The American Rescue Plan: Recommendations for Addressing Early Educator Compensation and Supports

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The American Rescue Plan Act (ARPA) represents unprecedented federal investment in early care and education, with new and broader allowances for workforce compensation (H.R. 1319, 2021). The early care and education (ECE) workforce deserve economic dignity, including the resources to care for their own families and children (Sperling, 2019). Yet, wages remain low and poverty rates high among this essential workforce as workers in nearly all other occupations are paid more (McLean, et al., 2021). There is an urgent need to utilize ARPA funding to get much-needed relief in the form of direct cash assistance to ECE workers in recognition of their historic underpayment, their key contribution to the nation's infrastructure before and during the pandemic, and the financial and psychological toll the pandemic has imposed on these critical workers.

But ARPA funding alone is not enough to make the long-term investments or radical reforms that our ECE system so desperately needs. Since few resources have reached individual early educators over the course of the pandemic, ARPA funding for the ECE workforce could be framed as rapid relief, possible only because of public investment. This acknowledgement can motivate lead agencies to create streamlined channels to provide easy-to-access relief funding to all individual ECE workers now. However, ARPA funding is time-limited, which is leading some decision-makers to exhibit excessive caution when it comes to direct payments to the workforce. Yet, creating barriers to payment and/or leaving workforce support totally at the discretion of individual programs exacerbates structural inequities and disparities within the ECE workforce.

The COVID-19 pandemic has not only revealed child care as a pillar of the national infrastructure, but has also underscored the gross deficiencies and inequities that were pre-existing conditions before the pandemic. Some programs and early educators will weather this crisis, but many others will not, further aggravating unequal access for children and families. Emergency provisions and processes can lay the foundation for the establishment of universal access to early care and education, fair wage standards for this workforce, and certification and data systems that enable assessment of immediate and long-term impacts on the essential ECE workforce.

The child care relief fund should be designed in such a way that it becomes a foundation for public policies and investments to address the underlying systemic deficiencies that have made this sector and its workforce especially vulnerable in this crisis. Ensuring a portion of ARPA funds get directly into the hands of individual workers sets the stage for compensation investments to become a cornerstone of public investment, not an optional use. This precedent could help embed dedicated resources for sustained levels of appropriate wages and benefits in broader ECE reform, fundamentally shifting the paradigm for the way we prioritize and recognize the ECE workforce. The ARPA provides multiple opportunities for lead agencies to address compensation and benefits, while building out mechanisms for getting cash directly to the early education workforce in amounts that go beyond current levels of compensation. In addition to the specific ARPA provisions in the table that follows, the Biden-Harris administration has stated clearly that increasing pay is an appropriate use of funds (The White House, 2021).

Using ARPA Funds for Early Care and Education Workforce Compensation and Supports

Funding Source	Primary Use *Funding in dollars*	Technical Assistance *Funding in dollars*	Provisions to Address Workforce Compensation	Provisions to Address ECE Systems and Educator Engagement
Child Care and Development Block Grant **CCDBG Funding:** $14.99B State Obligation Date: by 9/30/23 State Liquidation Date: 9/23/24 **Administrative Costs:** $35M State Liquidation Date: 9/23/24	14,990,000,000	35,000,000	**Sec. 2201(c):** "To supplement not supplant existing CCDF funds" signals that states may **increase** rates, directing that portions be used for purposes of increased compensation. **Sec. 2201(a):** Providers who have not previously participated may receive funds through CCDBG, expanding the pool of educators reached with funding.	**Sec.2201(b)**: "For the costs of providing **technical assistance** and **conducting research** and for the administrative costs to carry out" CCDBG and Stabilization Fund activities.
Stabilization Grant **Child Care Stabilization Grants:** $23.975B State Obligation Date: by 9/30/22 State Liquidation Date: 9/23/23 **Reservation Funds:** Up to 10% of above, same dates	23,975,000,000	2,397,500,000	**Sec.2202(e)(1)(a):** "Personnel costs, including payroll and salaries or similar compensation for an employee (including any sole proprietor or independent contractor), **employee benefits, premium pay, or costs for employee recruitment and retention**." **Sec.2202(e)(1)(C) and (F):** Other allowable costs in support of the ECE workforce include personal protective equipment, and **mental health supports**. **Sec.2202(d)(1):** A portion of reservation funds may also be used to "carry out activities to increase the supply of child care," signaling that these funds may be used for retention and recruitment payments directly from lead agencies to educators.	**Sec.2202(d)(1):** "Provide technical assistance and support for **applying for and accessing** the subgrant opportunity, **publicize the availability** of the subgrants."

Source: H.R.1319 - American Rescue Plan Act of 2021 (emphasis added) • Created with Datawrapper

We recommend that lead agencies, in partnership with other state agencies, implement the following provisions in support of the early care and education workforce.

Recommendation 1: Ensure federal child care relief funds reach individual early care and education staff in the form of direct cash payments.

States such as New Mexico, North Carolina, and Washington have already used various strategies with previous rounds of federal relief to make sure a portion of funding supplements base levels of compensation (New Mexico Early Childhood Education & Care

Department, 2020; The Hunt Institute, 2021; North Carolina Department of Health & Human Services, 2021; ESSB 5092, 2021).

Require a portion of program grants be applied to employee compensation. For example, require that 30 to 50 percent of each grant be applied to compensation increases, including wages and benefits such as retirement contributions. A combination of the following types of strategies to increase wages are recommended uses of ARPA funds:

- **Premium pay**: Payment for all staff members (including teaching staff, directors, cooks, janitors, and family child care assistants) above their base pay for the duration of the grant or until funds are exhausted. Premium pay is sometimes referred to as hazard or hero pay. We recommend that at a minimum, the size of the increase be the gap between the median state child care worker wage and the living wage for a single adult or at least $3 per hour, whichever is greater.

- **Retention and recruitment allowances**: A flat rate to be paid one time for current staff or one time at the time of hire for new staff in recognition of service and hardships resulting from the COVID-19 crisis. Ideally, allowance amounts would be no less than $2,400 per person.

- **Family child care providers** should explicitly be eligible to utilize the above compensation supports for themselves, in addition to providing them for their staff.

Recommendation 2: Ensure health coverage and guaranteed paid leave of at least two weeks for all staff working in regulated early care and education programs.

Provide resources to assist with health insurance premiums, as Washington has determined to do, or guarantee that any COVID-19-related health costs will be covered, as New Mexico has guaranteed (ESSB 5092, 2021; New Mexico Children, Youth & Families Department, 2020a).

Cover at least 14 days of absence per employee due to COVID-19-related needs, which may include vaccination-related leave, quarantine due to exposure or contracting COVID-19, leave to care for a family member affected by COVID-19, or other related reason. Allow programs to submit for reimbursement to cover staff leave taken up until the date the ARPA funds must be obligated, if not covered by any other source of federal funding. California, for example, recently agreed to cover COVID-19-related closure days for home-based providers (Child Care Providers United, 2021).

Recommendation 3: Adjust eligibility requirements for public safety net programs utilized by early childhood personnel until the period when all state ARPA funds related to child care are liquidated.

This strategy would ensure that early educators do not lose valuable assistance as a result of receiving premium pay or retention and recruitment allowances. Wisconsin offers an innovative example: up to $10,000 of direct care workers' earnings are disregarded when they apply for public assistance programs (Governor's Task Force on Caregiving, 2020).

Recommendation 4: Prioritize equitable distribution of funding to programs located in communities with the most need, which have been impacted most acutely by this pandemic.

This approach could entail, for example, prioritizing programs in under-resourced areas that do not typically receive public contracts, or states could rely on existing COVID-19 community equity indicators such as risk, impact, and recovery needs. While not specific to ECE, the RACE COUNTS Project in California provides a model for prioritizing an equitable recovery (RACE COUNTS, 2020).

Recommendation 5: Improve systems administration and technical assistance to facilitate accessible, simple application processes.

Too often, access to public programs is designed to screen people out by establishing complex eligibility requirements and application processes and failing to provide information in terms and languages that are easily accessible. Small business owners in communities of color, which describes a large segment of ECE providers, had unequal access to federal COVID-19-related loans and the loan process (Liu & Parilla, 2020). Anecdotally, state advocates and providers have reported that child care providers in need stopped applying for relief because the process was so burdensome.

To the extent possible, lead agencies should draw on existing administrative sources by first auditing data they already have on providers, employees, licensing capacity, etc., before requiring redundant information from individuals.

- **Invest in systems that make applying for and reporting on funds streamlined** for applicants. For example, create application and reporting forms that auto-fill key information from existing licensing and/or registry systems.

Take the necessary steps to reach all programs and members of the workforce with accessible information regarding eligibility.

- **Keep application guidance and procedures brief**. In the first weeks of the pandemic, Vermont established a stabilization program in which the guidance was just two pages and the application was streamlined (Vermont Department for Children & Families Child Development Division, 2020).

- **Work with local community-based organizations** that may be best positioned to reach early education programs and staff in multiple languages.

- **Establish multiple channels of engagement with the early education workforce to disseminate information and receive feedback** in order to make adjustments if processes are ineffective or challenges arise. New Mexico provides an example of how a lead agency can establish channels for technical assistance and support (New Mexico Children, Youth & Families Department, 2020b). While issuing monthly checks directly to ECE workers through CARES Act funding, New Mexico facilitated workforce engagement by holding phone conference calls with providers and utilized a broad-reaching communications strategy that included regular meetings with community-based organizations to reach home-based provider networks and providers whose primary spoken language is not English.

Increase capacity to audit funding that goes to provider sites, with respect to requirements for workforce compensation and payments. This approach could include channels for ECE workers to report whether they are receiving the compensation and benefit allotments.

Recommendation 6: Establish essential, yet simple data collection protocols to examine the utilization and impact of ARPA funding in order to inform future policies and resource allocation.

Data collection is essential for assessing equitable allocation of resources and correcting future efforts as necessary. As with the application processes above, we urge lead agencies to draw on existing data before requiring redundant information of programs or individuals and to invest in systems to streamline reporting for applicants.

Lead agencies should know how many ECE workers received compensation increases, in what form, what amount, the size of the increase based on pre-grant wages, and what other benefits were received (i.e., health insurance, paid leave, retirement contributions). They should be able to analyze this information by job role, program auspices, zip code, and staff demographics. Key elements for data collection include:

- Current (pre-grant) expenditures on wages and benefits of teaching and non-teaching staff;

- Budgeted and actual expenditures on compensation increases by type, per staff member (e.g., pay premium, retention and recruitment, or retirement contribution);
- Demographics of owners, teaching staff, and non-teaching staff;
- Program auspices; and
- Typical program funding sources (e.g., parent fees, subsidies, public contracts, private philanthropy).

Recommendation 7: Prohibit the use of quality ratings as a determining factor for eligibility to receive ARPA funds or to condition levels of payment.

As programs have not had equitable resources and opportunity to have their foundational program and staffing conditions met, such criteria will only drive existing inequities in which the most under-resourced programs are systematically penalized for having less income and serving families who are also under-resourced.

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