

Cliff Notes: Key Takeaways From Pandemic-Era Child Care Relief and the Child Care Funding Cliff

Introduction

During the pandemic, Congress made the largest federal investment in child care since World War II, providing tens of billions of dollars to states over three years, primarily through the American Rescue Plan Act (ARPA), which was signed into law in March 2021.

ARPA included \$24 billion in child care stabilization grants, as well as \$15 billion in supplemental funding for the existing Child Care and Development Block Grant (CCDBG) program.

The \$24 billion in stabilization grants expired in September 2023, and the remaining \$15 billion for CCDBG expires September 30, 2024—otherwise known as “child care funding cliffs.” While some impacts have already been felt, other negative effects will be felt over a longer period of time.

This historic funding—and its subsequent expiration—offers an opportunity to examine how federal investments in child care benefit families and early educators. NWLC and CLASP dug into the data to find out what lessons can be learned. For a more comprehensive analysis, [click here](#).

Key Takeaways

ARPA Child Care Funding Expanded Access to Care & Supported Early Educators

- **Stabilized** 220,000 child care programs, benefiting 10 million children, and helped to lower costs for over 1 million families.
- **Boosted wages** for early educators, who are among the lowest paid professionals.
- **Helped improve** state child care policies, with nearly all states expanding families' access to help paying for child care, reducing waiting lists for child care assistance, and/or increasing payments to child care programs.

The First Expiration of Relief Funds in Sept. 2023 Has Already Hurt Families & Early Educators

- 29% of families faced higher tuition in the month after the first cliff, with **less access** to affordable care.
- In states that did not provide additional state funding for child care after the cliff, the share of parents **without access to child care increased**.
- Early educators **reported** increased burnout, staff shortages, and **program closures**.

We Can Afford Robust & Sustained Investments in Child Care

- Child care is a public good and needs robust federal investment to maintain progress that was made with relief funds and to avoid further crisis.
- In 2025, several tax cuts for the wealthiest are set to expire. Allowing this to happen, and reforming the tax code, **could generate trillions of dollars**, raising more than enough to guarantee access to affordable child care for all families.