



Eric Holcomb, Governor
State of Indiana

Office of Early Childhood and Out-of-School Learning
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INDIANAPOLIS, IN 46204

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RE: Indiana's Plan for Coronavirus Response and Relief Supplemental Appropriators (CRRSA) Funds

Introduction

Notwithstanding its devastating impacts, the COVID-19 pandemic has helped our nation confront an important truth about the essential place early childhood education occupies in our society: it is critical for economic development, an important ingredient of a thriving community, and it has a multi-generational impact on the families it serves, helping children get ready for school while enabling their parents to participate in the workforce. In fact, the importance of early childhood education in refueling our nation's economic recovery cannot be overstated.

As Indiana charts its road to recovery, it will do so with this important learning in mind, incorporating early childhood education into the state's broader economic recovery plans and providing two-generational support to Indiana's working families and children. To do this, the state will use its CRRSA funds to balance relief to early childhood education programs with intentional strategies that help recover the market, enable providers to regain stability and strengthen access for Hoosier children and families.

The plan that follows has been developed with the support and insight of partners and stakeholders throughout the state. It is a living draft that we intend to build upon and adjust as the environment and needs of our communities evolve.

Stakeholder Engagement

To help inform the state's plan for the use of CRRSA funds, Indiana's Office of Early Childhood and Out-of-School Learning (OECOSL) convened in January 2021 a group of statewide stakeholders representing early care and education providers, Child Care Resource and Referral (CCR&R) agencies, representatives from its Early Learning Advisory Council (ELAC), early



learning system leaders and the broader philanthropic community. The state invited participants to use their unique vantage points to reflect on actions taken to date and consider new strategies for the road ahead. Among the group, overarching themes for the strategic use of these funds included:

- With unemployment growing, families across the financial continuum are indicating increased levels of despair. Thus, the new funds should support a two-generational strategy, helping parents re-enter the workforce and children prepare for school.
- Strategies should emphasize racial equity and be evaluated to ensure equity gaps are closed and not widened.
- Enrollment remains a key challenge to providers regaining their financial sustainability, therefore strategies should balance direct relief efforts with support for getting more families back to care.
- The process to receive funding must be easy and not overly burdensome on early childhood education and out of school time providers. Whenever possible, existing payment mechanisms should be used to disburse funding.
- In parallel to reinforcing existing providers, the state must collectively consider and address newly created gaps in access, affordability and quality created by the pandemic.

Furthermore, the group cited or recommended the following as potential means of delivering needed support to children, families, and providers:

- Eliminate co-pays to provide relief to families and reduce collection burdens for providers.
- Make support available for essential workers to help widen the demand pool.
- Increase subsidy rates to help offset increased operational expenses.
- Continue support for temporary COVID-related closures to help providers weather business interruptions and lost revenue.
- Support increased recruitment and retention costs, especially within infant and toddler care groups.
- Deploy incentives for programs to expand their hours of operation or footprint to help address newly identified supply gaps.

Essential to Recovery: Indiana's Plan for the Use of CRRSA Funds

Through the above referenced discussions and ongoing data analysis regarding the use and impact of Indiana's CARES funds, the state has designed a three-part approach to using CRRSA funds:

PHASE 1	PHASE 2	PHASE 3
Relief	Recover	Reinforce and Strengthen
Deliver critical relief to vulnerable families and providers.	Influence the market to increase access for families and help providers rebuild capacity.	Deploy system-level supports to further reinforce and strengthen the sector.

Rooted in four guiding principles — focus support on working families, approach with a market recovery mindset, maximize existing channels and infrastructure, and prioritize accessibility — the plan aims to speed the recovery of Indiana’s early care and education sector while simultaneously supporting the state’s broader recovery efforts. Funding priorities include:

1. Enabling early childhood education providers to regain stability
2. Delivering two-generational supports for working families
3. Fostering new system level supports

Enable Providers to Regain Stability	Deliver Two-Generation Support for Working Families	Foster New System-Level Supports
<ul style="list-style-type: none"> ● Issue emergency relief grants to CCDF eligible providers (Relief phase) ● Expand access to temporary closure grants (Ongoing) ● Influence the market to help providers rebuild enrollment (Relief and Recovery phases) 	<ul style="list-style-type: none"> ● Waive co-pays for CCDF families (Relief and Recovery phases) ● Expand child care assistance for essential frontline workers (Relief and Recovery phases) ● Introduce new supports for displaced and job-seeking workers (Recovery and Reinforce phases) 	<ul style="list-style-type: none"> ● Build family confidence for returning to early learning services (Ongoing) ● Support strategic sector-building tools and services (Reinforce phase) ● Take a fresh and right-sized approach to rebuilding lost capacity (Recovery and Reinforce phases)
<p><i>System Partners</i></p> <ul style="list-style-type: none"> ▪ Indiana Afterschool Network ▪ Early Learning Indiana ▪ Shine Early Learning/SPARK Learning Lab 	<p><i>System Partners</i></p> <ul style="list-style-type: none"> ▪ Child Care Resource and Referral ▪ Indiana Association for the Education of Young Children 	<p><i>System Partners</i></p> <ul style="list-style-type: none"> ▪ All

Indiana will meet these funding priorities through the strategies detailed below.

Direct Child Care Services (Subsidies): Does OECOSL plan to utilize Direct Child Care Subsidies during the response to coronavirus? Yes.

In addition to eliminating co-pays for families who participate in the CCDF subsidy program, which will be time limited with the duration clearly communicated to families and early childhood programs, OECOSL plans to deliver aid to families serving as our state's frontline heroes through the creation of approximately 50,000 scholarships for essential workers. Scholarships, which target children of essential frontline families with income levels between 128%-250% of Federal Poverty Level, will be administered jointly by the Indiana Afterschool Network and Early Learning Indiana, two of our state's most-respected early care and education and out of school time network leaders. Indiana Afterschool Network scholarships will focus on giving school-age children access to high-quality summer programming to combat learning loss that occurred during the 2021-21 school year. Early Learning Indiana scholarships will give children from birth to age 5 access to high-quality programming to meet their growth and developmental needs.

Implementation of Virus Mitigation Policies and Practices: Does OECOSL plan to use CRRSA funds to provide resources, supplies, and/or technical assistance to child care providers to support implementation of health and safety practices and policies in line with guidance from State and local health departments and the Centers for Disease Control and Prevention (CDC)? Yes.

OECOSL will continue financial support to programs that experience closures due to a positive COVID-19 case through the Temporary Child Care Closure Grant program. Furthermore, OECOSL will support providers' ability to access these funds through targeted technical assistance.

Alongside these child care closure grant opportunities, OECOSL will support providers in two additional ways: partnering with the Indiana Department of Education (IDOE) to increase the reimbursement to programs participating in the Child and Adult Care Food Program (CACFP) to support increased costs associated with following local, state and federal guidelines around meal service, and secondly through ongoing family awareness and education initiatives that help build family understanding of COVID-19 practices and policies and reinforce expectations.

Grants or Assistance (Other than Subsidies) to Stabilize Child Care Providers: Does OECOSL plan to use CRRSA funds to support the stability of the child care sector to help child care providers pay for increased operating expenses during the COVID-19 public health emergency? Yes.

The COVID-19 pandemic has challenged early childhood education providers, adding safety-related expenses while substantially eroding enrollment, which serves as the lifeblood of their operations. To combat this, OECOSL intends to pursue both reactive and proactive support strategies. First, OECOSL will issue emergency relief grants to CCDF-eligible providers that temporarily enhance reimbursement to help offset increased operational expenses. Alongside this support, OECOSL will provide stipends to support program recruitment and onboarding costs and make available targeted business training and coaching for providers.

In order to help rebuild enrollment for the long-term, OECOSL will make child care assistance available to a broader segment of people to help providers rebuild capacity and regain their footing. Prioritizing accessibility, OECOSL will also expand access to Agreement center slots

and support the launch of a statewide child care marketplace that supports early childhood education programs in filling vacant seats and builds transparency into the state of sector supply and demand.

Assistance to Providers Not Participating in the Subsidy System Prior to the Pandemic: As required in CRRSA, how does OECOSL plan to use a portion of funds appropriated in CRRSA to provide assistance to CCDF-eligible child care providers not participating in the subsidy system prior to the COVID-19 public health emergency?

Indiana has provided support for CCDF-eligible providers, regardless of status, through previous CARES funding efforts. Indiana believes it has already met this requirement as demonstrated by adding 449 providers that were not participating in the subsidy system prior to the Pandemic however, building on this, OECOSL will make Agreement Center contracts available to CCDF-eligible providers to serve essential frontline families and displaced workers. While all programs in Indiana will be eligible to apply, priority will be given to licensed/regulated early childhood education programs that are not currently CCDF eligible, and they will be fast-tracked for CCDF eligibility. OECOSL will target portions of the state that have seen a decline in access to early childhood education, particularly infant and toddler care.

Other: Does OECOSL plan to use a portion of CRRSA child care funds for any other activities or assistance not described above? Yes.

To support Hoosier families in re-entering the workforce, OECOSL will deploy two key strategies. For unemployed, low-income parents displaced by COVID-19 and currently seeking jobs, OECOSL will utilize a portion of CRRSA funds to allow job search activities to count for initial eligibility for On My Way Pre-K and CCDF. The second strategy will be an innovative partnership with Regional Workforce Development Boards and Ivy Tech Community College to fund child care services for approximately 2,000 individuals participating in education and innovative workforce preparation programs for high-demand jobs. This initiative will increase support for families pursuing economic opportunity while simultaneously contributing to the stabilization of the child care sector by increasing enrollment in the subsidy program.

In parallel to these broader demand recovery efforts, OECOSL recognizes the need to deploy system-level supports that reinforce the short and long-term staffing needs of providers. OECOSL will support sector-wide recruitment strategies and work with system stakeholders to support the creation of shared substitute teacher pools by establishing a Substitute Teacher certification and helping those interested in participating meet the needed requirements.

As the state of lost supply becomes clearer over the next months and years, OECOSL will invest in long-term capacity-building strategies and expand high-quality services in key geographies. Through these efforts, OECOSL will prioritize locally driven solutions and encourage sustainability through community stakeholder support. OECOSL recognizes the power of its system due to the deep-rooted partnerships between early learning systems leaders and the philanthropic community and will continue to maximize those in these efforts.

In conclusion, Indiana appreciates the opportunity to propose this plan. We look forward to continuing to listen to and work with local and statewide partners through this effort to ensure

the early care and education industry is positioned to support the state's economic recovery and address the needs of the most vulnerable Hoosier families. We welcome any feedback on this plan and invite you to direct it to Indiana's CCDF Administrator Nicole Norvell at Nicole.Norvell@fssa.in.gov or 317-234-3313.

/s/

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