



CREATING A HIGHER-QUALITY AND MORE EQUITABLE EARLY CARE & EDUCATION SYSTEM IN FLORIDA: RECOMMENDATIONS FOR AMERICAN RESCUE PLAN ACT FUNDING

RECOMMENDATIONS AT A GLANCE

Florida has received approximately \$2.4 billion in funding to stabilize and support early care and education (ECE) programs and workers, and to make these ECE programs more accessible and affordable for families. This funding provides the Division of Early Learning with a unique opportunity to fundamentally improve the access to, and the affordability and quality of, ECE providers across the state.

Florida’s Early Learning Consortium has developed the following recommendations for the use of this federal funding, which are described in detail below.

Funding Source	Child Care Stabilization Grants	CCDF Discretionary Supplemental Funds
Florida Allocation	\$1.5 billion	\$950 million
Recommendations	<ul style="list-style-type: none"> Expedite the allocation of funding to providers Create an equitable formula for the distribution of funds Allow for broad eligibility for all legally operating providers in the state 	<ul style="list-style-type: none"> Support, professionalize, and compensate the workforce Fund accreditation as a key driver of quality Designate ECE professionals as essential in order to receive child care subsidies Allocate funding to Early Learning Coalitions to address local needs Move toward School Readiness rates that match cost of care

Florida mayors will also receive a significant portion of the \$16 billion in State & Local Fiscal Recovery Program dollars to address acute pandemic needs. With a strong, timely state plan from the Division of Early Learning, those dollars could be used to supplement state investments and address unmet child care needs.

AN UNPRECEDENTED OPPORTUNITY TO REFORM FLORIDA’S EARLY CARE & EDUCATION SYSTEM

The \$1.9 trillion American Rescue Plan (ARP) Act provides Florida with billions of dollars of supplemental funding to support the state’s early care and education (ECE) system. If used effectively, this funding can build a more efficient, equitable, and impactful ECE system that simultaneously meets families’ needs and preferences, professionalizes and adequately compensates the ECE workforce, and supports high-quality experiences that improve the school readiness of young children. The ARP Act includes funding designed to directly support the ECE system, as well as other funding programs that could be leveraged to advance ECE goals.

The two ARP Act programs that directly support ECE are:

Child Care Stabilization Grants: Florida’s Division of Early Learning has received over \$1.5 billion to provide stabilization grants to ECE providers across the state. These grants may be allocated by a formula to address the financial burden of providers and support the stability of the overall child care market. Ninety percent of the funding must be sub-granted to providers for a number of allowable uses, including making rent or mortgage payments, personnel costs, utilities, and other expenses that support an ECE program’s recovery from the pandemic. The state must obligate this funding by September 30, 2022, and have the funding spent by September 30, 2023. Florida’s Division of Early Learning will be required to notify the Administration for Children and Families by **December 11, 2021**, if it is unable to obligate at least 50 percent of the Child Care Stabilization funding by that date.

Child Care and Development Fund (CCDF) Discretionary Supplemental Funds: Florida has also received \$950 million in supplemental funding for CCDF, which provides funding for child care subsidies to eligible families and funding to engage in activities that improve the quality of ECE providers. The ARP Act waives a number of traditional CCDF requirements for this funding, including that 70 percent of the funding must be spent on direct services (subsidies to families) and that no less than 9 percent be spent on quality initiatives. Most importantly, the ARP Act temporarily waives income eligibility for a child care subsidy for workers the state deems to be essential. While federal guidance strongly encourages prioritizing income-eligible workers, the state has the discretion to determine which workers are categorized as essential. The state must obligate this funding by September 30, 2023, and have the funding spent by September 30, 2024.

In addition to these two ARP Act child care programs, the state is currently making funding decisions about \$635 million in child care funding allocated as part of the 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). This funding has similar flexibilities as the CCDF Discretionary Supplemental Funds described above. Coordinating the use of ARP Act funding with the CRRSA allocation is essential to ensuring that this funding is impactfully utilized to improve the well-being of children and families across the state.

Finally, the State and Local Fiscal Recovery Program (SLFRP) from the ARP Act can also be leveraged to support ECE. State, county, and city governments within Florida will receive a total of nearly \$16 billion in SLFRP funding to cover revenue shortfalls caused by the pandemic and to respond to acute pandemic needs. The goal of SLFRP funding is to rebuild a stronger and more equitable economy in the wake of the pandemic. Federal guidance encourages that this funding be used to offer premium pay for essential workers who have borne the greatest health risk while providing critical services. The guidance calls out child care providers as essential workers who qualify for premium pay and highlights “expanded high-quality childcare” as an eligible use of funds to address the “disproportionate public health and economic impacts of the crisis.” As the Division of Early Learning makes decisions about state-level child care funding, county and city SLFRP funding could be used to support additional local investments in early childhood systems that complement and prepare for funding decisions made at the state level. Local investments may include funding for ECE facilities and other capacity-building initiatives that prepare and support local ECE systems for changes that may come from the state. Half of the SLFRP funding was made available to Florida counties and cities in May 2021, and the second half will be released in June 2022.

It is also important to note that Congress is considering a \$3.5 trillion spending proposal with ECE supports. The proposal contains an additional \$200 billion in funding for pre-kindergarten and \$225 billion for child care nationally. This federal funding environment provides an unprecedented opportunity to design and build a more equitable, accessible, and impactful system of ECE in Florida. To that end, Florida’s Early Learning Consortium has developed recommendations on priorities for using ARP Act funding to make foundational improvements to the ECE system that will position Florida for success as additional federal funding becomes available.

ARP ACT RECOMMENDATIONS

The recommendations below are driven by a vision for an ECE system in Florida that meets the developmental needs of children, provides parents with access to a wide range of high-quality child care options, and fairly compensates ECE professionals for the value that they bring to families and businesses across the state. The Child Care Stabilization Fund and the CCDF Discretionary Supplemental funding provide \$152 million and \$47 million, respectively, to administer the programs. The nearly \$200 million in administrative funding can be used by the Division of Early Learning for a number of innovative state-level activities in addition to administration, including ECE capacity-building, technical assistance for the stabilization grants, and implementation support for stabilization grant activities. The remaining \$2.2 billion must be directed at ECE system stakeholders (parents/caregivers, providers, and other ECE organizations) to increase access, support affordability, and increase the quality of care.

Recommendations for the Child Care Stabilization Grant and CCDF Discretionary Supplemental funding include:

 **Recommendation 1: Expedite the release of the Child Care Stabilization Grant funding and create an equitable formula for the allocation of the funding to providers through sub-grants.**

In 2020, the Division of Early Learning developed a straightforward formula for the allocation of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding for early learning/child care providers through a sub-granting process. The allocation of provider grants was done over multiple rounds and was based on the provider’s operating status and licensed capacity, and included a small additional allocation for providers serving infants and toddlers or children with disabilities. With a significantly larger amount of funding available for Child Care Stabilization sub-grants, the Division of Early Learning can consider a formula that gives more funding to providers most in need and that tailors grant amounts to the cost of “goods and services” that might be necessary to improve child care services among providers with lower levels of quality.¹

Expedite the funding: The intent of the Child Care Stabilization Grant program is that the funding be allocated quickly by the state to support child care providers who have been negatively impacted by the COVID-19 pandemic. The state should ensure broad eligibility for these funds that includes all legally operating programs in the state. To determine eligibility, the Division of Early Learning should use the definitions of “child care” and “child care facility” defined in Florida Statute 402.302 (2) and 402.3025. To ensure that all eligible providers are aware of the funding opportunity, information should be disseminated widely using consistent messaging across all available communication channels. The Division of Early Learning should partner with the

¹The federal guidance encourages a broad definition of the “goods and services” which “might be necessary to maintain or resume child care services.” Goods include: “food and equipment and materials to facilitate play, learning, eating, diapering and toileting, or safe sleep.” <https://www.acf.hhs.gov/sites/default/files/documents/occ/CCDF-ACF-IM-2021-02.pdf>

Florida Department of Children and Families to leverage the provider contact information collected as part of child care licensing to ensure that all providers receive information about the grant.

Equally important, the Child Care Stabilization Grant sub-granting process should be initiated no later than October 2021. Starting in October will help ensure that 50 percent of the funding is obligated by December 11, 2021, and will allow the Division of Early Learning to avoid reporting to the Administration for Children and Families the failure to obligate the funds.

Unlike Florida's process for CARES Act funding, the Child Care Stabilization sub-granting process should consist of one round of grant applications. The application process should be simple and efficient, with provider applications accepted on a rolling basis until all of the funding is obligated. For providers receiving a sub-grant, funding should be dispersed over regular intervals across the grant period (e.g., quarterly payments that begin in the fourth quarter of 2021) so that providers are able to adequately plan for long-term classroom and workforce needs.² A multi-payment process for a single grant will ensure adequate monitoring and that providers are fulfilling the commitments set out in their grant applications.

Create an equitable formula: The Division of Early Learning must decide on the amount of Stabilization Grant funding that each provider will receive through a formula. A formula for the allocation of the grants should include both "base grant" funding to all providers and "supplemental" allocations that would offer additional funding to providers with certain priority designations.

The base grant could include:

- An initial amount allocated to every eligible provider who applies, and
- An additional per-child amount based on each provider's licensed capacity.³

Supplemental allocations should be aimed at building a stronger infrastructure and additional capacity in areas where it is particularly difficult to find child care.

Supplemental allocations should be made for:

- Each child served under the age of three (to support the supply of infant and toddler care),
- Each child served outside of a typical full-time workday—which may exceed licensed capacity given shift-care (to support an infrastructure that serves parents working non-traditional hours, many of whom are deemed essential),
- Care provided in child care deserts, as defined by the Florida Index of Child Care Access (to stabilize supply in low-capacity areas),
- Providers who are Gold Seal accredited or have a CLASS composite score of 5.0 or higher (to maintain quality infrastructure), and
- Providers in high-need communities, as defined by the Social Vulnerability Index⁴ or a similar measure (to support care in high-need areas).

The exact base and bonus amounts will need to be calculated based on the expected number of providers who apply for funding, the number of individuals employed by those providers, and the number of children they serve. The Early Learning Consortium is committed to working with the Division of Early Learning to determine the base and bonus amounts that fit within the parameters of Stabilization Grant funding.

 **Recommendation 2: Use the CCDF Discretionary Supplemental Funds to support statewide initiatives to support, professionalize, and compensate the ECE workforce and improve ECE provider quality.**

A growing economy puts two pressures on the ECE workforce. First, as employment increases, the demand for child care providers also increases. At the same time, a stronger economy means that there is more competition for workers, creating a diverse array of occupational choices for those who might otherwise work in an ECE setting. Without an aggressive recruitment and retention strategy, Florida's ECE system will become strained as finding professionals to staff child care settings becomes increasingly difficult in the wake of the COVID-19 pandemic.

Federal guidance affords states significant flexibility to utilize the CCDF Discretionary Supplemental funding for workforce initiatives. Key CCDF provisions have been waived—specifically those limiting the amount that can be spent on quality initiatives—which allows states broad discretion to leverage these dollars to support a well-trained and well-compensated ECE workforce in

²This disbursement timeframe assumes that the initial payment will be made in 2021. Child Care Stabilization Grant funding must be spent by the state by December 2023.

³We recognize the need to develop a methodology for school-age children and/or after-school programs, where the per-child amount would not be equal to children served full-time in early learning settings.

⁴Agency for Toxic Substances and Disease Registry, US Department of Health and Human Services. The CDC/ATSDR Social Vulnerability Index uses 15 US Census variables to help local officials identify communities that may need support before, during, or after disasters. See: <https://www.atsdr.cdc.gov/placeandhealth/svi/index.html>.

the state. The Division of Early Learning should focus the CCDF Discretionary Supplemental funding on initiatives that stabilize and enhance Florida's ECE workforce. This funding should be used both to attract new ECE professionals and to support the professional development and compensation of current ECE professionals.

Recruit and retain initiatives: The Division of Early Learning should engage in a statewide recruitment effort for ECE professionals, using a portion of the funding to create awareness of the benefits of a career in ECE and offering sign-on bonuses in the form of disaster relief payments, given the essential nature of this workforce. Funding should also be allocated for new staff onboarding, including paying for background checks and meeting the basic 45 hours of required training.

Advance and enhance evidence-based initiatives statewide: In addition to encouraging individuals to enter the field, CCDF Discretionary Supplemental funding should also be used to provide resources to support the progress of current ECE professionals on Florida's ECE career pathway. The Division of Early Learning should prioritize significant expansion of T.E.A.C.H. Scholarships and a statewide rollout of Early Educator INCENTIVE\$, reimbursements for educational expenses, and include an informal competency-based system of stackable micro-credentials that can be tied to bonuses and increased compensation (e.g., by amending the INCENTIVE\$ scale).

Support accreditation as a key driver of quality: The Division of Early Learning should also fund the cost for ECE providers to attain and maintain Gold Seal accreditation, prioritizing family child care homes, providers that serve a high percentage of children from low-income families, providers pursuing re-accreditation, and providers in high-need areas as defined by the Social Vulnerability Index and Florida Index of Child Care Access. These voluntary shared investments in structural quality support providers in delivering research-based learning environments and allow them to receive a higher child care subsidy rate in the future, which could promote sustainability of quality.

► ***Recommendation 3: Designate ECE personnel as “essential workers” per the CCDF supplemental guidance, thereby allowing them to receive a child care subsidy for their own child(ren).***

Florida ECE personnel have been on the frontlines of the pandemic as a critical support for working families, including caring for the children of essential workers and emergency responders that allow Florida's economy to operate. CCDF Discretionary Supplemental funding temporarily waives income eligibility for child care subsidies for workers whom the state deems to be essential. The Division of Early Learning should designate all ECE personnel as essential workers to ensure they can access School Readiness subsidies to offset the cost of their own child care.

► ***Recommendation 4: Utilize the Early Learning Coalition infrastructure to quickly disperse stabilization funds and allocate additional discretionary funds for Coalitions to address local needs.***

Florida's 30 Early Learning Coalitions (ELCs or Coalitions) play a significant, critical role in implementing the state's early care and education programs, including administration of CCDF funding. Coalitions, guided by their governing boards, determine families' eligibility for child care subsidies, connect those families to the most appropriate early learning programs, and make subsidy payments based on the School Readiness Program legislation and regulations from the Division of Early Learning. ELCs also administer the state pre-kindergarten program (VPK) and serve as the Child Care Resource and Referral Agency in their geographic area in order to enhance the quality of accessible early learning programs as well as equip families to make the best choices for their child's education. It will be important to allocate a portion of Child Care Stabilization administrative funding to the ELCs to build awareness of the Stabilization Grants once they are available and to provide technical assistance for providers completing grant applications. Through this technical assistance, ELCs would also work with providers to determine the areas of greatest need in their communities and work to increase the equitable allocation of funding in compliance with federal rules and the state formula.

In addition, the ELCs should be allocated a portion of the CCDF Discretionary Supplemental Funds to meet local child care needs—especially in high-need communities. As discussed above, this funding is extremely flexible and can be used to address a wide variety of child care issues that include capacity, quality, and affordability. One area that Coalitions could address with this funding is the lack of high-quality ECE slots within a determined geographic area. ELCs could use a portion of this funding to provide start-up grants for individuals seeking to open a child care business (to help them overcome the initial regulatory hurdles); to support current needs or expansion of Early Head Start/Head Start programs; to provide additional disaster relief payments for ECE workforce retention; and/or to provide other interventions aimed at building capacity or supporting high-quality infrastructure. Coalitions would conduct the data analysis to understand capacity issues and work with local stakeholders to identify top local priorities and design necessary supports.

Recommendation 5: Fund a “cost of care” study.

Florida’s ECE workforce and quality issues derive from the inability of providers to charge parents a price that represents the true cost of high-quality care, including retaining a highly qualified, well-paid staff. Historically, the Division of Early Learning has set child care subsidy payment rates based on a “market rate” for care that reflects the price that providers can charge but not the true cost of a high-quality ECE program that will improve child outcomes. Therefore, it is important that the Division of Early Learning enlist a research university to conduct a study of the true cost of high-quality ECE in the state. This analysis will allow Florida to make informed decisions about child care payments in relation to access, equity, and the cost of quality. Many Florida providers do not accept School Readiness subsidies because the reimbursement rate set by the state does not meet their costs. This study will be the first step in determining more appropriate and equitable School Readiness reimbursement rates across the state that will allow lower-income families greater choices when it comes to selecting ECE settings for their children.

Recommendation 6: Align state-level ECE decisions with the timing of county and city SLFRP funding decisions.

The SLFRP program provides an opportunity to support ECE at the local level. However, counties and cities across Florida are awaiting decisions from the state before allocating additional funding from this program for ECE. To ensure the field of ECE in Florida is leveraging all available funding sources, the Division of Early Learning must make decisions about the Child Care Stabilization Grants and the CCDF Discretionary Supplemental Funds before decisions about the next allocation of SLFRP funding are made. The ideal timing for decisions related to the ECE funding is before the end of the 2021 calendar year. This further emphasizes the need to expedite decisions related to these funding streams.

CONCLUSION

There are significant benefits to implementing the proposed recommendations. First, the recommendations will result in a comprehensive approach to meeting the short-term needs of the state’s workforce through increased coordination between the state and localities, allowing ECE providers to better serve working parents. Addressing the shortage of ECE providers and staff is critical to the successful rebounding of Florida’s workforce as a whole. If low capacity continues to limit availability of care, Florida’s economy will suffer additional delays in recovery.

The recommendations also acknowledge the need for local solutions that can support a more targeted use of funds to meet the specific needs of a given area.

It will be important for the Division of Early Learning to work closely with ECE stakeholders for the successful implementation of the new federal funding. The ARP Act gives Florida the resources and opportunity to support ECE providers and improve the child care infrastructure, resulting in long-term benefits to the state’s overall economy.

We remain committed to supporting the Division with data and discussion of how to implement the recommended approach. We want our state to take full advantage of this opportunity and set a foundation for economic growth while preparing Florida’s next generation of leaders and workers.

ABOUT THE EARLY LEARNING CONSORTIUM

Florida’s Early Learning Consortium (represented by the undersigned organizations) is well-positioned to use our cumulative expertise to collaborate with the Department and the Division. Together, we represent Florida parents, small business owners and nonprofit child care operators, early childhood funders, and the early childhood workforce.



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