

Action for Children



March 12, 2021

This week, Congress passed and President Biden signed into law the American Rescue Plan Act of 2021. This \$1.9 trillion COVID-19 relief measure includes standout supports for child care, early learning, and working families with children. It is the largest single boost to child care in our nation's history and the implications could be truly transformative. Coupled with the \$10 billion for child care included in the December 2020 Consolidated Appropriations Act, the American Rescue Plan brings COVID-19 child care relief funding to \$50 billion total.

At Action for Children, we are grateful Washington has acted decisively to support child care and early learning, and all those who rely on it. Our work with families, early childhood educators, and child care programs during the pandemic has made it clear that these groups are [still experiencing great strain and hardship](#) right here in Central Ohio.

We don't issue a statement on every spending bill, but this measure is historic, and we cannot overstate the importance of what happens with this investment. This is an opportunity for our state and for our community to rebuild child care with equity and innovation front and center.

We have a chance to properly recognize and reward early childhood educators rather than pay them poverty-level wages and overlook their critical role in education and the economy.

We have a chance to relieve the financial burdens on child care businesses, so they can focus on achieving quality.

We have a chance to support working families, so they can find and afford quality early learning programs for their children.

If we pursue equity and innovation with the American Rescue Plan investments, we have the chance to ensure *all* our children have a strong start.

Let there be no mistaking it, this historic investment – \$50 billion to #SaveChildCare – was the result of determined advocacy. You did this. Along with thousands of other advocates through our region, Ohio, and the nation, you took action and Washington listened. Thank you for answering our advocacy alerts, for working together with other advocates, and for sticking to a united message. We truly are better together.

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What's in the American Rescue Plan?

Child Care Relief - \$39 billion

- \$15 billion for the Child Care and Development Block Grant (CCDBG), which is the federal funding source for state child care subsidy, licensing, and quality improvement efforts
- \$24 billion for a new child care stabilization fund, which states will use to issue grants to qualified child care providers
- For Ohio, these funds are [estimated](#) to total nearly \$1.3 billion to be used over the next two fiscal years

Head Start - \$1 billion

- Head Start is America's pre-Kindergarten program, providing federal-to-local grants, including three in Central Ohio

Stimulus Payments to Individuals

- Payments of \$1,400 for individuals earning up to \$75,000 (\$150,000 for married couples)

Tax Credits

- An expansion of the Child Tax Credit to \$3,600 for each child under 6 years old and \$3,000 for each child between 6 and 17 years old
- An expansion of the Child and Dependent Care Tax Credit up to a maximum credit of \$4,000 for one child or dependent and \$8,000 for two or more children or dependents, a credit that is now made refundable; allowing even the lowest income families to benefit from the credit

State and Local Government Aid

- State and local governments will receive a total of \$350 billion in direct aid, more than double the \$150 billion these governmental entities were allocated in the Coronavirus Aid, Relief and Economic Security (CARES) Act, some of which can be directed to child care and early learning

There also are other features that help families and early childhood educators including resources for nutrition programs, the extension of voluntary pandemic sick leave, and significant funding for K-12 education.

When will child care programs, early childhood educators, and families begin to see these investments in their states and communities?

While the Stimulus Payments to Individuals will appear quickly, the child care funding will take longer to move to the states and then be implemented in grant programs. The \$10 billion in the Consolidated Appropriations Act, passed in December, is just beginning to emerge, and some funding may be available to programs as early as the Spring of 2021. Most of the \$10 billion and likely all of the \$39 billion for child care in the just-passed American Rescue Plan will begin to flow later in 2021.