

December 2023

Supporting Indiana's Early Care & Education System

COVID-19 Federal Funding Report



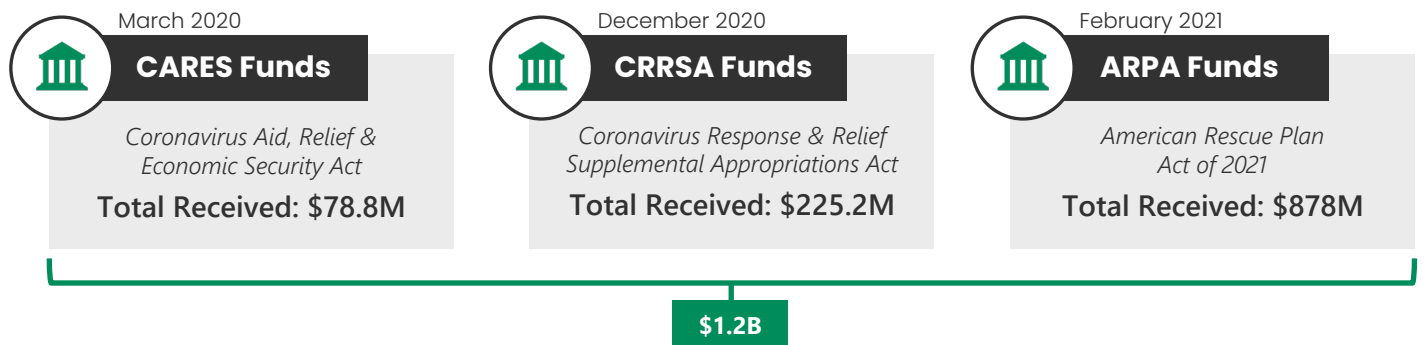
Office of Early Childhood &
Out-of-School Learning

Introduction

Early care and education plays a vital role in our state, positively impacting children and families while creating a ripple effect on businesses and communities. As crucial as the system is, however, it has long struggled due to limited funding and lacking infrastructure. COVID-19 exacerbated the fragility of the system, eroding program enrollment, increasing costs and further destabilizing the workforce.

In response to this disruption, in March 2020, states began receiving federally provided funds to administer pandemic relief programs and service modifications to help children, families and early care and education providers meet the new challenges they faced. Between March 2020 and March 2021, more than \$52 billion in supplemental funding was appropriated by the federal government to support the nation’s struggling child care system, of which \$1.2 billion came to Indiana through the Office of Early Childhood and Out-of-School Learning (OECOSL). Federal relief support was provided across three funding streams, each with specific guidelines for use.

Indiana Federal COVID-19 Child Care Relief Funding



OECOSL has and continues to engage and convene early care and education partners and stakeholders to inform the state’s use of funds, ensuring planned efforts do not create fiscal cliffs for the system. To date, \$1.1B of Indiana’s appropriated child care relief funds have been used to support completed or ongoing initiatives across three priority areas:




 Help Early Care and Education Programs Regain Stability Provide financial and technical assistance to programs to stabilize and resume operations.	 Deliver Support for Working Families Support vulnerable children and families in accessing or returning to school and work.	 Build System Structure and Capacity Foster policy and infrastructure improvements to strengthen the sector.
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The report that follows provides an overview of each federal child care relief funding stream, along with a summary of how funds have and continue to be invested to support the evolving needs of Indiana’s early and education system.

At a Glance:

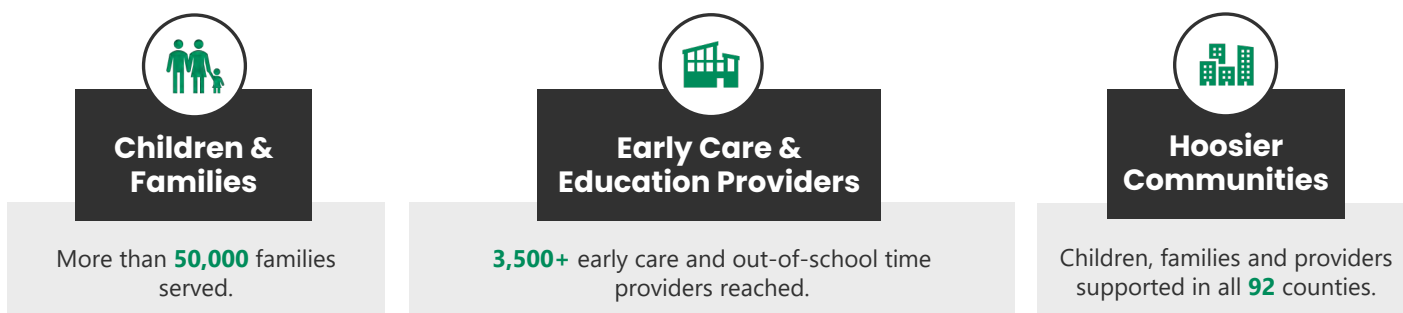
Indiana's Federal COVID-19 Child Care Relief Investments

FUNDING




Federal Funding Source	Funds Appropriated to Indiana	Funds Supporting Completed or Ongoing Initiatives as of November 2023	Funds to Support Projects in Development
 CARES	\$78.8M	\$78.8M	-
 CRRSA	\$225.2M	\$225.2M	-
 ARPA	\$878M	\$795.5M	\$82.5M*
Total:	\$1.2B	\$1.1B	\$82.5M

*States are required to expend all ARPA discretionary funds by Sept. 30, 2024. Details on Indiana's allocations for remaining funds can be found toward the end of this report.

STAKEHOLDER IMPACT



HIGHLIGHTED INVESTMENTS BY PRIORITY AREA

 Help Programs Regain Stability	 Deliver Support for Working Families	 Build System Structure and Capacity
<ul style="list-style-type: none"> • \$77M provided to offset decreased enrollment and temporary program closures due to COVID-19. • \$22.8M in temporarily enhanced subsidy payments to support rising care costs. • \$542M in Stabilization Grants to offset COVID-19 losses and support recovery. • \$79M toward alternative subsidy reimbursement rate methodology and related supplements. 	<ul style="list-style-type: none"> • \$14M used for waived co-pays for CCDF families, resulting in an average weekly savings of \$50 per family. • \$82M invested to support tiered child care scholarships for 21K+ families over the CCDF income threshold. • \$26M used to support families in accessing CCDF while searching for employment. 	<ul style="list-style-type: none"> • \$15M invested to mobilize Hoosier employers to support child care. • \$1M deployed to support the creation of an online marketplace for care finding. • \$2.1M used to support the creation of a new early learning and out-of-school time job board. • \$272K for licensing review and improvements.

Initiative	Status	Budget			Funding Source			
		Total	Spent	Remaining	CARES	CRRSA	APRA Stabilization	ARPA Discretionary
Temporary COVID-19 Assistance Grants	Complete	\$76,996,548	\$76,996,548		\$76,996,548	-	-	-
COVID-19 Child Care Closure Grants								
One-time COVID-19 Equipment and Supply Allowances	Complete	\$1,720,000	\$1,720,000	-	\$1,720,000	-	-	-
Increased CACFP Reimbursements	Complete	\$7,435,947	\$7,435,947	-	-	\$7,435,947	-	-
Build Learn Grow Scholarship Fund	Complete	\$81,616,278	\$81,616,278	-	-	\$81,616,278	-	-
Hiring and Onboarding Supports	Complete	\$7,834,491	\$7,834,491	-	-	\$7,834,491	-	-
Waived Co-Payments for CCDF Families	Complete	\$14,072,548	\$14,072,548	-	-	\$14,072,548	-	-
COVID-19 Emergency Relief Grants	Complete	\$22,766,208	\$22,766,208	-	-	\$21,050,262	-	\$1,715,946
Waived Enrollment/Application Fees for CCDF & On My Way Pre-K Families	Complete	\$4,376,475	\$4,376,475	-	-	\$4,376,475	-	-
Early Learning Marketplace	Ongoing	\$1,000,000	\$1,000,000	-	-	\$1,000,000	-	-
Ivy Tech Community College Partnership	Ongoing	\$959,252	\$959,252	-	-	\$868,551	-	\$90,701
Job Search Added as Qualifying Activity for CCDF and On My Way Pre-K	Ongoing	\$26,177,631	\$19,059,618	\$7,118,013	-	\$13,177,631	-	\$13,000,000
CCDF Voucher Payment Supplements	Ongoing	\$164,753,916	\$124,061,045	\$40,692,871	-	\$70,395,339	-	\$94,358,577
Regulatory Review	Ongoing	\$100,000	\$20,000	\$80,000	-	-	-	\$100,000
Build, Learn, Grow Stabilization Grant	Complete	\$541,771,149	\$541,771,149	-	-	-	\$533,019,993	\$8,751,157

Initiative	Status	Budget			Funding Source			
		Total	Spent	Remaining	CARES	CRRSA	APRA Stabilization	ARPA Discretionary
School Age Child Care Grants	Ongoing	\$727,494	-	\$727,494	-	-	-	\$727,494
Child Care Information Management Systems	Ongoing	\$6,547,404	-	\$6,547,404	-	-	-	\$6,547,404
Employer Sponsored Child Care Fund	Ongoing	\$15,000,000	-	\$15,000,000	-	-	-	\$15,000,000
Alternative Reimbursement Rate Methodology Supplements	Ongoing	\$78,974,395	-	\$78,974,395	-	-	-	\$78,974,395
Substitute Teacher Resource Pool Creation	Complete	\$5,000	\$5,000	-	-	\$5,000	-	-
Policy Equity Group	Ongoing	\$172,200	-	\$172,200	-	-	-	\$172,200
Child Care Provider Sustainability Initiatives	In Development	\$52,552,295	-	\$52,552,295	-	-	-	\$52,552,295
Targeted Mental Health and Business Supports	Ongoing	\$7,049,605	\$2,917,733	\$4,131,873	-	-	-	\$7,049,605
Enrollment/Application repayment 2024	In Development	\$29,926,681	-	\$29,926,681	-	-	-	\$29,926,681
Indiana Educator Job Board and Applicant Tracking System	Ongoing	\$2,129,050	\$2,129,050	-	-	-	-	\$2,129,050
Enrollment and Outreach Support	Ongoing	\$139,788	\$38,830	\$100,958	-	-	-	\$139,788
Allowable Administrative Expenses	Ongoing	\$27,449,845	\$12,773,507	\$14,676,338	\$105,329	\$3,372,651	\$7,189,315	\$16,887,878
Data Systems	Ongoing	\$9,634,390	\$2,190,591	\$7,443,799	-	-	-	\$9,634,390
Total		\$1,181,888,589	\$923,744,269	\$258,144,321	\$78,821,877	\$225,205,172	\$540,209,308	\$337,757,561

For a complete description of each initiative please refer to the appendix.

APPENDIX:

Descriptions of Funded Initiatives

Completed Initiatives

Temporary COVID-19 Assistance Grants

(Funding Source: CARES)

As child care programs closed/reduced operations and private pay enrollment declined in the early months of the pandemic, OECOSL provided bi-weekly grants to eligible programs to help cover staff salaries/wages and administrative costs, as well as to offset lost revenue due to the absence of private pay families. Grants were available to CCDF-eligible programs that were open or closed and experiencing decreased enrollment revenue due to COVID-19. From March through July 2020, OECOSL awarded, on average, 1,515 grants per two-week cycle. In total, 15,154 grants were awarded to providers across 87 counties.

COVID-19 Child Care Closure Grants

(Funding Source: CARES)

As child care programs began resuming operations, temporary assistance grants were repositioned to support programs that experienced positive cases of COVID-19 and were required to close classrooms or entire programs. One-time grants up to \$20,000 were offered to CCDF-eligible programs to help offset lost revenue due to these COVID-19 business interruptions. A total of 3,517 grants were awarded, impacting providers across 17 Indiana counties.

One-time COVID-19 Equipment and Supply Allowances

(Funding Source: CARES)

From May through July 2021, OECOSL provided a one-time allowance to support programs working to refresh their health and safety materials to comply with COVID-19 requirements. The effort supported 1,242 programs in restocking supplies and meeting health and safety protocol.

Increased CACFP Reimbursements

(Funding Source: CRRSA)

With the Indiana Department of Education, OECOSL deployed \$7.4M to programs in the way of increased Child and Adult Care Food Program (CACFP) reimbursements to support increased food costs.

Build, Learn, Grow Scholarship Fund

(Funding Source: CRRSA)

In May 2021, OECOSL launched the *Build, Learn, Grow* Scholarship Fund in partnership with Early Learning Indiana and Indiana Afterschool Network to help families that work in essential businesses connect to quality care and education opportunities. Scholarship awards were tiered based on a family's total income, ranging from 20%-80% of tuition, and provided temporary tuition assistance for a population of working Hoosiers not usually eligible for child care subsidies. A total of 19,868 scholarships were awarded, including 17,177 for birth-to-five and 2,691 for school-age children.

Hiring and Onboarding Supports

(Funding Source: CRRSA)

In support of growing workforce shortages, OECOSL administered \$7.8M in waived background check fees and new hire stipends to support programs in hiring and onboarding new staff. Funds supported programs in hiring more than 16,676 new employees.

Waived Co-Payments for CCDF Families

(Funding Source: CRRSA)

OECOSL invested \$14M to provide temporary financial relief to families enrolled in CCDF, the state's child care subsidy system, through waived co-pays. During this period, programs received payment for families' assigned copayment as part of their regularly scheduled CCDF reimbursements. The effort supported more than 9,200 children and their families, saving them an average of \$50 per week.

COVID-19 Emergency Relief Grants

(Funding Source: CRRSA, ARPA Discretionary)

To address increased COVID-19-related operating expenses, OECOSL awarded \$22.8M in grants that offered temporarily enhanced CCDF reimbursement payments. These grants, which were in effect from April 2021 to July 2023, offered a 20% increase to reimbursements for programs serving children receiving CCDF and On My Way Pre-K subsidies.

Waived Enrollment/Application Fees for CCDF & On My Way Pre-K Families

(Funding Source: CRRSA)

OECOSL used \$4.4M to retroactively reimburse early care and education providers for the waived enrollment and application fees incurred by CCDF and On My Way Pre-K families. Per Indiana's CCDF plan, these annual payments will continue be made to providers based on their CCDF enrollment.

Build, Learn, Grow Stabilization Grants

(Funding Source: ARPA Stabilization, ARPA Discretionary)

In October 2021, OECOSL issued non-competitive child care stabilization grants to provide short-term funding to early childhood and out-of-school-time programs that faced increased costs due to the COVID-19 pandemic. Eligible providers were able to apply for and receive funds for use across six allowable expense categories ranging from personnel costs and facility fees to mental health supports for children and staff. Grant awards were calculated using a cost estimation formula, created using the findings of Indiana's recently conducted Narrow Cost Analysis. In total, the program provided over \$541.8 million in grants to more than 3,200 providers across Indiana.

Substitute Teacher Resource Pool Creation

(Funding Source: CRRSA)

To support ongoing workforce challenges and ensure providers have access to quality, short-term workforce resources to staff classrooms, OECOSL partnered with Monroe Smart Start to launch a shared substitute teacher pool model. Interested providers were able to sign up to participate in a shared app, connecting them with local and qualified early care and education workers for short-term shift openings. The success of the pilot has resulted in a multi-county service expansion.

Ongoing Initiatives

Early Learning Marketplace

(Funding Source: CRRSA)

In partnership with Early Learning Indiana, OECOSL invested \$1M to support the launch of a new Early Learning Marketplace, designed to modernize the care-finding experience for families and introduce a shared space for providers to market their programs. The site allows families to search for available care in their area, view program information and enroll.

School Age Child Care Grants

(Funding Source: ARPA Discretionary)

OECOSL created the School-Age Child Care Project to provide grants to exempt programs serving school-age children to increase the availability and affordability of high-quality school-age child care for Indiana families. Grants have been made available to public school corporations and non-profit organizations offering care outside of school hours in spring 2022 and again in spring 2023.

Ivy Tech Community College Partnership

(Funding Source: CRRSA, ARPA Discretionary)

During the pandemic, students with children had a more difficult time accessing care due to limited availability and rising costs. In response, Ivy Tech Community College and OECOSL are partnering to provide students with streamlined access to eligible child care assistance. 96 Ivy Tech families have received child care assistance, benefitting more than 152 children.

Job Search Added as Qualifying Activity for CCDF and On My Way Pre-K

(Funding Source: CRRSA, ARPA Discretionary)

In recognition of the many families experiencing the loss of a job during the pandemic, OECOSL introduced job search as a qualifying activity for families who met the income threshold to receive child care assistance. Since June 2022, funds have been used to support 2,895 Hoosier families with 4,436 children in accessing child care while their family member actively pursued work.

CCDF Voucher Payment Supplements

(Funding Source: CRRSA, ARPA Discretionary)

OECOSL continues to make investments to support increased access to child care for families. \$164.8M has been budgeted to supplement the supply of CCDF vouchers for eligible families.

Child Care Information Management Systems

(Funding Source: ARPA Discretionary)

To support increased data capabilities within the sector, OECOSL will invest \$6.5M in ARPA discretionary funds toward an initiative to promote the adoption and use of child care information management systems, particularly among small and mid-sized providers. The grant opportunity will provide financial support for providers to select and implement a platform from an approved vendor list.

Employer-Sponsored Child Care Fund

(Funding Source: ARPA Discretionary)

In October 2023, Indiana launched the Employer-Sponsored Child Care Fund, a program that provides seed funding for employers and local communities to expand employer-subsidized child care benefits to address growing local child care needs. Through the effort, the state hopes to increase child care access and support for working Hoosier families. Funding is available to support the implementation of a range of child care benefit offerings, enabling employers and communities of all sizes to participate. During the grant's first application period, 160 employers and community organizations applied, and 30 applied in the second.

Alternative Reimbursement Rate Methodology Supplements

(Funding Source: ARPA Discretionary)

Effective July 1, 2023, OECOSL introduced a new cost-based subsidy reimbursement model to align subsidy payments with the current costs of delivering care and to further build provider sustainability. OECOSL has budgeted \$79M in federal ARPA discretionary funds to support the implementation of the new model. New rates offer a minimum 20% increase across all payments and additional increases for specific providers and care types where cost data showed inequities.

Licensing Review and Improvements

(Funding Source: ARPA Discretionary)

- **Regulatory Review:** OECOSL budgeted \$100,000 in funds to engage early care and education providers in reviewing current regulations and making recommendations for changes to support increased sustainability. Funds were used for provider stipends and a third-party facilitator (Opportunities Exchange).
- **Policy Equity Group:** OECOSL provided \$172,200 in funding to support the Early Learning Advisory Committee's (ELAC) efforts to modernize the state's child care regulatory environment, considering both the recommendations made by early care and education providers and the state's system transformation agenda. Funds were used to engage Policy Equity Group, a national entity focused on ECE practice, policy and research.

Targeted Mental Health and Business Supports

(Funding Source: ARPA Discretionary)

In May 2022, OECOSL, in partnership with SPARK Learning Labs, announced the Building Wellness program to support the wellbeing of the early education and out-of-school time workforce. Until September 2023, the program included an employee assistance program (EAP) through ComPsych®, which offered free short-term counseling, legal and financial consultation, work-life assistance and crisis intervention services. Individuals who own, work or volunteer in an Indiana-based early childhood education or out-of-school care program are also eligible for a free subscription to the Calm app through the program, which will be available until February 2026.

Indiana Educator Job Board and Applicant Tracking System

(Funding Source: ARPA Discretionary)

As part of the state's ongoing efforts to strengthen the education workforce, Indiana expanded its Indiana Educator Job Board in fall 2023 to the early learning and out-of-school time sectors, creating a centralized hub for educational programs and institutions serving children birth-to-grade 12 to source talent. The platform, which launched early 2022 to K-12 school districts, is operated by Nimble, a provider of data-driven recruitment software for educational institutions. The expansion of the job board to the early learning and out-of-school time space represents a joint effort by OECOSL and the Indiana Department of Education.

In Development Initiatives

(Funding Source: ARPA Discretionary)

OECOSL continues to monitor the needs of the early care and education system to ensure sustainability and access for families. To bolster this effort, \$82.5M in unspent funds have been allocated, in partnership with ELAC and the Indiana Department of Education, to support continued access, workforce and sustainability priorities.

The Indiana Office of Early Childhood and Out-of-School Learning (OECOSL) serves as the lead state agency for the federal Child Care and Development Block Grant, the primary federal program providing families with child care subsidies and funding supports to states to improve system quality, and is responsible for supporting the child care and early education needs of Hoosier children and families.

