



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 1
File #: 22-572

Board Meeting Date: 7/26/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Supervisor Dave Pine, District 1
Supervisor Carole Groom, District 2
Subject: San Mateo County 2022 Childcare Grant Program

RECOMMENDATION:

Adopt a resolution:

- A) Allocating \$4,100,000 in American Rescue Plan Act funds for the 2022 Childcare Grant Program to provide grants to San Mateo County Childcare Centers and Family Childcare Homes that have been directly and adversely impacted by COVID-19 public health emergency; and
- B) Authorizing the County Executive, or designee, to contract with the SMCU Community Fund for the distribution of funds for the 2022 Childcare Grant Program in an amount not to exceed \$100,000 for a term ending November 30, 2022.

BACKGROUND:

The childcare industry has been among the hardest hit during the COVID-19 pandemic. Data from the Bureau of Labor Statistics show that employment in the childcare sector in California declined by more than 20% from February 2020 to October 2021. (See <https://cscce.berkeley.edu/publications/brief/child-care-sector-jobs-bls-analysis/>.) In addition, childcare providers have faced both increased operating costs due to pandemic health and safety requirements and decreased revenues due to reduced class sizes to meet health requirements. Furthermore, fewer parents sought out-of-home care while a COVID-19 vaccine was not yet available for the youngest children. These negative impacts exacerbated pre-pandemic staffing challenges and the lack of sufficient of childcare providers in many communities, especially lower-income neighborhoods.

On July 21, 2020, to assist childcare providers during the pandemic, the Board approved a \$2,000,000 allocation of CARES Act funds for a Childcare Relief Grant Program. The Program

provided grants to local childcare centers and family daycare centers equal to one month of operating expenses, with a not to exceed grant limit of \$55,000 for childcare centers and \$10,000 for family daycare centers.

To qualify for a grant under the Childcare Relief Grant Program, a childcare center or a family daycare center had to establish they were located in San Mateo County, adversely impacted by COVID-19, and were appropriately licensed by the State of California (or exempt from such licensing requirements). The program gave priority to qualifying childcare centers and family daycare centers serving the County's most vulnerable residents (determined by zip codes identified by the San Mateo County Child Care Partnership Council and Early Learning Needs Assessment as having the highest need for such services), demonstrated fiscal sustainability, and participated in other existing County initiatives, such as the Big Lift and Quality Counts.

The County received 354 applications requesting \$6,824,000 in grant funds under the Childcare Relief Grant Program. After applications were reviewed by an Advisory Committee, comprised of representatives from First 5 SMC, the 4Cs of San Mateo County, the County Office of Education, and County staff, 102 grants were awarded, with 29 going to childcare centers and 73 to family daycare providers.

To assist more providers, childcare advocates raised \$483,500 in donations to the Childcare Relief Grant Program and, on November 10, 2020, the Board allocated an additional \$2,000,000 in CARES funds to the Program. With this additional funding, a total of 287 childcare centers and family childcare homes serving 8,183 children in San Mateo County received grants.

In February 2022, the Board provided additional support to family daycare providers through an allocation of \$870,000 in America Rescue Plan Act ("ARPA") funds to fully fund a \$10,000 grant program established by the 4Cs of San Mateo County. The 4Cs raised \$100,000 for their grant program and, together with the additional County-contributed ARPA funds, 97 family daycare centers recently received grants.

DISCUSSION:

While the Board has generously supported childcare centers and family daycares throughout the pandemic, providers are still faced with ongoing challenges. Many providers are still operating below full-capacity and, while their operating costs remain high, both revenues and childcare employment continue to lag below pre-pandemic levels. The recovery of our local economy depends, in large part, on a rebounding childcare sector, without which many of our residents, especially those in our most vulnerable communities, are unable to work.

Thus, to help ensure that childcare recovers from the impacts of the pandemic and to mitigate financial hardship for providers, an allocation of \$4,100,000 in APRA funds for the 2022 Childcare Grant Program is proposed.

The 2022 Childcare Grant Program would, subject to funding limits, be available to licensed childcare providers within the childcare industry in San Mateo County that were operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. Grant amounts would be designed to address the economic harm resulting from or exacerbated by the pandemic, based on the number of children the program serves.

Specifically, the proposed allocation plan would distribute \$4,000,000 to fund 175 grants as follows:

- 85 grants of \$10,000 for facilities with up to 10 children: \$850,000
- 50 grants of \$25,000 for facilities serving 11 to 30 children: \$1,250,000
- 20 grants of \$40,000 for facilities serving 31 to 60 children: \$800,000
- 20 grants of \$55,000 for facilities with over 60 children: \$1,100,000.

However, funds may be reallocated between the above grant categories depending on the eligible applicant pool.

Applicants that received a grant from any County-sponsored childcare support program within the past 12 months will be eligible to apply but will be ranked below programs that have not received a grant from the County in the past 12 months.

The proposed application period for the grants would open August 26 and close September 9, 2022. The Advisory Committee would review the applications on September 15, 2022, and grants would be distributed starting the week of September 26, 2022.

In accordance with applicable procurement requirements under ARPA, County staff employed informal procurement methods to solicit a number of potential providers to assist with administration of the program and selected SMCU Community Fund as the responsible provider available to meet the County's requirements. Accordingly, it is recommended that the Board authorize the County Executive, or designee, to contract with the SMCU Community Fund in an amount not to exceed \$100,000 to administer distribution of the funds for the 2022 Childcare Grant Program for a term ending November 30, 2022.

FISCAL IMPACT:

The County anticipates that the \$4,100,000 allocated to the Program will be provided through ARPA to the extent available and eligible. However, to the extent appropriate, these costs may ultimately be covered by reimbursement from funds provided through other state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic.