



Leveraging Federal ARP Funds for Children & Families

The American Rescue Plan distributes \$3.8 billion from the Local Fiscal Relief Fund to 26 North Carolina cities and every county to address health and economic impacts of COVID-19.

Investment in early childhood is one way that cities and counties can meet families' current needs while promoting communities' prosperity in the long term. Guidance from the U.S. Treasury names early childhood as an eligible use of ARP funds. Cities and counties can use these dollars to support early childhood programs and services that allow parents to return to work, promote safe and nurturing home environments, and ensure children's healthy development and learning.

Smart Start local partnerships work closely with families and service providers in your community and can help identify potential uses of local ARP dollars for early childhood. You can find the local partnership in your community at: <https://www.smartstart.org/smart-start-in-your-community/>

Why Early Childhood?

Families have had their lives upended by the COVID-19 pandemic, and these disruptions will have continued effects on children's development, families' economic security, and the economy.

- **Access to child care is critical to North Carolina's economy.** According to national polls, child care obligations are the number one reason why unemployed adults have been unable to return to work. Where parents are unable to access care, more jobs will remain unfilled.
- **North Carolina's child care providers face precarious financial positions because of COVID-19, threatening parents' access to affordable, high-quality care.** As of August 2021, child care enrollment levels are at around 60% of pre-pandemic levels. This is an unsustainable position that could lead to closures, harming families' ability to access care.
- **Stresses on families during COVID-19 heighten long-term risks to young children.** As of August 2021, nearly a quarter of North Carolina parents report feeling nervous, anxious, or on edge at least half the days. This caregiver distress can cascade down to young children in ways science shows can be toxic in the short- and long-term.

How ARP Funds Can Help

Federal guidance on the State and Local Fiscal Relief Funds gives governments wide latitude to use funds in response to needs created by COVID-19. In particular, governments have greater flexibility for spending targeted to populations and geographic areas that have been disproportionately impacted by the pandemic. Some of the potential uses named in the federal guidance include:

- Bonus pay for essential workers, including child care teachers and staff
- New, expanded, or enhanced early learning and child care environments
- Supports for children's social-emotional and mental health
- Expanded access to home visiting services

For additional information, contact:

Michael Welker, NCPC Public Policy Manager
mwelker@smartstart.org