



MEMORANDUM

TO: City Council

FROM: Whitney McDonald, City Manager
Sheridan Bohlken, Recreation Services Director

SUBJECT: Consideration of Approval of a Child Care Assistance Grant Program

DATE: May 10, 2022

SUMMARY OF ACTION:

Approval of the proposed Child Care Assistance Grant Program will utilize one-time American Rescue Plan Act (ARPA) funds to provide a total of \$100,000 to Arroyo Grande child care providers through individual grants during Fiscal Years 2022-24.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The Child Care Assistance Grant Program proposes to use \$100,000 in funds received from the US Treasury under ARPA. Staff time will be necessary to prepare the grant program announcements, engage in outreach to publicize the program, convene a review panel, and administer the grants. It is estimated that this process may take 20 staff hours.

RECOMMENDATION:

Consider and approve the proposed Child Care Assistance Grant Program, including direction regarding program components, and authorize the City Manager to execute grant agreements with grant recipients.

BACKGROUND:

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) of 2021 into law. The \$1.9 trillion economic recovery package, based on President Biden's American Rescue Plan, is intended to provide financial aid to families, governments, businesses, schools, non-profits and others impacted by the COVID-19 public health crisis. To support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery, ARPA established the Coronavirus State and Local Recovery Fund, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and recover from the economic impacts caused by the public health crisis. This legislation provided \$27 billion in federal money to the State of California. The State will allocate \$1.2 billion to non-entitlement units of local government (NEUs). As a NEU, Arroyo Grande is eligible

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to receive \$4,300,241. The City received the first tranche of funding on July 13, 2021, totaling \$2,150,121, and the balance will be delivered 12 months later.

Recipients may use ARPA funds to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- Replace lost public sector revenues, using this funding to provide government services to the extent of the reduction in revenue experienced during the pandemic
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

The City Council has discussed allocations of its anticipated ARPA revenue during its regular meetings held on July 27, 2021, and October 12, 2021. At the conclusion of those meetings, Council directed that \$100,000 of the City's ARPA funds be allocated toward a childcare assistance program, to be developed in coordination with First 5.

To implement Council's direction, City staff met with representatives of First 5, Community Action Partnerships San Luis Obispo (CAPSLO), and We Are the Care Initiative, as well as Mayor Pro Tem George, to discuss and receive input on the development of a Child Care Assistance Grant Program. The proposed program presented with this item carries forward the recommendations of that group.

ANALYSIS OF ISSUES:

Child care facilities are licensed by the State of California Department of Social Services with a core mission "to ensure the health and safety of children in care." By providing services to ensure licensed facilities meet established health and safety standards through the monitoring of facilities and provision of technical assistance, all children and families, regardless of age, ethnicity, cultural background, gender, socioeconomic status, or ability, are afforded the same protections under law.

The State Child Care Licensing Program provides oversight and enforcement for licensed Family Care Homes and licensed Child Care Centers. Family Care Homes are generally operated out of a private home and fall into two categories: Small Family Child Care Homes, with capacity up to 8 children, and Large Family Child Care Homes, with capacity up to 14 children. Child Care Centers are generally operated out of a commercial or public facility and provide care for more than 14 children, in age appropriate groups.

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As of April 2022, eleven (11) licensed Small Family Child Care Homes and eleven (11) licensed Large Family Child Care Homes operate in the City of Arroyo Grande, providing 242 slots for children needing child care. In addition, ten (10) licensed Child Care Centers offer an additional 466 slots for children. Together, licensed child care providers in the City provide a total of 708 child care slots for children.

As numerous studies have shown (Attachments 3-4), the challenges of child care have been exacerbated by COVID-19. Child care has long been a supporting system of the economy, and in San Luis Obispo (SLO), child care quality, affordability and accessibility (noted as the 'trilemma') were all obstacles to child care prior to the pandemic. In SLO County, nearly two-thirds of children of working parents from birth through age 12 do not have access to the quality child care that can help them succeed in school and beyond (Attachment-SLO County Collaborative Child Care Study).

Through the proposed Child Care Assistance Grant Program, action can be taken to address the 'trilemma' for the Arroyo Grande community. During the discussion held in January 2022 with representatives from First 5, the San Luis Obispo County Child Care Planning Council, We Are the Care Initiative, CAPSLO, Mayor Pro Tem George, City Manager McDonald, Administrative Services Director Valentine, Recreation Services Director Bohlken, Deputy City Clerk Lansburgh and the Family Child Alternative Payment Program, it was recommended that the City's allocated ARPA funding be used to help address the significant challenges facing the child care sector by offering one-time funding to support Arroyo Grande child care facilities in the following categories:

1. Child care business start-up assistance, including obtaining State Licensing status through the Department of Social Services
2. Increasing capacity of existing State licensed facilities
3. Providing assistance to ensure the retention of existing child care businesses
4. Offering increased wages, incentives, educational opportunities or premium pay to recruit, attract and retain professional child care staff.

The group also discussed the potential for providing subsidies or grants directly to families who use child care services in Arroyo Grande and/or who reside in Arroyo Grande. However, the group recommended that the grant program focus on measures that will retain and expand available child care slots to the community through new or existing child care providers. Additionally, representatives from CAPSLO and First 5 shared that vouchers and other subsidy programs are currently available to families.

Based on experience in the child care industry locally and County-wide, staff recommends that a limited term Child Care Grant Review Panel be formed with representatives from First 5, We Are the Care Initiative, Child Care Planning Council, City staff, and, if available, the South County Chambers of Commerce to assist with the grant review and allocation process. Once the program is approved, advertised, and applications are received, the Child Care Grant Review Panel will then meet to review, qualify, and recommend funding awards with final approval from the City Manager. Through the proposed program and

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application process (Attachments 1 & 2), child care providers will have the opportunity to learn about the program and apply for the ARPA funding, detailing their need for support to align with the following goals:

- Increase the number of child care slots available
- Increase the access and affordability of child care
- Support mechanisms to recruit, attract and retain professional child care
- Ensure the health and safety of children in child care

Once the Child Care Assistance Grant Program is approved, staff will contact all child care providers in Arroyo Grande in coordination with CAPSLO, as well as publicize the opportunity through social media and other news channels. Staff will receive and collect applications for review and convene the Review Panel for evaluation and recommendations based on a pre-determined scoring criterion. Grant agreements will be processed and tracked through the Administration Services Department.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Approve the proposed Child Care Assistance Grant Program and authorize the City Manager to execute grant agreements with grant recipients;
2. Modify and approve the proposed Child Care Assistance Grant Program and authorize the City Manager to execute grant agreements with grant recipients;
3. Do not approve the proposed Child Care Assistance Grant Program; or
4. Provide other staff direction.

ADVANTAGES:

Approval of the Child Care Assistance Grant Program will meet Council's direction to provide \$100,000 in ARPA funding for child care assistance, and will assist the challenges faced in the child care sector for accessible, affordable and professional child care services.

DISADVANTAGES:

As this grant program will address the 'trilemma' of challenges facing the child care sector in Arroyo Grande and follow Council's direction to administer ARPA funds, there are no disadvantages known at this time.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

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Attachments:

1. Child Care Assistance Grant Program Overview
2. Child Care Assistance Grant Program Application
3. SLO County's Child Care Problem-The Outlook for 2022
4. SLO County Collaborative Public Sector Child Care Study