

Congress greenlights a \$40 billion bailout for the child-care industry^[1]

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EXCERPTS

With the passage of the American Rescue Plan Act on Thursday, American families and child-care providers can look forward to a roughly \$40 billion infusion for an industry rocked with closures and dramatically increased operating costs amid the pandemic.

President Joe Biden signed the \$1.9 trillion Covid-19 relief package on Thursday. The package provides \$39 billion in direct funding for child-care providers through programs like the Child Care and Development Block Grant Program (CCDBG) and an additional \$1 billion allocated to the Head Start program.

Combined with December's relief package that provided \$10 billion in funding, the industry now has more than the \$50 billion in support advocates have been calling for since the start of the pandemic.

The bulk of the latest funding, which amounts to about \$25 billion, will go toward funding grants through a child-care stabilization fund for providers. Providers can use these grants to help their businesses in a number of ways, including making payroll, purchasing sanitization supplies and covering fixed costs like rent.

Another approximately \$15 billion will be available as emergency funding to provide child-care assistance to essential workers.

"This critical funding will save thousands of providers from permanent closure and help families across the country afford child care," Lynette Fraga, CEO of Child Care Aware of America, said in a statement Wednesday. "This is a monumental occasion and a historic investment in child care."

Additionally, lawmakers are requiring that providers who receive funds provide financial relief, when possible, for families struggling to cover tuition.

To meet the enhanced health and safety guidelines imposed by local and federal agencies, the costs for licensed child-care centers have increased an average of 47% since the pandemic began, according to a report by the Center for American Progress released in September. Costs for home-based family child care have increased an average of 70%.

About 56% of child-care providers report losing money by staying open, according to the latest survey from the National Association for the Education of Young Children. Moreover, 42% of the December survey respondents say they have taken on debt using personal credit cards to pay for supplies and other items.

Region: United States^[3]

Tags: funding^[4]

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