

# ARPA Tranche II Considerations

## Child Care Sector Survey Results and Recommendation Report



SUBMITTED BY FIRST 5, COUNTY OF SANTA BARBARA

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Santa Barbara County Board of Supervisors – May 3, 2022



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# 1 INTRODUCTION

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COVID, wildfires, economic uncertainty and persistent racial injustices have upended nearly every aspect of children’s lives in California and those living in Santa Barbara County are not immune. Unfortunately, it will be years before we discover the full repercussions of these societal impacts on our youngest citizens. Currently, for 4 in 10 families, the pandemic has made it more difficult to afford necessities like groceries, diapers, and childcare. This is why the American Rescue Plan was passed one year ago—to help alleviate the economic hardships caused by COVID-19. Now, in 2022, families still need help and the childcare sector is strained. Today’s infants and toddlers represent our nation’s most ethnically diverse generation and face many of the challenges to equitable access that exist today. To help our communities thrive, we must do better to ensure equitable access to housing, health care, healthy food, and high-quality child care. What we do in this moment in time and how we respond to this latest crisis, will lay a strong foundation, or not, for an entire generation.

For our leaders, saying children are our priority is not enough anymore. Not ensuring that our children are healthy and educated will have an enormous impact on our economy and our democracy for decades to come. It is not just the responsibility of parents, but as civic leaders and stewards of equity and justice in this county, we must recognize that secondary caregivers through the education and childcare sector have just as much influence on achieving our societal goals. This is a tipping point in time for policymakers to set a clear trajectory for our youngest citizens and money talks.

Of particular concern is the disparity in learning loss during last year’s school and childcare closures. Using data from the Policy Analysis for California Education, the report shows that English language learners, low-income, American Indian, Black and Latino students lost far more ground academically in math and English language arts than their white and Asian peers. The reason for the disparity is uneven quality in distance learning programs, limited access to technology and the disproportionate impact of the pandemic on low-income and all working families. Hard choices had to be made. Working full-time or tending to children at home. Attending a work Zoom meeting or helping your child with distant learning activities. Putting your child back in school facing strict COVID protocols or risk losing your job for not returning as requested. Through it all, families forged on and the education and childcare sector forged on alongside.

While disparities in access and affordability for infant and toddler care in particular existed before the pandemic, COVID-19 shone a light on these barriers like never before when countless numbers of essential workers were unable to answer the call to return to work due to wide gaps in services within the childcare sector. While programs and adjustments were quickly put into place for school-age child care with the closure of the K-12 system and even preschool programs found a way to keep doors open with new licensing guidelines and restrictions, our babies and their parents had little alternative but to remain home or rely on family, friends, or neighbors to care for their children. This systemic gap cannot continue to be the norm if our economy is to fully recover.

## 2 BACKGROUND

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On June 1, 2021, the Board of Supervisors heard from County staff information on the eligibility requirements and possible uses of \$43.3 million in American Rescue Plan Act (ARPA) funds included in the FY 2021-22 Budget. The types of funds presented were both “restricted” to COVID response and recovery activities, to be used in compliance with the U.S. Treasury Department rules; and “discretionary,” which has greater flexibility and is equal to the amount of revenue losses incurred. Staff presented various potential uses of both restricted and discretionary uses of ARPA funding, where a potential use of restricted funding was in response to the public health emergency and related economic impacts, and asked the Board for direction on potential ways to allocate funds. During the June 1 meeting, the Board directed staff to return with more information regarding a few focus areas, one of the areas being child care.

On October 19, 2021, the Board of Supervisors was asked to consider the allocation of \$2,000,000 in ARPA funds from the Emergency Child Care Initiative (ECCI) as led by the Santa Barbara Foundation, to provide immediate relief to the child care sector and continue to develop a recovery plan for crisis management. From that meeting, First 5 Santa Barbara County, a department under the Health and Human Services Functional group and the direction of the CEO office, agreed to provide additional data for consideration during the 2022-2023 budget workshops in April 2022. That data is being presented through this report and will provide data gathered on the state of the childcare sector as of April 2022.

### 2.1 HISTORY OF THE EMERGENCY CHILD CARE INITIATIVE (ECCI)

When the pandemic hit in March 2020, local philanthropy stepped up to try and mitigate the strain on the child care sector with the intent of supporting healthcare and other first responders to continue to work, specifically for Cottage Hospital employees. Under the initial direction of the United Way of Santa Barbara, the group was formed in April 2020 and ECCI began as a public-private partnership of local philanthropic partners, county departments (public health, behavioral wellness, First 5), and early care and education supporting agencies (Local Childcare Planning Council and Children’s Resource and Referral). The consortium of local philanthropic partners has included the Natalie Orfalea Foundation and Lou Bugliloi, Jane and Paul Orfalea through the Audacious Foundation, the Linked Foundation, the James S. Bower Foundation, the Ann Jackson Foundation, the Zegar Family Foundation, the Henry and Lola Monroe Foundation, and the Santa Barbara Foundation.

Since its original formation, only the Santa Barbara Foundation as a philanthropic group has carried on the work of ECCI. First 5 Santa Barbara County joined the efforts in 2021 as a thought partner and financial contributor to the facilitation of the group. Additional local early childhood education support organizations including Children’s Resource & Referral and the Santa Barbara County Child Care Planning Council under the SB County Office of Education have remained key partners in the planning efforts. United Way continues to work with local city governments to assess childcare need. Recently, the cities of Goleta and Santa Barbara commissioned a report

facilitated by United Way on the childcare need within their boundaries. That report can be requested from United Way and gives additional detailed information for decision making.

Although not a formally recognized entity, ECCI became and remains, a trusted clearinghouse of key health and safety information for child care programs, government departments, and the community with the support of the Santa Barbara Foundation and their ongoing fiscal commitment towards this work. As a result, ECCI has led a coordinated response to the ever-changing needs of the pandemic in reference to the child care sector. Part of this response is the documentation of lessons learned through this latest crisis and the identification of a need to establish the integration of child care into the County of Santa Barbara’s coordinated emergency response system. While this initiative originally sought to match emergency responder employers with child care providers and provide funding to operate programs as well as provide support, guidance, and technical assistance, the Initiative has evolved to identify key gaps in the child care sector infrastructure in terms of communication, workforce resiliency, and the ability to gap fund in times of emergency. These gaps highlight the need for a recovery infrastructure to be established so that when unexpected disruptions to the system occur, there will be a system in place to respond.

The ECCI is advocating for the County of Santa Barbara, local municipalities, and local education agencies that will be receiving significant ARPA recovery funding to allocate a percentage of their awards towards recovery strategies for the child care sector in Santa Barbara County.

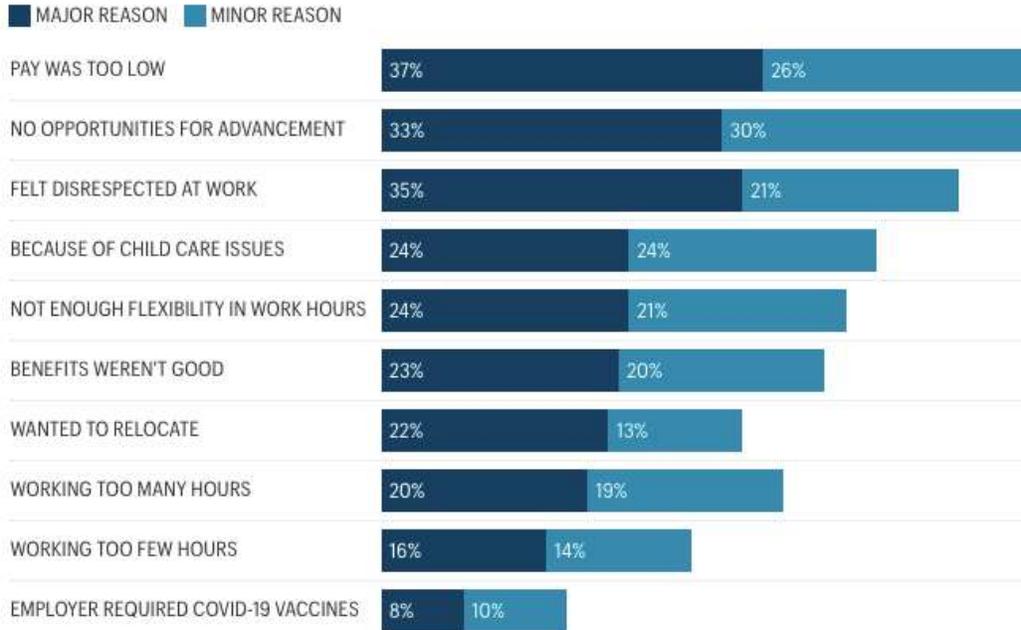
### **3 BY THE NUMBERS**

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The childcare sector is a complex and fragmented system consisting of formal licensed care, stay at home parents, and use of family, friends, and neighbors. Our attempt to gather data around the “new normal” of childcare need was challenging. Unless we had access to every parent with children under the age of 12 in Santa Barbara County, it would be impossible for us to get a 100% accurate count of the childcare needs of families in real time. The best we could do is get a sampling of responses and fill in gaps with research, state and national statistics, and known numbers.

The high cost of living in Santa Barbara County makes it particularly difficult for families to balance the basic necessities of life: food, shelter, and clothing. Problems with child care are a major reason for employee absenteeism and decreased performance, resulting in negative impacts on businesses. For all of these reasons, the entire community garners social and economic benefits when high-quality early care and education programs are available and affordable. According to a recent article in Fortune magazine, the fourth leading reason why adults leave the workforce had to do with childcare issues.

## Top reasons why U.S. workers left a job in 2021



NOTES: DATA BASED ON A SURVEY OF U.S. ADULTS CONDUCTED FEB. 7-13, 2022. CHILD CARE BASED ON THOSE WITH CHILDREN YOUNGER THAN 18 LIVING IN THE HOUSEHOLD. BENEFITS INCLUDED HEALTH INSURANCE AND PAID TIME OFF.

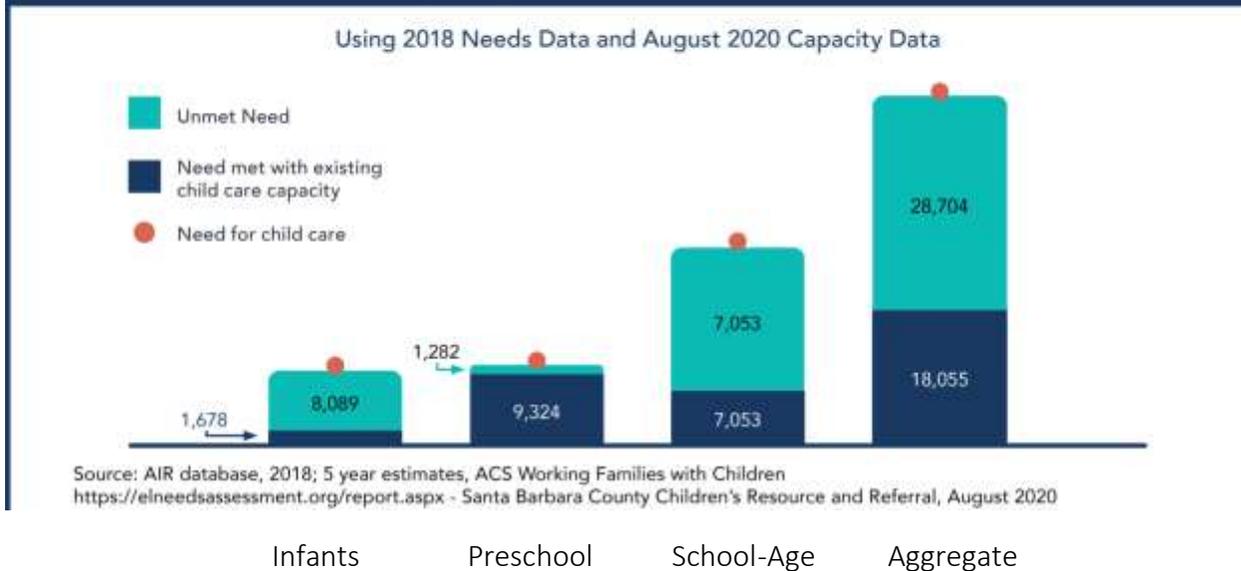
SOURCE: PEW RESEARCH CENTER

FORTUNE

Local statistics on childcare affordability and accessibility are startling. Every five years the Santa Barbara County Local Childcare Planning Council (LCPC) publishes a countywide needs assessment on the status of childcare in our county. In the most recent publication (2020) it is stated, “According to the American Community Survey Working Families with Children (2018), of the total 71,940 (census 2018) children birth-12 years of age residing in Santa Barbara County, 46,759 were estimated to need child care due to their parents working. Of the children estimated to need care, 9,767 were infants and toddlers (birth to age 3), 10,606 were preschoolers (3-5 years) and 26,386 were school-age (6-12 years). This data is reflective of the period prior to the COVID-19 pandemic.”

Additionally, this publication states that the need for child care has increased significantly since 2015, yet capacity has not. The overall capacity in Santa Barbara County has remained stable from 2015 to 2020 with a slight increase in preschool spaces. There are approximately 18,085 licensed and license-exempt spaces for 46,759 children ages 0-12 needing care. However, the biggest gap in need remains at the infant/toddler level. Only 9% of those 18,085 spaces are reserved for infants/toddlers (1,627). **That leaves a potential unmet need of 8,089 infant-toddler spaces if all parents were working and seeking child care.**

## Existing child care capacity meets only a fraction of estimated need (Need Data: 2018, Capacity Data: 2020)



## 4 METHODOLOGY

In the late fall of 2021, the First 5 Executive Director and Assistant Director met with various elected officials who would be making ARPA decisions around the childcare sector. Some of the questions that came out of those meetings were used to help us develop the community surveys and interview questions. A few examples included:

- Why are parents not seeking childcare at this time?
- Is there an interest in business grants, start-up funds, and mentor programs?
- Is the childcare sector meeting the childcare demand/need of families?
- What is keeping providers from accepting subsidized vouchers?
- How strong is the business training of providers and how have they planned for unanticipated disruption in service?
- How can ARPA money help leverage future dollars coming from the state or federal government?
- Are employers being affected by the struggles in the childcare sector?

In addition to our individual interviews, we garnered information from the study commissioned by the Cities of Goleta and Santa Barbara through United Way which gathered regional input from families, providers, and employers in the fall of 2021. Some of those highlights are included in this report as their findings mirrored our. Through the work of the Emergency Child Care Initiative (ECCI) facilitated by the Santa Barbara Foundation, an additional survey of 102 childcare providers ranging from licensed small and large family childcare businesses and center-based programs answered a series of questions regarding their sustainability during COVID and how their

businesses have been financially impacted due to the disruption of care. The Santa Barbara Foundation can provide the results of their survey upon request.

First 5 Santa Barbara followed-up with 22 of those providers from the Santa Barbara Foundation survey through personal interviews to ask additional questions including status of staff wellness, what trends they are seeing in the sector, and what support is needed for them to remain viable. Finally, First 5 SBC launched two county-wide surveys; one to families and one to employers to assess the real time childcare need post COVID. Raw data results and a list of questions asked can be found in the Appendix sections of the full report and provided upon request.

Through a deeper dive of the state of childcare in Santa Barbara County, we did additional research to establish the current number of subsidized slots and how many families may be eligible. We gathered data from DSS- CalWorks Stage 1, Welfare to Work, Stage 2 childcare voucher providers and Alternative Payment Programs. We also looked at the number of Head Start and CA State Preschool Slots available in the County as the main subsidized systems in our county.

## 5 FINDINGS

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In our data gathering, we received 1056 responses from families from various regions of the county, qualitative interview data from 22 childcare providers, survey answers from 102 childcare providers, and received responses from 10 employers. We gathered additional data on the number of subsidized slots (e.g. state or federal dollars) currently being utilized and received feedback from several DSS eligibility workers.

### 5.1 WHAT THE FAMILIES ARE SAYING...

- Childcare never stopped being a need, even during the height of COVID.
- For those that had stopped using childcare, there were a handful of reasons such as family taking over the childcare role, change in family finances, and/or were unable to find affordable care in their region.
- Lack of affordable childcare spaces, specifically infants and toddlers, has influenced one or more parents career decisions.
- When asked about how much they currently spend on childcare per month, 67% stated they spend between \$500-\$2000 a month which also equates to ¼ or higher of their monthly household income.
- Parents in general are excited about accessing Universal Transitional Kindergarten as a way to save dollars on childcare.
- According to demographic data collected, just under half of respondents (46%) would be eligible for a state or federal childcare subsidy, however 90% of families stated they are currently not accessing this support or don't know about it.

- There were 141 respondents that indicated an interest in becoming licensed providers. Depending on the size of the license and ages served, this could add between 1128-1974 spaces in the county.

## 5.2 WHAT THE EMPLOYERS ARE SAYING...

- The majority of businesses reported that the pandemic has caused significant challenges to business operations and the ability for the organization to maximize efforts towards their objectives.
- Lack of affordable childcare spaces, specifically for infants and toddlers, has challenged the recruitment and retention of employees
- Many employees have exhausted their PTO/sick time in order to care for a family member with COVID and 70% reported employee burnout from balancing work and home expectations.
- The “new normal” requires businesses to offer remote work, hybrid models, and flex scheduling in order for employees to balance the demands of the office and home.
- In general, businesses were interested in finding out ways they could support their employees with finding childcare and learning about subsidies for their staff.
- All respondents agreed that infrastructure support and training the childcare workforce should be a top economic priority for Santa Barbara County.

## 5.3 WHAT THE CHILD CARE PROVIDERS ARE SAYING...

- While COVID shutdowns and protocols were challenging in the beginning, businesses have learned to navigate the new normal. Since then, many report no change or an increase demand in services, creating waiting lists.
- The majority of programs were able to access Federal and State loans (e.g. PPP) and have since paid the loans back or had them forgiven.
- All licensed programs received state stipends for continued operation which helped carry them through the pandemic.
- There is little interest in receiving business coaching, low-interest loans, or emergency preparedness training. Those that have remained open feel they will continue to remain open.
- There is little interest in converting to infant and toddler spaces without some sort of ongoing subsidy to support this age group. It is too expensive to sustain.
- Center-based providers are looking to meet the demand for preschool and after-school expansion, but are open to serving toddlers (e.g., 2-year old’s). Infants are challenging.
- Family Child Care providers are more open to pivoting to infant and toddler care as Universal Transitional Kindergarten comes online.
- The onerous requirements of CAL-WORKS vouchers place a barrier on programs accepting subsidies for families that qualify. For profit programs do not have an incentive to accept vouchers because it contributes to the “subsidy dilemma”.

- Subsidy Dilemma - Mixing subsidized vouchers with full-fee tuition causes extreme financial complexity that private providers find hard to navigate.

#### 5.4 WHAT THE ELIGIBILITY WORKERS ARE SAYING...

- Welfare to Work case managers report that the lack of childcare spaces available in the county to be a barrier for families securing or maintaining employment
- Families are qualifying for subsidies, but they cannot find providers to take the vouchers
- Lompoc is the hardest area of the county to find childcare, followed by Santa Maria and Cuyama.
- 100% of the workers stated that infant/toddlers/young two’s were the age group that the most spaces are needed.
- While there more job opportunities available in the county than ever before, Welfare to Work clients are not accepting jobs. Some report this may be due to the lack of childcare availability offered during the required work hours.

#### 5.5 THE SUBSIDY DILEMMA

California has a strong history of providing subsidized childcare support to income qualifying families through state preschool, general child care funds, and two voucher systems. We have also been able to leverage federal dollars through the Early Head Start (0-2) and Head Start (3-5) programs. Table 5.5.1 shows the number of state and federal subsidized slots available in Santa Barbara County.

##### 5.5.1 Subsidized slots available...

Program	Current Slots	Serves I/T
Early Head Start	166	X
Head Start	717	
State Preschool	2274	
General Child Care Fund (CCTR)	200	X
CalWorks Stage 1, Welfare to Work	130	X
CalWorks Stage 2	108	X
CalWorks, Stage 3	260	X
Alternative Payment Program (APP)	1068	X
<b>Total</b>	<b>4,923</b>	<b>Varies</b>

Source: CommUnify, DSS, SBCEO, CRR provided data for this chart.

The need for subsidized care far outweighs the availability. Nearly half (46.7%) of children under the age of twelve or 18,116 children needed and qualified for subsidized care. Ninety-two percent of 0-2-year old's who are eligible and need subsidized care are not able to access it, and 56% of 3-5 year old's. Criteria for eligibility for subsidized early care and education services vary among different programs. For example, the income eligibility for federally funded Head Start programs (currently \$26,200 for family of four) is lower than the income eligibility for California State Preschool Programs (\$84,822 for a family of four); some programs serve only a particular age group; and some programs require families to not only be income eligible, but also for parents in the home to be employed or in an educational or job training program. The majority of subsidized slots are for preschool or school-age children. The table below shows the gap in the number of subsidized spaces available versus the need.



 <b>Population, need, enrollment, and unmet need for subsidized care (based on children who are income eligible and need care) (2018)</b>						
	Population	Enrollment	Need		Unmet Need	
Cost of Care	Number of children	Total enrollment in publicly subsidized programs	Number of children eligible for subsidized child care (income and qualifying need)	Percentage of children income-eligible and qualifying need for care	Number unmet need-based and income-eligibility for care	Percent unmet need for care
0-2 year olds	16,695	616	7,072	42.36%	6,456	91.29%
3-5 year olds	16,480	3,390	7,734	46.93%	4,344	56.17%
<b>Total 0-5 year olds</b>	<b>33,175</b>	<b>4,006</b>	<b>14,806</b>	<b>44.63%</b>	<b>10,800</b>	<b>72.9%</b>

Source: AIR analysis of American Community Survey, Public Use Microdata Sample (PUMS) data, five-year estimates, by local. <https://elneedsassessment.org/report.aspx>

The dilemma gets even more complicated in a free market approach. Childcare in the United States is provided in a mixed-delivery system meaning that we have state and federal subsidy supports that need to often be integrated into for profit small business bodies. While many will argue that it is difficult to make a profit in the childcare sector, it is largely determined by how one varies their revenue streams by setting tuition rates, providing enhanced marketing services to entice clientele, and how the business owner determines their employee salary packages. Because rates for reimbursement for subsidized care is set through legislation and tuition rates are set at the discretion of the childcare provider, this creates an equity challenge. For example, current childcare rate language for state subsidized slots is seen in the following table.

### 5.5.2 Child Care Centers for Santa Barbara County – Maximum Reimbursement

Age Group	Full-Time Daily	Full-Time Weekly	Full-Time Monthly	Part-Time Hourly	Part-Time Weekly	Part-Time Monthly
Birth to 24 Months	107.16	434.33	1725.98	19.73	298.80	1109.24
2- 5 Years	75.68	311.89	1240.58	13.95	245.39	789.71
School Age	60.74	311.42	1160.69	11.93	140.81	494.50

### 5.5.3 Family Child Care Homes for Santa Barbara County – Maximum Reimbursement

Age Group	Full-Time Daily	Full-Time Weekly	Full-Time Monthly	Part-Time Hourly	Part-Time Weekly	Part-Time Monthly
Birth to 24 Months	61.32	271.70	1113.32	13.08	186.36	738.44
2- 5 Years	56.36	242.71	1001.81	12.19	180.73	699.51
School Age	44.14	179.35	731.35	10.22	146.32	554.40

### 5.5.4 TrustLined/Relative for Santa Barbara County – Maximum Reimbursement

Age Group	Full-Time Daily	Full-Time Weekly	Full-Time Monthly	Part-Time Hourly	Part-Time Weekly	Part-Time Monthly
Birth to 24 Months	42.92	190.19	779.32	9.16	130.45	516.91
2- 5 Years	39.45	169.90	701.27	8.53	126.51	489.66
School Age	30.90	125.54	511.95	7.15	102.42	388.08

The “dilemma” then comes from how those two systems are reconciled. A provider can not charge a family more or less than what they are reimbursed through a subsidized source. Challenges to that include not knowing what exactly they will earn from the subsidized slot depending upon current rate or days of attendance, what COLA rates become in effect throughout the year, and whether or not they can meet the highest denominator of quality and accountability mandates tied to the subsidy. This complexity often discourages private providers from braiding their funding streams. If there were a coordinated system of support in place, it could help alleviate some of these barriers for families as well as providers.

## 6 DATA ANALYSIS

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While navigating the pandemic was challenging in the beginning, families, providers, and our local employers have found ways to rise to the challenge and make changes to their operations that allow for them to continue on without risking further closures. However, what the pandemic did illuminate is the existing infrastructure gaps in the childcare sector that include the following:

- There are challenges for private providers to immediately pivot to meet childcare demands, such as infant and toddler care, based on new state and federal early childcare legislation (e.g., Universal Transitional Kindergarten)

- The childcare sector is fractured by various funding streams and there is not a coherent, coordinated system linking the sector together. This lack of coordinated effort lends to the discouragement of providers to establish varied revenue streams.
- Many families have been unable to access government sponsored subsidies and those that do have difficulty finding providers that will accept them due to complicated funding terms and conditions.
- The high cost and unavailability of infant and toddler care has had many parents leave the workforce and has affected the career decisions of others.
- There is a severe inadequacy of infant/toddler/young preschool options in all areas of the county, with Lompoc being the biggest challenge, and Santa Maria and Cuyama following. There has been little incentive of private, for-profit programs to expand into serving this age group due to complexity of system and fear of working with younger children.
- Every day, subsidized providers hear from families that are seeking childcare for their infants, toddlers, and children with special needs. Mothers are losing their jobs or are unable to return to work due to lack of access to spaces. Subsidized programs share the challenge of finding placement for children who have funding, but whom cannot find a provider.
- The new normal is going to produce an increased demand for more infant-toddler programs to open that will be flexible in hours, allow for mixed revenue streams, and be affordable for families while also maintaining high quality programming.

## 7 PROBLEM STATEMENTS

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1. The child care sector needs a coordinated system that will support stable business practices when an unexpected disruption in services occur or there is a major shift in the demand for services that includes new and an expansion of spaces.
2. Families struggle with finding affordable, high-quality infant and toddler care and there is a need to support the system in offsetting the gaps in availability and affordability.



## 8 OPTIONS FOR CONSIDERATION

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The County of Santa Barbara is receiving ARPA funding to address COVID-19 related costs, economic impacts, lost revenues and other infrastructure needs. The Board of Supervisors set aside \$2 million in Tranche II allocation to examine the childcare sector need and potentially address the relief and recovery needs of the sector.

**TIMELINE FOR USE OF FUNDS** Under the SLFRF, funds must be used for costs incurred on or after March 3, 2021. Further, costs must be obligated by December 31, 2024, and expended by December 31, 2026.

### 8.1 OPTION 1

Direct Services to Families/Parental Support would be eligible under the category of **Assistance to Households**. Treasury recognizes certain enumerated projects as eligible to respond to impacts of the pandemic on households and communities, including childcare and early learning services, home visiting programs, services for child welfare-involved families and foster youth, and childcare facilities.

Recipients can measure income for a specific household or the median income for the community, depending on whether the response they plan to provide serves specific households or the general community. The income thresholds vary by household size; recipients should generally use income thresholds for the appropriate household size but can use a default household size of three when easier for administration or when measuring income for a general community. The income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$65,880 per year. In other words, recipients can always presume that a household earning below this level, or a community with median income below this level, is impacted by the pandemic and eligible for services to respond.

RELIEF
Direct Service to Families
Parental Support
<ul style="list-style-type: none"><li>• Deposit dollars into an existing infrastructure that currently provides childcare scholarships for low to middle-income families. Both Santa Barbara Foundation and United Way have established childcare scholarship funds.</li><li>• Tie subsidy applications to scholarships for infants/toddlers/2-year old's</li><li>• Include a communication and outreach plan for providers and families on how to apply for and use existing voucher subsidies</li></ul>

#### 8.1.1 Performance Measures

PM #1 – Increase the affordability of infant-toddler care in Santa Barbara County by expanding scholarships for families who do not qualify for full subsidy, thus relieving some of the financial burden of returning to work and closing the tuition equity gap.

## 8.2 OPTION 2

Infrastructure to Childcare Sector/Sector Support would be eligible under the categories of **Assistance to Small Businesses** and **Aid to Impacted Industries**. Recipients should first designate an impacted industry and then provide aid to address the impacted industry’s negative economic impact.

Treasury recognizes the enumerated projects below as eligible responses to impacted industries.

- ✓ Aid to mitigate financial hardship, such as supporting payroll costs, lost pay and benefits for returning employees, support of operations and maintenance of existing equipment and facilities
- ✓ Technical assistance, counseling, or other services to support business planning
- ✓ COVID-19 mitigation and infection prevention

RECOVERY
Infrastructure to Childcare Sector
Sector Support
<ul style="list-style-type: none"> <li>• Deposit dollars into an established, specialized fund that provides dollars for expansion of infant/toddler/2-year old spaces. Consider a revolving fund for loans or grants.</li> <li>• Require program applicants to participate in business training and support in aligned with tiered disbursement system.</li> <li>• Dollars would be restricted to start-up or expansion of infant/toddler/2-year old spaces only. Includes purchase of materials, furniture, staff training, and renovation of facilities to meet the age group requirement.</li> <li>• Require program applicants to register as Alternative Payment Providers with SBCEO and CRR. Mandate a % of spaces be filled by subsidized families.</li> <li>• Provide training to providers on how to manage subsidy vouchers as part of the financial planning support.</li> <li>• Explore shared services structure to reduce overhead costs of programs.</li> <li>• Classroom or program start-up costs dependent upon # of children served (e.g. \$5000 per child)</li> <li>• Business and Specialist coaching (TBD)</li> <li>• Support with permitting and licensing fees (e.g. varies by city; licensing - \$73 – 2420 for initial applications, \$73-1210 for annual).</li> <li>• Minor repair and renovation for new age group (\$TBD)</li> </ul>

Treasury language Applicable to Option 2:

- TRANSFERS Recipients may undertake projects on their own or through subrecipients, which carry out eligible uses on behalf of a recipient, including pooling funds with other recipients or blending and braiding SLFRF funds with other sources of funds. Localities may also transfer their funds to the state

through section 603(c)(4), which will decrease the locality's award and increase the state award amounts.

- LOANS Recipients may generally use SLFRF funds to provide loans for uses that are otherwise eligible, although there are special rules about how recipients should track program income depending on the length of the loan. Recipients should consult the final rule if they seek to utilize these provisions.

### 8.2.1 Performance Measures

PM #2 - Create a coordinated system of business support for the child care sector that braids various funding streams, thus helping providers recover from economic gaps due to loss of revenue during the pandemic.

PM#3 - Create an enhanced infrastructure initiative to support the childcare sector in meeting the need for infant-toddler spaces in the County of Santa Barbara, thus helping the childcare sector meet the supply and demand challenge for parents returning to work.

PM#4 - Increase the available infant-toddler spaces by a minimum of 10% to address the challenge.

## 9 IN SUMMARY AND NEXT STEPS

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The Santa Barbara County Board of Supervisors has the opportunity to provide direct relief and recovery efforts within the childcare sector that will affect thousands of young children and families. ARPA funds can be used to establish a base effort that can grow over the years.

- Decide on allocation of \$2 million dollars. Possible scenarios include:
  - % of allocation towards options presented or combine with other options discussed
  - Full allocation towards one option or the other or another option not presented
  - \$400,000 per Supervisorial District to be determined at discretion of regional teams
- Do an extended facilities study in each District to look at potential properties for new or expanded childcare spaces
  - Identify childcare deserts in the County of Santa Barbara
  - Assess county owned properties that could house childcare programs at no cost or low-cost rents (e.g. Calle Real Property redesign).
  - Partner with Low Income Investment Fund and local Philanthropy to design capital projects and see where dollars can be leveraged (e.g. 60/40 matches)
- Release a Request for Proposal (RFP) for organizations to support the decided upon efforts. Decide upon a fiscal and programmatic agent within the county structure to oversee the contracting and reporting required.