 of the ARP Act and does not extend to the other child care funding streams included in the Act. While the guidance aims to cover the range of topics necessary for lead agencies to begin administering the funds, it is not exhaustive. OCC will issue supplemental guidance and frequently asked questions throughout the life of the grant.

Overview

The COVID-19 public health emergency has put a spotlight on the critical role child care plays in supporting children, families, businesses, and the economy as a whole. It has also highlighted the fragility of the child care market. Child care is essential for our communities to thrive, but the system's current structure means many families cannot access or afford high-quality care, and the workforce is underpaid for skilled and valuable work. There is no doubt that child care providers are critical to the recovery and continued wellbeing of families and the economy, and that, without immediate financial relief, child care providers will continue to close and accumulate debt, further reducing the already limited supply of child care. This outcome would be catastrophic for families, businesses, and our economy.

In response to the urgent need to stabilize the child care sector, the ARP Act included approximately \$24 billion for child care stabilization grants, representing an important opportunity for states, territories, and tribes to stabilize the child care sector and to do so in a way that rebuilds a stronger child care system that supports the developmental and learning needs of children, meets parents' needs and preferences with equal access to high-quality child care, and supports a professionalized workforce that is fairly and appropriately compensated for the essential skilled work that they do. This funding, together with other CCDF funding and flexibility included in the ARP Act, gives states, territories, and tribes the resources and opportunity to address the financial burdens faced by child care providers during and after the COVID-19 public health emergency and the instability of the child care market as a whole.

Lead agencies must spend most stabilization funds (at least 90 percent for states and territories and at least 80 percent for tribes) as subgrants to qualified child care providers to support the stability of the child care sector during and after the COVID-19 public health emergency. Providers can spend these funds on a variety of key operating expenses, including wages and benefits, rent and utilities, cleaning and sanitization supplies and services, and many other goods and services necessary to maintain or resume child care services. (*See Uses of Subgrants* below.) We encourage lead agencies to award these subgrants simply and flexibly to quickly meet the individual needs of child care providers, including child care centers and family child care homes. Lead agencies may

spend remaining funds (up to 10 percent for states and territories and up to 20 percent for tribes) on administrative activities, supply-building activities, and certain types of technical assistance. Strategic supply-building activities will be particularly important for addressing community needs.

The stabilization grant funding in the ARP Act is in addition to the Fiscal Year (FY) 2021 CCDF appropriations levels and is meant to supplement, not supplant, other federal, state, and local public funds expended to provide child care services for eligible individuals. As further described below, the stabilization grant funds were awarded to CCDF lead agencies on April 15, 2021, as defined in the CCDBG Act, using the formula used to award CCDF Discretionary funding. Lead agencies did not have to apply for these funds.

States: Stabilization grants to states were allocated in the same manner as CCDF Discretionary funds are allocated to states, including the District of Columbia and Puerto Rico, based on a statutory formula that considers three factors: the number of children under age 5, the number of children qualifying for school lunch programs, and per capita income. States received \$23,135,875,000 for stabilization grants under the ARP Act.

Territories: The CCDBG Act establishes the allocation for Territories at up to ½ of 1 percent of the Discretionary allocation. Territories include American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands. In the same manner as CCDF Discretionary funds are allocated to territories, funding for stabilization grants was allocated among the territories based on a formula that considers the number of children under age 5 and per capita income. Territories received \$119,875,000 for stabilization grants under the ARP Act.

Tribes: The CCDBG Act sets a statutory funding level of at least 2 percent of Discretionary funds for tribal lead agencies. The Secretary has flexibility to set a higher level provided certain conditions are met. The Secretary has set the tribal set-aside for Discretionary funds appropriated under the ARP Act at 3 percent. In the same manner as CCDF Discretionary funds are allocated to tribes, funding for stabilization grants was allocated among tribal lead agencies based on child counts. Tribal lead agencies received \$719,250,000 for stabilization grants under the ARP Act.

ACF recognizes the substantial effort of establishing a new child care stabilization program and awarded a stabilization base amount and a per-child amount for all tribal lead agencies. The base amount for individual tribes (not part of a consortium) is \$30,000. Lead agencies representing a consortium of tribes receive \$30,000 for each consortium member (or a pro-rated amount for members with fewer than 50 children). The per-child amount is distributed among tribal lead agencies based on the number of children under age-13 living in tribal communities.

The base amount may be used for any activity consistent with the purposes of the stabilization grants, including the administrative costs of implementing a child care stabilization program. Base amount funds are not subject to the 20 percent cap for administrative expenses, supply building, and technical assistance.

Exemptions from Quality and Direct Services Spending Requirements

Stabilization grant funds appropriated under the ARP Act are exempt from certain spending provisions required by the CCDBG Act. For regular CCDF funds, the CCDBG Act limits administrative expenses to 5 percent of all expenditures for states and territories and 15 percent for tribes (section 658E(c)(3)(C), 42 U.S.C. 9858c(c)(3)(C), 45 CFR 98.83(i)) and requires certain percentages (9 percent for states and territories, 8 percent for tribes, and an additional 3 percent targeting infants and toddlers) to be used on quality improvement activities (section 658G, 42 U.S.C. 9858e, 45 CFR 98.83(g)). In addition, lead agencies must use at least 70 percent of the remaining funds (after quality and administration) for direct services (section 658E(c)(3)(E), 42 U.S.C. 9858c(c)(3)(E)). These requirements do not apply to stabilization grant funds appropriated under the ARP Act.

Set-Aside For Administrative Expenses, Supply Building, and Technical Assistance

The regular CCDF administrative cost cap (5 percent for states and territories and 15 percent for tribes) does not apply to the child care stabilization funds under the ARP Act. Instead, states and territories may spend up to 10 percent of the child care stabilization funds for the five categories of administrative, supply-building, and technical assistance activities described below and found in section 2202(d)(1) of the ARP Act.

Tribes may spend up to 20 percent for these activities. The base amount awarded to tribal lead agencies as part of their stabilization fund allocation is not subject to the 20 percent cap and not included in the calculation used to determine the amount of funds subject to the cap.

Lead agencies may spend part or all of this set-aside directly or may fund intermediaries through contracts or grants to help meet the needs of providers. If states choose to use intermediaries to distribute subgrants to child care providers, the subgrant funds themselves do not count as part of the set-aside; however, any amounts spent by the intermediary for administration, supply building, or technical assistance (*i.e.*, amounts not passed through to providers) must be included in the overall set-aside by the lead agency. These set-aside funds may be used for the following activities:

Administering Child Care Stabilization Subgrants

Lead agencies may use this set-aside to assist with administering the stabilization subgrants. They are strongly encouraged to use a portion of their set-aside to cover the cost of staffing and systems necessary to administer and process the subgrants in a timely, transparent, and effective manner to help stabilize the child care sector. These funds represent an unprecedented opportunity that will be difficult to realize without adequate staffing and system supports at the state, territory, and tribal levels. Lead agencies may also use funds to make upgrades to data collection and technology systems needed to administer subgrants and collect data, including building capacity to assess outcomes, especially with respect to underserved communities.

Carrying Out Activities to Increase the Supply of Child Care

Building the supply of child care is critical to ensuring families have equal access to high-quality child care, and lead agencies are strongly encouraged to use a substantial portion of the set-aside funds for this purpose. Building a high-quality supply of child care that matches the needs and preferences of parents will strengthen families, communities, businesses, and the economy. Lead agencies are particularly encouraged to build the supply of non-standard hour care, infant and toddler care, child care in underserved areas, and child care that meets the needs of children with disabilities.

As with the other allowable uses of the administrative, supply-building, and technical assistance set-aside, funds used to carry out activities to increase the supply of child care may not be used to fund direct child care services. Rather, these funds are meant to cover the cost of activities related to supporting direct child care services. Lead agencies are encouraged to use funding provided in section 2201 of the ARP Act, as well as funding in previous COVID-19 packages and regular CCDF funds, to provide child care assistance to more children and families.

Examples of activities to increase the supply of child care include the following: start-up resources and grants; administrative costs associated with increasing the use of grants and contracts for child care services; facilitating a financing program with low- or no-interest loans to programs interested in start-up expansion, or improvement in areas of need; facility improvement grants; staffed family child care networks; technical assistance on business practices; developing and implementing a strategic plan for building supply; expanding the use of shared services models; improvements to lead agency data systems that will be used to better meet the demand for child care; conducting community needs assessments; efforts to increase access to licensing or participation in quality rating and improvement systems.

It is allowable to use these funds for facility maintenance and improvement of child care facilities. However, as qualified providers receiving subgrants may use subgrants for facility maintenance and improvements, lead agencies should

ensure that the funds from the set-aside are not duplicating activities funded through subgrants. Use of the set-aside funds for facility maintenance and improvement are meant to increase the overall supply of child care. A lack of adequate child care facilities can be a major barrier to meeting the needs of working families in some communities. Further, some providers may not be licensed or CCDF-eligible because their facilities do not meet certain requirements, limiting the supply of regulated child care. Funding for facility improvements and minor renovations, such as renovating bathrooms and installing railings and ramps to improve physical accessibility, may be necessary to ensure children are cared for in safe and developmentally appropriate settings. Construction of new facilities and major renovations, as defined at 45 CFR 98.2, are prohibited, except in cases where tribal lead agencies have received prior approval from OCC (42 U.S.C. 9858d(b)(1)). Lead agencies with questions about allowable facility and maintenance improvements should contact their OCC Regional Office.

Providing Technical Assistance and Support for Subgrant Applications

Lead agencies may use some of the set-aside to provide technical assistance and support to qualified child care providers applying for stabilization subgrants. Technical assistance may include a staffed helpline or chat function to provide real time assistance for completing applications, support for collecting documentation showing operating expenses, and resources such as frequently asked questions to help with the completion of the applications. Lead agencies are encouraged to devise technical assistance and support that meets the needs of different types of child care providers so that stabilization subgrants support the sector in ways that will meet parents' needs and preferences. Support options such as helplines and chat, as well as written materials should be available in multiple languages to reflect the population of languages spoken in the state, territory, or tribe. In addition, lead agencies are strongly encouraged to partner with culturally relevant organizations and trusted messengers who can support a diverse range of child care providers in navigating the application process.

Publicizing the Availability of Stabilization Subgrants

Lead agencies may use the set-aside to publicize and conduct outreach about the stabilization subgrants and the application process, and can fund partners and organizations trusted by child care providers, including professional organizations, family child care networks, culturally relevant organizations, unions, and child care resource and referral agencies, to accomplish these purposes. Lead agencies should pay particular attention in their outreach to providers representing and working with underserved constituencies. Lead agencies should make sure that applications for subgrants are widely available in plain language and multiple languages. Requirements and recommendations for the subgrant applications are discussed below.

Providing Technical Assistance to Providers Receiving Stabilization Subgrants
Qualified providers receiving a subgrant must certify that they will follow certain health and safety guidelines, continue to pay full compensation to staff, and, to the extent possible, provide relief from copayments and tuition for parents struggling to afford child care. Lead agencies may use the set-aside to provide technical assistance and support to providers as they work to meet these requirements throughout their subgrants. Technical assistance and written resources should be available in multiple languages to reflect the population languages spoken in the state, territory, or tribe, and lead agencies are encouraged to work with culturally relevant organizations to meet the ongoing needs of providers receiving subgrants.

Qualified and Eligible Child Care Providers

The COVID-19 pandemic has caused widespread disruption to the child care sector, impacting all child care providers regardless of whether they participate in the child care subsidy system. It is critical that subgrants reach a wide range of providers, particularly those representing and working with underserved communities, to ensure that the supply of child care meets the varying needs of parents. We highly recommend that lead agencies include center-based and family child care providers and programs that serve school-age children in their subgrant programs. Subgrant funds were designed to be made available to qualified child care providers regardless of a provider's previous receipt of other federal assistance, such as funding through CCDF; the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136); the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (Public Law 116-260); the Paycheck Protection Program (PPP); and the Child and Adult Food Care Program (CACFP). Therefore, lead agencies should make subgrants available to qualified and eligible providers who have not previously participated in the child care subsidy system.

In addition, child care providers are eligible to receive child care subsidy payments and child care stabilization subgrants at the same time. As these funds are for different purposes, this is not considered "double dipping".

We recognize that, in some territories and tribes, all eligible or qualified providers in the lead agency's service area have previously participated in the child care subsidy system. In those limited cases, lead agencies are not expected to award subgrants to providers not previously participating in the subsidy system.

To help ensure that subgrant funds are being appropriately spent to stabilize the child care sector, receipt of subgrants are limited to child care providers that: (A) are existing providers of child care at the time they apply to the lead agency or its intermediary for a subgrant; and (B) meet certain state and local requirements. These are discussed below.

Qualifying Criteria for Existing Providers

These subgrants are designed to stabilize existing child care businesses, not fund the start-up of a new child care provider that is not yet an operating business. Qualifying providers include child care providers that are open and available to provide child care services on the date they apply for a subgrant. It also includes existing child care providers who, on the date they apply for a subgrant, are temporarily closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency. There are many reasons why a child care provider may be temporarily closed due to the COVID-19 public health emergency but for which a stabilization grant will be very beneficial to the community and the sector. These are broad terms, and lead agencies should treat them as such and allow provider self-attestation as to why they are unable to provide child care services at the time of submission for reasons relating to the COVID-19 health emergency and have the option of placing reasonable conditions or timelines with regard to reopening on child care providers who receive a subgrant. (*See* section 2202(d)(B)(i) and (ii) of the ARP Act.)

Types of Eligible Providers

In addition to the qualifying criteria described above, to receive a subgrant, a provider must also be an eligible child care provider as defined in the ARP Act, which includes -

- A) An eligible child care provider as defined in section 658P(6) of the CCDBG Act (42 U.S.C. 9858n(6)) at the time of application for a stabilization subgrant. This includes:
 - 1. Center-based child care providers, group home child care providers, family child care providers, providers caring for a child in the child's home, or other providers of child care services¹ for compensation that are:
 - a. licensed, regulated, or registered under applicable state and local law; and
 - b. that satisfy the state and local requirements, including health and safety requirements outlined in sections 658E(c)(2)(I) of the CCDBG Act. (42 U.S.C. 9858c(c)(2)(I)).

As allowed under the CCDBG Act, this includes license-exempt child care providers legally operating under state law who meet applicable health and safety requirements in section 658E(c)(2)(I), such as relative providers (who do not meet the definition in 658P(6) (42 U.S.C. 9858n(6)) meeting CCDF requirements; legally operating, license-exempt, non-relative providers meeting CCDF requirements; and in-home providers meeting CCDF requirements.

¹ The CCDF-related eligibility of the children being served by the child care providers in this category is not relevant to a child care provider's eligibility for stabilization subgrants.

2. Child care providers that are 18 years of age or older who provide child care services only to CCDF-eligible children who are, by affinity or consanguinity, or by court decree, the grandchild, great-grandchild, sibling (if such provider lives in a separate residence), niece, or nephew of such provider, and comply with any applicable requirements that govern child care provided by the relative involved. A CCDF-eligible child is defined in Section 658P(6)(B) of the CCDBG Act (42 U.S.C. 9858n(6)(B)) and the Lead Agency's triennial plan.

- B) A licensed, regulated, or registered child care provider in the state, territory, or tribe that obtained such certification no later than March 11, 2021, and meets applicable state and local health and safety requirements at the time of application for a subgrant. This includes child care providers that are not verified as CCDF eligible and includes child care providers regardless of child care subsidy receipt.

In determining who is an eligible provider, lead agencies may take into account existing approved CCDBG waivers regarding the definition of a provider or CCDF health and safety requirements. Child care providers are not required to meet requirements that have been temporarily waived due to the extraordinary circumstances of the pandemic in order to qualify for child care stabilization grants. We remind lead agencies that these temporary waivers expire on September 30, 2021, after which lead agencies will need to support CCDF providers in meeting health and safety and background checks.

The sections below provide additional guidance to lead agencies on eligibility for different types of child care providers:

Tribally Operated Child Care Centers

Many tribal lead agencies run tribally operated child care centers. These tribally operated child care centers are eligible child care programs and can receive stabilization funds from their tribal lead agency, as long as they are used to supplement not supplant tribal funds used for tribally operated centers. In addition, some tribally operated centers are licensed by the state. Therefore, state-licensed, tribally operated centers may be eligible to receive stabilization funds from the state lead agency, at the discretion of the state, in addition to stabilization funds from their tribal lead agency.

Centers and Family Child Care Providers

Existing child care centers and family child care providers that meet the qualifying criteria described above are eligible to receive child care stabilization funds if they also meet one of two conditions:

1. They are an eligible CCDF child care provider, regardless of whether they actually participate in the CCDF subsidy system, at the time they

submit an application for a subgrant. Providers can be licensed or license-exempt, but must meet the CCDF requirements, including health and safety provisions in section 658E(c)(2)(I) (42 U.S.C. 9858e(c)(2)(I)) and any other requirements established by the lead agency at the time of application submission. Some Lead Agencies have additional requirements for child care providers to be eligible CCDF providers, such as requiring participation in a quality rating and improvement system. Child care providers who are eligible for a subgrant because they are eligible CCDF providers must meet any requirements established by the Lead Agency in the triennial plan.

2. They were licensed, registered, or regulated as of March 11, 2021, and on the date they submit an application for a subgrant, and they meet applicable state and local health and safety requirements.

In some states, territories, and tribes, requirements for licensing may not align with the health and safety requirements under the CCDBG Act. Providers need to meet only one of these criteria to qualify for a subgrant. We encourage lead agencies to provide pathways for license-exempt providers that are not currently CCDF-eligible to become CCDF-eligible so that stabilization funds reach more providers. The ARP Act does not establish a date by which child care providers in existence as of March 11, 2021, need to be eligible CCDF providers, but they must be eligible at the time that they submit an application.

Relative Child Care Providers

Certain relatives are eligible child care providers for stabilization subgrants, if they are eligible child care providers under section 658P(6)(B) of the CCDBG Act (42 U.S.C. 9858n(6)(B)) and comply with applicable requirements by the lead agency. Unlike for center and family child care providers, the child being served must be CCDF-eligible for the relative caregiver to be eligible for a subgrant, but the ARP Act does not limit eligibility based on whether the child or the provider has previously or is currently participating in CCDF. However, lead agencies are strongly encouraged to limit the award of stabilization subgrants only to relatives who were receiving CCDF subsidies as of March 11, 2021. Lead agencies that elect to award subgrants to relatives outside of the CCDF program must maintain documentation that the relative is providing child care and has lost income or faces higher expenses due to the COVID-19 public health emergency. The lead agency must also verify that the relative is not receiving funding from Unemployment Insurance.

Other In-Home Child Care Providers

Some states have chosen to make non-relative caregivers providing care in the child's home eligible child care providers under section 658P(6)(A) of the CCDBG Act (42 U.S.C. 9858n(6)(A)). These providers would also be eligible for stabilization subgrants if they were in compliance with applicable requirements by the lead agency and met the background check and health and

safety requirements under the CCDBG Act. Lead agencies are strongly discouraged from awarding stabilization subgrants to this category of eligible providers if they have not previously received CCDF subsidies.

School-Age Child Care

Child care providers caring for school-age children, ages 5 through 13, play a critical role in providing safe, enriching environments for children before and after school and during the summer months. With many schools closed for in-person learning due to the pandemic, school-age child care providers have increased their hours and flexibility to meet the needs of working parents.

Lead agency licensing requirements for school-age child care providers may vary widely because of the different types of care settings, including in-school facilities, centers, and family child care homes. Some providers may also serve a range of ages, which could impact how they are governed by the lead agency. School-age providers that meet the requirements for an eligible child care provider, including those that are license-exempt but meet CCDF health and safety requirements, should be included in the pool of subgrants.

Head Start and Prekindergarten Programs

Stabilization subgrant funding is intended to help the child care sector, not public prekindergarten programs, Head Start, or Early Head Start, which typically operate under different program rules and funding structures than child care. In addition, the stabilization funding is intended to help ensure working parents have the necessary supports to return to work full time, but much of public prekindergarten is only part-day and part-year. However, depending on a lead agency's licensing and health and safety rules, and as described below, public prekindergarten programs and Head Start and Early Head Start programs may meet the criteria to be considered eligible providers for stabilization subgrants in some states, territories, or tribes.

In some very limited instances, subgrants to public prekindergarten, Head Start, and Early Head Start may be warranted. Subgrants may be useful in instances where CCDF and other child care funds are braided or layered with other programs to pay for full-day and year-round services that allow them to better meet the needs of working families. This may be particularly true of Early Head Start-Child Care Partnerships. But any subgrants must be to supplement, not supplant, existing funding for these programs. Funding from the ARP Act cannot be used to fill cuts to state or local spending on public prekindergarten programs or Head Start and Early Head Start program funds. In addition, lead agencies should consider that Early Head Start and Head Start grantees have continued to receive their grants from the Office of Head Start and supplemental COVID relief funds. Lead agencies should ensure that CCDF funds do not duplicate Head Start funds and prioritize child care programs that are in need of financial relief and have received comparatively fewer resources.

Requirements for Administering Child Care Stabilization Grants

Applications for Child Care Stabilization Subgrants

Lead agencies must create and post applications for subgrants on the lead agency's child care website. OCC recommends applications be accepted electronically for ease of submission and data collection. Tribes that do not have a child care website must post it on a website associated with the tribe so that child care providers know the application is legitimate and from a trusted source.²

Applications should not be overly burdensome and only require providers to submit the information necessary to make the subgrants and meet possible federal reporting requirements detailed below. They should be available in multiple languages and be written in plain language. Lead agencies should provide technical assistance and supports for providers submitting applications, including a helpline or chat option for real time support. Applications that are difficult to understand or include long lists of questions or require extensive documentation may lead some providers not to participate in the stabilization program.

Lead agencies may use different applications for different types of providers or for different types of subgrants. Lead agencies may also choose to change their applications throughout the grant period, especially if they receive feedback that the application is creating a barrier to the subgrants for providers. Lead agencies should track whether subgrants are going to different types of providers and areas of high need to ensure the stabilization grants are being distributed in a way that is responsive to parental needs and preferences, and that the areas in greatest need are appropriately accessing the stabilization funds. As discussed below, lead agencies may also be expected to report to OCC on the types of providers receiving subgrants.

As part of the applications, child care providers must certify that they will meet certain requirements throughout the period of their subgrants. These include the following:

- A. The provider will, when open and providing services, implement policies in line with guidance and orders from corresponding state, territorial, tribal, and local authorities and, to the greatest extent possible, implement policies in line with guidance from the Centers for Disease Control and Prevention (CDC) (available at <https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/guidance-for-childcare.html>). All child care providers are encouraged to follow the guidance issued by CDC. The

² Per 45 CFR 98.83(d)(1)(i), CCDF tribal lead agencies are exempt from the CCDF requirement to produce the consumer education website required at 45 CFR 98.33(a).

CDC has posted several fact sheets and guides to help child care providers understand and meet the guidelines, including:

- Quick Guide: Help Protect Your Child Care Center From COVID-19, available at https://www.cdc.gov/coronavirus/2019-ncov/downloads/community/schools-childcare/322883-B_COVID-19_ChildcareGuidance_CENTER_infographic_v3.pdf.
- Quick Guide: Help Protect Your Family Child Care Home from COVID-19, available at https://www.cdc.gov/coronavirus/2019-ncov/downloads/community/schools-childcare/322883-B_COVID-19_ChildcareGuidance_HOME_infographic_v7.pdf.
- Child Care Providers Quick Guide to Symptoms of COVID-19 at Child Care, available at <https://www.cdc.gov/coronavirus/2019-ncov/downloads/community/schools-childcare/Childcare-Providers-Quick-Guide-Symptoms-of-COVID-19-at-Child-Care.pdf>.

It is likely there will be additional changes to this guidance as public health conditions shift and public health science evolves. For the safety of the children in their care, their staff, and the community they serve, child care providers should be in compliance with evolving guidance to the greatest extent possible, but reasonable timelines and clear information on state and local expectations will be necessary for implementation.

- B. For each employee (including lead teachers, aides, and staff that are employed by the child care provider to work in transportation, food preparation, and any other staff that the provider employs), the provider must pay at least the same amount in weekly wages and maintain the same benefits (such as health insurance and retirement, if applicable) for the duration of the subgrant. Child care providers may not involuntarily furlough employees from the date of application submission through the duration of the subgrant period.
- C. The provider will provide relief from copayments and tuition payments for the families enrolled in the provider's program, to the extent possible, and prioritize such relief for families struggling to make either type of payment. If a provider is unable to provide relief from copayments and tuition payments for all families enrolled in the program, they should prioritize doing so for families most in need of relief and target families earning below 85 percent of the State Median Income.

The subgrant applications may include check boxes for providers to select and treat submission of the application as the certification. Lead agencies do not have to require additional information at the time of application as part of the certification process. Lead agencies may determine how they monitor if the child care provider is meeting these requirements, including what types of documentation and reporting are required during and at the conclusion of the

subgrant. In addition, lead agencies may use a portion of their set-aside for administration, supply-building, and technical assistance to help providers meet the certifications.

Applications must be accepted and processed on a rolling basis. Every effort should be made to process applications on a timely basis in order to create stability, trust, and transparency in the subgrant process. OCC recommends lead agencies process subgrant applications and distribute approved funds within 30 days of receipt.

Determining Stabilization Subgrant Award Amounts

Child care provider subgrant amounts must: (1) be based on a provider's stated current operating expenses, including costs associated with providing or preparing to provide child care services during the pandemic, and (2) to the extent practicable, cover sufficient operating expenses to ensure continuous operations for the intended period of the subgrant.

Lead agencies have wide discretion on how subgrant amounts are formulated. To stabilize the child care sector during and after the COVID-19 public health emergency, lead agencies should limit the burden and bureaucracy on child care providers and ensure subgrants are sufficient in size and duration to support continuous operation. Lead agencies have several options for determining the operating costs of providers and the grant amounts, but should take into account the true cost of providing high-quality child care, including the costs of attracting and retaining a qualified and skilled workforce and the challenges of stable operations under the changing pandemic landscape. Some examples include:

- Use a cost estimation model to allow providers to more easily estimate their operating expenses. In order to state their operating expenses, child care providers will need to state or confirm the inputs and the resulting operating expenses. Lead agencies can use the [Provider Cost of Quality Calculator](#) or similar model for this purpose. Providers who want to provide their own calculations of operating expenses should be allowed to do so.
- Use lead agency formulas based on general cost estimates for enrollment and age of children and region of operation. Enrollment and capacity should be used to estimate cost rather than attendance. Child care providers may provide enrollment and capacity data. Lead agencies may also already have some of this data through licensing systems and can prepopulate this data as part of a provider's application. Child care providers must still confirm the data as part of the application.
- Conduct a survey of child care providers, using a representative sample, to identify operating expenses by geographic region, setting, age group, and schedule. Child care providers must confirm these operating expenses as part of their subgrant applications.

- Collect information from providers describing their current operating expenses (e.g., tax returns such as the IRS Schedule C form, documentation from leases, utility bills, etc.).

Lead agencies are not required to determine operating expenses on an individual provider basis, but they must have a process in place for child care providers to affirm and state their operating expense to comply with the ARP Act. Lead agencies that have already collected operating expenses and other information from providers as part of an earlier application or relief effort do not have to collect new financial information from providers as part of the ARP Act stabilization grant applications if they consider the information sufficiently current. Using previously collected information will reduce burden on child care providers and state administrators. However, lead agencies should give providers the option of submitting new operating cost data if their expenses have changed. Lead agencies are encouraged to accept a variety of types of documentation. There should be a clear rationale for collecting information beyond what a child care center or family child care home would need to file for taxes. Lead agencies should use a portion of their set-aside to provide technical assistance to child care providers who may need help putting together the necessary documents.

If a lead agency chooses to provide stabilization grants to child care providers that are not licensed, regulated, or registered and have not previously received child care subsidies but are otherwise eligible to receive CCDF (i.e., license-exempt but meeting CCDF health and safety standards and background check requirements), lead agencies are encouraged to collect additional details and documentation of operating expenses.

Wide discretion by lead agencies is also permitted when determining operating costs for providers closed at the time of application. For example, lead agencies can use the cost estimation, formula, or survey findings and apply them to closed providers. If the lead agency collects documentation, basing the operating expenses on the 2019 tax year or the provider's most recent month of operation may be appropriate.

The ARP Act requires that, to the extent practicable, the subgrant award amount should cover sufficient operating expenses to ensure continuous operations for the intended period of the subgrant. Lead agencies are encouraged to provide grants for a duration of at least 6 months and limit collecting new cost information from child care providers in subsequent rounds of grantmaking unless information is necessary to determine subgrant amounts. Subgrant amounts should reflect the significant resources in the ARP Act and be substantial enough to stabilize struggling child care providers. These can be higher than private pay rates and prices.

Subgrant funds must be provided to child care providers in advance of provider expenditures. In general, lead agencies may not require child care providers to incur expenses to receive reimbursement. There is one exception to this requirement. Qualified child care providers are allowed to use subgrant funds to reimburse themselves for permissible expenses incurred since the declaration of the public health emergency but before the enactment of the ARP Act. This exception is described in more detail below.

OCC may request summary information about how lead agencies determined subgrant amounts. We do not plan to request detailed information or documentation (*e.g.*, provider budgets or receipts) on how individual subgrant amounts were set.

Use of Intermediaries

Lead agencies may award subgrants directly to qualified child care providers or through intermediaries, such as counties, child care resource and referral agencies, and staffed family child care networks to manage the subgrant administration. Contracting with intermediaries is one option for ensuring funds get to child care providers quickly. Local organizations with stronger connections to the community may also help the grants reach a wider range of providers. Agreements with intermediaries to administer the subgrants must meet CCDF requirements at 45 CFR 98.11, including that lead agencies retain overall responsibility for the administration of the program and administrative and implementation responsibilities undertaken by the intermediary must be governed by written agreements. Further, any expenses incurred by the intermediaries that are not part of a subgrant (*i.e.*, passed through to an eligible provider) will count against the set-aside of either 10 percent for states and territories or 20 percent for tribal lead agencies. Agreements with intermediaries should include a requirement for intermediaries to collect and report data to lead agencies on a regular basis, as lead agencies will be expected to report on this information.

Process for Awarding Subgrants

The following are recommended models for implementing subgrants:

1. Prioritizing small child care programs - OCC strongly recommends that lead agencies take steps to ensure that family child care programs, small child care centers, and non-profit entities that provide child care have equitable access to child care stabilization funds. In order to promote equitable access to child care stabilization funds and ensure subgrants reach smaller child care providers, lead agencies may open special application periods where only smaller child care centers or family child care homes are eligible for the funds. For example, lead agencies can limit applications in the first 2 weeks after the application is posted to child care providers with fewer than 20 employees and those that have 501(c)(3) non-profit status. Further, many family child care providers

and smaller child care programs will need additional time to complete the application process, as these providers often include staff who have responsibility for providing direct services to children in addition to managerial or administrative work. Lead agencies may choose to hold back some funds for providers who may take longer to prepare applications and provide direct support for completing the application. Lead agencies are discouraged from taking a first-come, first-served approach.

2. Recurring subgrants - As many of these stabilization expenses are recurring, to support provider stability, lead agencies may choose to have subgrants with recurring payments to providers throughout the life of the ARP Act funds. Lead agencies need to collect information on operating expenses only once and should not require additional paperwork from child care providers.
3. Multiple subgrant programs - The ARP Act includes several allowable uses of the stabilization subgrant awards. Lead agencies have the option of awarding grants to a range of qualified providers to stabilize the child care sector and reserve additional funds for specific purposes. For example, a lead agency may use a formula to make stabilization grants and then make a second funding amount available for providers to apply for funds for a specific purpose such as recruiting and retaining early childhood educators or expanding mental health services for children and staff. Lead agencies could also designate a portion of subgrant funds dedicated to covering increased wages and health benefits for provider staff.
4. Providing bonuses or supplemental funding for providers meeting certain needs of families - Lead agencies may choose to target additional funds for providers serving children during non-traditional hours, children with disabilities, children from families with low incomes, infants and toddlers, communities where the child care supply is low, or other underserved communities. These funds could also be used to incentivize providers to increase their hours or serve certain groups of children. Lead agencies are also encouraged to open special application periods for providers serving underserved communities.

Lead agencies may also choose to adjust how they are awarding their subgrants throughout the life of the ARP Act funds and are encouraged to do so based on feedback from providers, parents, and communities. For example, if almost all applications for subgrants are from child care centers, lead agencies should consult with the family child care community and adjust to make sure funds reach those providers.

Uses of Subgrant Funds

To support the stability of the child care sector during and after the COVID-19 public health emergency, subgrant funds may be spent on the uses of funds described in section 2202(e)(1)(A)-(F). Lead agencies should provide stabilization grants to fund expenses providers will incur throughout the duration of the subgrant. Lead agencies may not require child care providers to incur expenses and submit receipts in order to receive stabilization funds.

For the purposes of the ARP Act child care stabilization program, operating expenses are defined as the categories described in the sections below. Child care providers may use stabilization subgrants to cover the following expenses:

Personnel costs

Wages and benefits for child care program personnel, including increases in compensation for any staff in a child care center or family child care providers and their employees; health, dental, and vision insurance; scholarships; paid sick or family leave; and retirement contributions. Raising the wages of child care staff is a central part of stabilizing the industry, and lead agencies are strongly encouraged to prioritize this use of funds. Other examples of allowable personnel costs include ongoing professional development or training, premium or hazard pay, staff bonuses, and employee transportation costs to or from work.

Child care providers may also use resources to support staff in accessing COVID-19 vaccines, including paid time off for vaccine appointments and to manage side effects, as well as transportation costs to vaccine appointments.

Approximately 1 in 6 child care jobs has been lost since the start of the pandemic.³ Lead agencies are strongly encouraged to use funds to support child care providers in recruiting and retaining existing and former child care workers and strengthening the diversity of the workforce to meet children and families' needs.

Rent, utilities, facilities maintenance, and insurance

Rent (including rent under a lease agreement) or payment on any mortgage obligation, utilities, facility maintenance or improvements, or insurance. It also may include late fees or charges related to late payment. Lead agencies may define facility maintenance and improvements to include minor renovations that do not meet the definition of major renovation at 45 CFR 98.2. Subgrant funds may not be used for construction or major renovations. Allowable facility maintenance and improvements may include, but are not limited to, building or upgrading playgrounds, renovating bathrooms, installing railing, ramps, or automatic doors to make the facility more accessible, and removing non-load bearing walls to create additional space for social distancing. Lead agencies should strive to include renovations needed to comply with safety guidance in

³ <https://fred.stlouisfed.org/series/CES6562440001>

the context of developmentally appropriate practice and a welcoming environment for children and families. In addition, maintenance and minor renovations to address COVID-19 concerns are appropriate. Lead agencies are encouraged to support child care providers in making any facilities improvements that make child care programs inclusive and accessible to children with disabilities and family members with disabilities.

Personal protective equipment, cleaning, and other health and safety practices

Personal protective equipment (PPE), cleaning and sanitization supplies and services, or training and professional development related to health and safety practices. Uses of funds under this category are not limited to those designed specifically in response to the COVID-19 public health emergency and may include equipment, supplies, services, and training that support meeting state and local health and safety guidelines, including those related to the prevention and control of infection diseases, prevention of sudden infant death syndrome and use of safe sleep practices, administration of medication (consistent with standards for parental consent), prevention and response to emergencies due to food and allergic reactions, building and physical premises safety, prevention of shaken baby syndrome and abusive head trauma and child maltreatment, response planning for emergencies from a natural disaster or a man-caused event, handling and storage of hazardous materials and the appropriate disposal of biocontaminants, appropriate precautions in transporting children, pediatric first-aid and CPR, and recognition and reporting of child abuse and neglect.

Lead agencies can use resources to fund background checks and health and safety training for child care providers who were previously ineligible for CCDF subsidies because they had not completed the health and safety requirements in the CCDBG Act.

Equipment and Supplies

This category includes purchases of or updates to equipment and supplies to respond to the COVID-19 public health emergency. So long as the equipment and supplies are in response to the COVID-19 public health emergency, they may include indoor and outdoor equipment and supplies that facilitate business practices consistent with safety protocols and developmentally appropriate practice, as well as business items needed to respond to new challenges, such as business software and upgrades. This also includes technological upgrades that programs can use to collect data and report to lead agencies.

Goods and services

This category includes any material good or service necessary for the operation of a child care program. We encourage lead agencies to treat this term broadly, in accordance with the breadth of the language used in the statute, so that child care providers can flexibly meet their individual needs. Examples of goods that might be necessary to maintain or resume child care services include food and equipment and materials to facilitate play, learning, eating, diapering and

toileting, or safe sleep. Examples of services that are allowable include business automation training and support services, shared services, child care management services, food services, and transportation.

The category also covers fees associated with licensing and costs associated with meeting licensing requirements.

Mental health services

Providers may use these funds to support the mental health of children and employees. Infant and early childhood mental health consultation (IECMHC), an evidence-based, prevention-based strategy that teams mental health professionals with people who work with young children and their families to improve their social, emotional, and behavioral health and development in the settings where children learn and grow, is one example of an allowable mental health support. To ensure mental health supports are delivered efficiently and effectively, lead agencies are encouraged to offer providers avenues to use funds for IECMHC in as streamlined a manner possible. This may involve allowing providers to “opt in” to direct a portion of funds for IECMHC through a state-administered IECMHC network, or to “opt in” to regionally or locally coordinated IECMCH services that the state arranges or encourages with regional health and human services entities.

The wellbeing of caregivers is also important to stabilizing the child care sector because the mental health and wellbeing of staff impacts training, recruitment, and retention as well as the level of care provided to children. Mental health consultations for staff and other types of mental health supports to staff are also allowable.

Paying for past expenses

Prior to the passage of the ARP Act, child care providers incurred substantial financial losses in order to keep providing these essential services to their communities throughout the pandemic, and there were not sufficient resources available over the past year to support the child care sector. Prolonged and short-term closures, reduced hours, tuition adjustments, low enrollment, extra expenses related to sanitation and safety, and accommodations for new safety and staffing protocols have placed many child providers on very precarious financial footing for which prospective stabilization grants will not compensate. Assisting child care providers with these past financial losses will help ensure their future viability and are an essential component to stabilizing the availability of child care for our families and our communities as we recover from this pandemic.

Even with stabilization grants to help prospectively, the financial harm of the past year is likely to reverberate without this targeted financial assistance. Therefore, under the authority granted in section 2202(e)(2) of the

ARP Act, lead agencies are strongly encouraged to make subgrant funds available to qualified child care providers to reimburse them for their costs incurred after the declaration of the public health emergency on January 31, 2020, for any of the uses of funds outlined above, as long as those uses were made in response to the COVID-19 public health emergency (including child care operating expenses related to rent and mortgage and facilities; personal protective equipment, sanitation, and health and safety; equipment and supplies; goods and services; and mental health services as described above). Examples of these uses of funds are described elsewhere in this guidance.

Lead agencies can simply allow child care providers to choose to apply their subgrant to operating expenses incurred in the past or toward prospective expenses. Lead agencies may also combine operating costs for the expenses with upcoming prospective costs into one application. They do not have to be separate. Alternatively, lead agencies can have a dedicated fund to reimburse for expenses incurred prior to the enactment of ARP Act (March 11, 2021). In this case, lead agencies should allow for the use of estimates of operating expenses rather than require receipts for specific expenditures.

Provider Reporting and Monitoring

The ARP Act does not include specific reporting requirements for child care providers receiving subgrants, so any subgrant reporting requirements are at the discretion of the lead agency. In considering reporting options, lead agencies should balance the need to collect information necessary to ensure funds are being spent correctly and not overly burdening providers. At minimum, lead agencies should collect the following information from child care providers receiving subgrants:

- Provider address, including zip code
- Race and ethnicity of child care center director or family child care owner
- Sex of center director or family child care owner
- Whether the provider is open and available to provide child care services or closed due to the COVID-19 public health emergency
- How funds were used
- Documentation to show they met required certifications.

Tribal Use of Funds for Construction and Renovation

In addition to providing funding to child care providers, including tribally operated centers, that can be used for facility maintenance or improvement, tribal lead agencies have explicit authority under the CCDBG Act to use stabilization funds for construction or major renovation (42 U.S.C. 9858m(c)(6)). Tribes must apply to ACF before using funds for construction or major renovation (as defined at 45 CFR 98.2) in accordance with procedures at Program Instruction [CCDF-ACF-PI-2020-02](#). Minor renovation, including to make programs inclusive for children and family members with disabilities, does not require prior ACF approval. Minor renovations may also include:

- Upgrading the kitchen to add safe electrical outlets and fix plumbing fixtures
- Repainting walls with a non-toxic paint
- Renovating and updating a bathrooms (e.g., sink, faucet, toilet, etc.) to ensure age-appropriateness and child safety
- Replacing cabinets with an adequate storage space for each child's personal belongings
- Installing rails and ramps that are accessible to individuals with disabilities
- Updating a sidewalk to provide a safe pathway for children
- Building or upgrading a playground
- Replacing fire sprinklers, carbon monoxide detectors, and smoke detection systems
- Replacing windows or doors
- Completing a minor roof repair.
- Removing non-load bearing walls to create additional space for social distancing

Non-Supplantation Requirement

The ARP Act requires stabilization funds made available under the law be used to supplement, not supplant, federal, state, and local public funds expended for child care services for eligible individuals. The non-supplantation requirement also applies to territorial and tribal grantees. As this provision applies to federal funds, lead agencies may not supplant Temporary Assistance for Needy Families (TANF) funding used to pay for child care services, either directly or transferred to CCDF, or Social Services Block Grant (SSBG) funds used for child care. This means that lead agencies that spent TANF (either directly or transferred to CCDF) and SSBG for direct child care services in FY 2020 must spend the same amount in FY 2021-2023, unless a lead agency submits an accepted explanation for why a decrease in spending may not be supplantation. ACF oversight of this requirement will be consistent with monitoring, noncompliance, and complaint policies outlined in Subpart J of CCDF regulations. Additionally, lead agencies are subject to audit requirements at 45 CFR 98.65 of CCDF regulations.

ACF will consider a state, territory, or tribe to have satisfied the “supplement not supplant” requirement if the state, territory, or tribe has not made administrative or legislative changes to reduce the amount of federal, state, or local funds expended to provide child care services for eligible individuals below the amount that would have been spent under state, territory, or tribal law and policies in place on the date of enactment of the ARP Act (March 11, 2021). If federal, state, or local funds for child care assistance fall below this amount, ACF will presume that such decrease constitutes supplantation, unless the state, territory, or tribe can demonstrate that the reduction was unrelated to the availability of additional federal funds included in the ARP Act (e.g., states that

made legislative or policy changes prior to the enactment of the ARP Act, but implemented these changes after March 11, 2021 are not considered to have violated the non-supplantation requirement). In addition, any reduction in drawing down CCDF federal matching funds due to a cut in state spending on Maintenance of Effort (MOE) or state match will trigger a presumption of supplantation. States, territories, or tribes wishing to propose an alternative rationale demonstrating compliance with the non-supplantation requirement, including instances where TANF and SSBG spending declined, should submit a detailed justification in writing via email to the OCC regional program manager.

Requirements for Obligating and Liquidating Funds

The ARP Act provides funding to lead agencies to provide stabilization grants to child care providers. Given the unprecedented challenges facing child care providers and families, lead agencies are strongly encouraged to provide timely financial relief to child care providers and defray child care costs for families, while also being deliberate with distribution to ensure funds are distributed in an equitable manner.

Key dates for stabilization funds:

- December 11, 2021 – A state, territory, or tribe must notify ACF if it is unable to obligate 50 percent of the CCDF stabilization funds it received under the ARP Act by December 11, 2021. Lead agencies still have until September 30, 2022, to obligate their funds, but OCC strongly encourages lead agencies to obligate at least half of funds by December 11, 2021.
- April 1, 2022 – Notify ACF if any funds cannot be obligated by September 30, 2022. Identified funds will be recaptured by ACF and reallocated to other lead agencies.
- September 30, 2022 – All stabilization funds must be obligated by states, territories, and tribes.
- September 30, 2023 – All stabilization funds must be liquidated by states, territories, and tribes.

Section 2202 of the ARP Act is silent on obligation and liquidation deadlines for the child care stabilization grants. Therefore, CCDF Discretionary obligation and liquidation periods at 45 CFR 98.60(d)(1) apply. Lead agencies have until September 30, 2022, to obligate ARP Stabilization Grants funds. Lead agencies have until September 30, 2023, to liquidate the funds.

OCC looks forward to partnering with lead agencies to expedite resources to prevent further child care closures and address the financial needs facing families in line with the President's Executive Order on Supporting the Reopening and Continuing Operation of Schools and Early Childhood Education Providers issued on January 21, 2021 (available at <https://www.whitehouse.gov/briefing-room/presidential->

[actions/2021/01/21/executive-order-supporting-the-reopening-and-continuing-operation-of-schools-and-early-childhood-education-providers/](#)).

Obligating 50 Percent of Funds

Lead agencies are strongly encouraged to obligate their stabilization grant funds quickly to ensure they reach providers in need and protect the existing child care market. The ARP Act requires lead agencies to notify HHS if they will not be able to obligate at least 50 percent of the funds used for subgrants to providers by December 11, 2021, 9 months after the date of the enactment of the ARP Act. The Act does not require lead agencies to return funds unobligated at that point, but strongly encourages lead agencies to plan to obligate at least half of funds by this date. OCC will initiate regular communication to check in with and provide technical assistance to lead agencies to facilitate obligating and spending the stabilization grants in keeping with the Congressional intent that these resources provide immediate fiscal relief to the child care sector. Lead agencies that anticipate challenges in obligating half of their stabilization grant funds by December 11, 2021, are encouraged to notify their OCC Regional Office as soon as possible. OCC will issue guidance on how lead agencies can report this information at a later date.

Reallotment of Stabilization Funds

State and tribal lead agencies must notify ACF by April 1, 2022, if they will be unable to obligate any part of their ARP Stabilization Grant funds allotment by September 30, 2022.⁴ In accordance with 45 CFR 98.64, in most cases, unobligated state funds identified by the April 1 deadline will be reallotted to other states in proportion to their original allotments, and any unobligated tribal funds will be reallotted to other tribes.⁵ To be eligible to receive reallotted funds, states must indicate their interest on their ACF-696 quarterly report due April 30, 2022 and tribes must indicate their interest on their ACF-696T annual report due December 29, 2021.

Using CCDF Plans to Provide Information on Child Care Stabilization Grants.

States and Territories: In an effort to centralize information in the CCDF Plan related to the implementation of the stabilization grants funded under the ARP Act across lead agencies, states and territories must use question 4.1.8e to describe their stabilization grant implementation activities in their FY 2022-2024 CCDF Plan due July 1, 2021. In 4.1.8e Other., lead agencies will check the first box “Grants and Contracts.” In the “Describe” box, lead agencies should include a description of their stabilization grant implementation, including the

⁴ The CCDBG Act at section 658(O)(f) defines “state” for the purposes of reallotment as “only the 50 states, the District of Columbia, and the Commonwealth of Puerto Rico.” (42 U.S.C. 9858m(f)). Therefore, territories are not eligible for reallotment.

⁵ 45 C.F.R. 98.64(b)(2)(ii) says that funds will not be reallotted (but will instead revert to the federal government) if the amount available for reallotment is less than \$25,000.

link to the subgrant application on their website, how grants are awarded, any strategies used to target providers in low-income communities, how funds have been used by providers, and any impacts or results on providers (e.g., increased number of licensed child care programs open in underserved area) or child care staff (e.g., increased number of staff receiving higher wages) as a result of the stabilization grants.

Tribes: Tribes will submit Plan amendments to describe their child care stabilization grant activities. Tribes that are directly funded by ACF should enter their description about their child care stabilization grants in question 3.1.2j(3) Other Quality Activities of their FY 2020-2022 CCDF Plan. Tribes will check the box and then enter their description in the text box.

Reporting and Monitoring

Although ARP Act Stabilization Grant funding is supplemental to lead agencies' regular FY 2021 CCDF funding, it must be tracked and accounted for separately to ensure compliance with specific requirements and authorities provided by the section 2202 of the ARP Act. OCC will use existing reporting tools (e.g., 696T expenditure reports), with modifications as applicable, to collect information about the child care stabilization grants from tribal lead agencies.⁶

OCC is still determining reporting requirements around the ARP Act stabilization funds. As with other funding streams, lead agencies should track spending of these funds separately and be prepared to report on obligations and liquidations through the ACF-696 or ACF-696T (45 CFR 98.65(g) and (i)).

To ensure timely data, OCC is exploring new mechanisms and may seek approval under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.) to collect information about the subgrants from lead agencies. OCC plans to limit the number of data elements expected in reporting and focus on key data points. States and territories should collect the following information and be prepared to report to OCC on a quarterly basis. These may include:

- The number of subgrant applications received
- The number of subgrants awarded
- Amount of subgrant awards
- Number of providers receiving subgrants, broken down by licensing status and provider type
- Zip code of the provider
- Race and ethnicity of center director or family child care owner
- Sex of center director or family child care owner.

⁶ ACF may seek to update the following information collections: ACF-218 Quality Progress Report (OMB Control Number 0970-0517); ACF-696 CCDF Financial Reporting Form for States and Territories (OMB Control Number 0970-0510); ACF-696T CCDF Financial Reporting Form for Tribes (OMB Control Number 0970-0195); and, ACF-800 CCDF Annual Aggregate Report (OMB Control Number 0970-0150).

- How providers used subgrant funds

ACF will monitor the lead agencies' compliance with applicable statutory and regulatory requirements for these funds by reviewing Plans and expenditure reports. Additionally, ACF may conduct on-site or desk review monitoring to ensure compliance.

Nondiscrimination Requirements

All recipients of U.S. Department of Health and Human Services federal financial assistance and state and local government entities must comply with their legal obligation under federal nondiscrimination laws and regulations to provide equal access to child care programs, services, and activities. These laws protect individuals from unlawful discrimination on the basis of race, color, national origin, disability, sex, including sexual orientation, age, and religion.

Resources:

- OCC has been helping state, territory, and tribal lead agencies to understand new and existing CCDF flexibilities and funding streams through guidance, webinars, Frequently Asked Questions, and other resources available on the OCC website:
<https://www.acf.hhs.gov/occ/resource/occcovid-19-resources>.
- Technical assistance resources for implementing the ARP Act stabilization grants are posted and regularly updated at:
<https://childcareta.acf.hhs.gov/child-care-stabilization-grants>.
- Updated guidance from CDC for child care programs that remain open during the public health emergency is available at:
<https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/guidance-for-childcare.html>.

Questions:

Direct inquiries to the Child Care Program Manager in the appropriate Office of Child Care Regional Office. Contact information for Regional Offices can be found at <https://www.acf.hhs.gov/occ/resource/regional-child-care-programmanagers>.

Ellen C. Wheatley, Ph.D.
Acting Director
Office of Child Care