

# GAO Highlights

Highlights of [GAO-24-106258](#), a report to congressional committees

## Why GAO Did This Study

The COVID-19 pandemic caused significant disruptions to the country's child care sector, exacerbating preexisting challenges for families and providers. In response, in fiscal years 2020–2021 Congress appropriated more than \$52 billion in supplemental funding to CCDF, which supports states' efforts to assist low-income working families with obtaining child care. The remaining funds must be expended by September 30, 2024.

House Appropriations Committee Report No. 117-96 includes a provision for GAO to study the state use of COVID-19 relief funding for long-term strategies to improve and support the child care sector. This report examines (1) how selected states used supplemental funding to implement long-term strategies that help address preexisting challenges for families and providers, and (2) how OCC supported states' efforts to address challenges for families and providers using pandemic-related funds.

GAO interviewed CCDF administrators from five states (Michigan, Nevada, New Mexico, New York, and Tennessee) about their experiences implementing long-term program changes with COVID-19 funds and the support they received from the Office of Child Care. GAO selected states to represent diversity in child care funding amounts and geographic region. The information from the states is not generalizable, but provides perspectives. GAO also interviewed agency officials and organizations knowledgeable of child care issues; and reviewed related reports, literature, federal laws and regulations, and Office of Child Care guidance.

View [GAO-24-106258](#). For more information, contact Kathy A. Larin at (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov).

March 2024

## CHILD CARE

### Selected States Are Taking Steps to Sustain Program Changes Implemented with Covid-19 Funding

## What GAO Found

In all five selected states, child care officials reported using supplemental funding to make investments and program changes to address preexisting challenges facing families and child care providers. Preexisting challenges included the affordability and availability of child care for families, and financial viability and staffing for child care providers. These state officials reported making one-time investments, such as updating technology systems and creating targeted grants that could have long-term positive impacts (see figure). They also changed their Child Care and Development Fund (CCDF) programs to enhance families' access to child care and improve providers' financial viability. For families, they expanded eligibility for subsidies and lowered family co-pays. For providers, they focused on payment rates, compensation, workforce development, and quality improvement. States planned to use various strategies to sustain program changes that were made using supplemental funding, such as establishing a new state trust fund or increasing state child care budgets. State officials said that their ability to secure ongoing funding would affect their ability to maintain certain program changes.

#### Example of New York State (NYS) Child Care Grant Opportunity Notice

*The NYS Office of Children and Family Services is offering a grant opportunity to help you open a new child care program in your region!*

**Child care deserts are areas that do not have enough licensed and registered child care slots to serve the children who live there.**



Source: NYS Office of Children and Family Services. | GAO-24-106258

The Department of Health and Human Services' Office of Child Care supported states' efforts to address challenges for families and providers with supplemental funding by encouraging specific uses for funds and offering technical assistance. After COVID-19 relief laws were enacted, the agency published guidance that encouraged states to make CCDF program changes. These included increasing provider payment rates based on new cost modelling and increasing family income eligibility limits. The Office of Child Care also provided technical assistance to help states explore options to enhance their CCDF programs and continues to support states' efforts to determine which of their recent program changes can be sustained beyond the expiration of the supplemental funding. For example, it has helped states develop strategic plans, facilitated opportunities for states to learn from their peers, and referred states to its technical assistance partners for specialized assistance.