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Care for All with Respect and Equity Fund

Implementing Care Policy Equitably: Lessons from the American Rescue Plan Act

MAY 16, 2023 — JULIE KASHEN, ANNA WADIA, CHOUA VUE, AND ALLISON COOK

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This brief is the second in a series looking at the impact of the American Rescue Plan Act and identifying best practices in implementation across three areas of the care economy—child care and early learning, paid family and medical leave, and home and community-based services. This brief looks specifically at promoting equity in implementation, drawing on lessons from states around the country and from a cohort of national organizations supported by the Care for All with Respect and Equity (CARE) Fund.

The investments in care infrastructure through the American Rescue Plan Act (ARPA) included unprecedented resources to stabilize the child care sector, increase Medicaid payments for home and community-based services (HCBS) provided to disabled people[1] and aging adults, improve care jobs and provide relief to states and localities, including for paid leave and related care needs. These funds were a lifeline across the care economy and made clear what is possible when the federal government comes together with families, states, workers, employers, communities, and other stakeholders to build the care infrastructure we all need.

Passed under the emergency of the COVID-19 pandemic to help families and our economy recover from the COVID-19 recession, these funds were limited by fast implementation timelines, their temporary nature, the challenges of the historic underinvestment across these policies and the policy gaps that often come with legislative compromise. Despite these limitations, care advocates, unions, policymakers, and state administrators worked hard to achieve equitable implementation. This brief, based on conversations with Care for All with Respect and Equity (CARE) Fund grantees, and a review of recent research, provides an analysis of how equitable the implementation of ARPA programs was, with a focus on what worked well across red, blue and purple states.

The EQUAL Framework for Assessing Equitable Implementation of Care Policies and Programs

The CARE Fund envisions an equitable care economy that helps dismantle the legacies of racism, slavery, xenophobia, sexism, ageism, and ableism that have devalued care. To be equitable, care systems and services must create good jobs and provide high-quality, universally affordable and accessible benefits and services to the full diversity of our families and communities. Care systems and services work

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best when they recognize everyone's interdependence and are rooted in respect and self-determination for all. The five key pillars of equitable implementation according to the CARE Fund's framework can be represented by the acronym EQUAL:[2]

- **Engage.** Are diverse stakeholders consulted and engaged throughout the planning and implementation process?
- **Quality.** Does implementation ensure high-quality care and high-quality care jobs, by putting the needs of both care consumers and paid and unpaid care providers at the center of policy design and implementation?
- **Uplift.** Does implementation uplift individuals and communities historically left out of services and programs by targeting interventions to the highest-need populations and geographies, through inclusive policy design and outreach, and tracking results?
- **Affordable and Accessible.** Are adequate resources available to ensure that high-quality care is affordable and accessible to everyone?
- **Lasting.** Do interventions have the robust and permanent funding needed for long-term, sustainable impact?

Using this framework, the authors looked back at key aspects of ARPA's investments across the fifty states to identify best practices for equitable implementation.

How EQUAL Was ARPA Implementation?

ARPA was bound to have implementation challenges. Not only were the size and scope of ARPA's investment in the care economy unprecedented, but also these investments were carried during the public health emergency of a raging pandemic. That said, across the country, many states followed or innovated practices that helped ensure that ARPA's investments were indeed made equitably and with equitable results. What follows is an assessment of how states and communities carried out equitable implementation across the five pillars of the EQUAL framework.

Engage: Were diverse stakeholders consulted and engaged throughout the planning and implementation process?

Women, people of color, parents, immigrants, disabled people, people without wealth or high incomes, and care providers are severely underrepresented in positions of power, including the government positions that influence policy investments. As a result, these stakeholders are often underrepresented in policy design. Ensuring that diverse voices are represented in designing and implementing public policies provides a pathway for stakeholders to influence policies to have more equitable outcomes; gives people most impacted more of a stake in the success of the policies, which further bolsters their effectiveness; and provides an opportunity for stakeholders to build power, develop mutual respect, engage in collective action, and build trusted relationships with policymakers that allow them to influence policy decisions on an ongoing basis.

In states and communities where prior work had been done to build stakeholder engagement structures and processes, ARPA implementation was more inclusive. For example, for HCBS implementation, states and cities with existing infrastructure such as community advisory boards were better able to engage with stakeholders about how to spend the ARPA funds in equitable ways. States such as California and Colorado had stakeholders already engaged on HCBS who were able to weigh in on the plan design. In the child care sector, multiple rounds of funding from earlier COVID-19 relief packages provided an opportunity to improve stakeholder engagement over time.

In fact, research from the Center for the Study of Social Policy (CSSP) found that state administrators in North Carolina and Michigan who engaged stakeholders in decision making were able to allocate and distribute the child care funding more effectively and equitably, reaching the areas of highest need. For paid leave, in Massachusetts, partners representing diverse stakeholders including labor unions and community-based organizations—who had worked with policymakers to enact earlier paid sick days and paid family and medical leave laws—collaborated to establish the right to COVID-19 sick

leave, with employers able to seek reimbursement through ARPA funds.

Quality: Did implementation ensure high-quality care and high-quality caregiving jobs?

High-quality care and high-quality jobs go hand-in-hand. High-quality child care includes care that optimizes children's cognitive, social, and emotional development by fostering consistent relationships with caring, responsible educators and child care staff who are attuned and appropriately responsive to children's social-emotional needs. High-quality HCBS services ensure that individuals receive the support they need consistently during all the hours they need it. For care across generations, quality also means engaging family members in meaningful and respectful ways. Quality of care improves for care recipients when the people providing care feel valued and are compensated in a way that makes them want to work in, and stay in the care sector. On the other hand, staffing shortages, high turnover or daily economic stresses that impact care workers' health and well-being can negatively impact the quality of care.

Paid family and medical leave is a key determinant of job quality for all workers, allowing them to care for newborns and their own or a family member's serious illness without losing a paycheck or job.

Some ARPA funds were used to provide high-quality care, services, and supports. For example, California specifically focused HCBS services on helping beneficiaries and their families better utilize person-centered practices and supports, where the person receiving support directs the planning for what they need to thrive in their home or community. (CARE Fund grantees are looking further into the impacts of California's HCBS efforts in an ongoing evaluation that will reveal more about the impact of this and related policies.) In addition, a great example of concurrently improving the quality of jobs and care is Colorado's use of ARPA funds to provide disability-specific, culturally competent training opportunities to the HCBS workforce.[3] Similarly, Georgia invested in additional HCBS training and workforce development programs to improve the quality of care and service delivery.

States have also used funds to address mental health in child care. For example, Michigan used ARPA funds for access to infant and early childhood mental health consultation, which aims to positively develop children's social, emotional, and behavioral health from birth through age 5. Arizona, Georgia, Maryland, Nebraska, Rhode Island, Utah, Vermont, Wisconsin, and Wyoming all also included plans to address mental health for children and child care providers with their ARPA funding.

The legislators who drafted ARPA included language specifying that child care personnel costs, including premium pay, benefits, and costs for recruiting and retention, were one of the prescribed uses of stabilization funds, and the U.S. Department of Health and Human Services (HHS) Office of Child Care provided specific guidance encouraging states to use it that way. Similarly, the Centers for Medicare & Medicaid Services (CMS) strongly encouraged states to use their new funds to "strengthen the direct service workforce, including by increasing the pay and benefits of direct support professionals," among other purposes.

Significantly, the majority of states used ARPA dollars to increase compensation for both home care and child care workers, at least temporarily. Thanks to a broad coalition of consumer and worker advocates and unions in New York State, ARPA funding there was used to implement a home care worker minimum wage increase.[4] Similarly, in North Carolina, CARE Fund grantee advocates secured a rate increase to be used for an increase in home care worker wages.[5] In Illinois, previous work to implement rate increases, led by union and other coalition members, made it easier to implement a permanent increase for wages in some of their HCBS programs.[6] New Mexico used a combination of ARPA funds and state resources to permanently increase compensation for child care workers, and in other states such as Maine, policymakers are pushing legislative efforts to do the same. Washington, Oregon, and Washington, D.C. also used funds to provide health insurance to early educators.

Uplift: Did implementation uplift individuals and communities historically left out of services and programs?

Undoing the legacies of racism, slavery, xenophobia, sexism, ageism, and ableism that have led to care and caregivers being devalued in the American economy and society requires awareness, intentionality, and persistence. While advocates work on building universal access to care—which unto itself would address multiple forms of discrimination—policymakers must also ensure that the needs of those who face intersecting, persistent and historic oppressions are prioritized.

Across policies, prioritizing the needs of historically excluded communities requires culturally appropriate outreach and education through trusted messengers in multiple languages and enrollment processes that are easy to navigate. For paid leave, it also means inclusive family definitions, which recognize that, particularly for people of color, immigrants, refugees, asylees, people with disabilities, people in rural and low-income households, and members of the LGBTQ+ community, families can span generations, extended relatives, and loved ones not related by blood or marriage. For child care and HCBS, ensuring funds are allocated to areas of highest need and communities of color, and developing diverse, culturally desirable options is key to uplifting those historically excluded.

In some states, specific guidance from government agencies, advocacy, engaged stakeholders, and technical assistance from CARE Fund grantees and others uplifted historically underserved communities. Data coming from the White House and the U.S. Department of Health and Human Services Office of Child Care shows that ARPA child care funding has been reaching low-income families and racially diverse providers and communities. The Office of Child Care has reported that, in most states, child care stabilization funding has assisted child care providers in at least 98 percent of counties with a persistent poverty rate. The White House reported that more than half of providers receiving stabilization funds were operating in the most racially diverse counties in the country, and 44 percent of providers receiving assistance to date are owned and operated by people of color. These findings track with data from the Center of the Study of Social Policy, reported in partnership with TCF, which showed that more than half of low-income and Black and Hispanic families reported seeing an increase in child care support from the state.

Advocacy from CARE Fund grantees helped inspire California to use ARPA funds to create a Long-Term Services and Supports (LTSS) dashboard to track demographic, utilization, quality, and cost data related to LTSS. The dashboard shows that the state has started to effectively rebalance its LTSS resources toward HCBS and the population utilizing HCBS is more likely to be people of color and those whose primary language is not English, compared to the population utilizing other long-term care services. In Alabama, a CARE Fund grantee is providing technical assistance to the state to help them streamline waivers, allowing them to better collect and report on data.[7]

In terms of paid family and medical leave, Washington State leveraged ARPA funds to cover people who would have otherwise been left behind. The state was able to cover paid leave for qualified employees who had a need for paid leave but did not meet the state program's hours worked requirement. The state also offered small employers complementary grants to cover the costs associated with the absence of employees receiving these pandemic assistance grants.

Affordability and Accessibility: Were adequate resources available to ensure that quality care was affordable and accessible to everyone?

Paying for care and providing it directly to loved ones has a significant effect on family economic security and financial well-being. Families often pay large proportions of their income toward child care and home care, and some families are forced to spend down assets to get government support for HCBS through Medicaid. Families who must pay high prices for child care (ranging from nearly $3,000 to over $20,000 per year) or HCBS (approximately $5,000 a month) often make tough budgetary tradeoffs (including

cutting into their economic and retirement security). Those who can't afford these costs or cannot find convenient or affordable alternatives may have to sacrifice care quality, embrace piecemeal solutions, or leave the workforce altogether. Disabled people and older adults have historically lacked services, housing, and employment supports needed to live, work, and thrive in their communities, a setting they generally prefer to congregate care.

In addition, some individuals who have paid leave cannot afford to take it when the wage replacement rate—the percentage of one's own income a person receives while he or she is on leave—is too low. Progressive wage replacement rates ensure that people with lower incomes receive more of that income back to help cover their leave than people with higher incomes. For many who couldn't afford to live on much less than their full salary, this is the only way to make paid leave a fair policy.[8]

Not only do families struggle because of the lack of a national paid leave policy and the unaffordable nature of child care and HCBS, but also the workforce shortages in child care and home care further impedes access to care. Challenges applying for, enrolling in, and breaking through administrative barriers to care also make access harder.

According to CARE Fund grantees, a number of states such as Indiana and Ohio used their ARPA funds to eliminate child care parent fees. States also made more families eligible for child care assistance by increasing income eligibility. Some states have also made home-based options more accessible. For example, Louisiana established family child care networks made up of home-based providers—a strategy designed to increase the supply of infant and toddler care to make it more accessible.

For HCBS, states such as California and Michigan made more families eligible for support by removing asset limits that have been a barrier to access. Other states invested in technological upgrades to minimize barriers to applications and enrollment. In addition, at least six states added additional HCBS slots to reduce waiting lists. Georgia, Illinois, and many other states used ARPA HCBS funds to provide supports for housing and employment to move from congregate to home care settings.

In terms of paid family and medical leave, in Colorado, which dedicated $57 million from state fiscal recovery funds from ARPA to implement their Family and Medical Leave Insurance (FAMLI) program and prepare to launch it, the program provides progressive wage replacement based on a sliding scale where workers with the lowest wages receive the highest percentage of pay in paid leave—up to 90 percent.[9]

Lasting: Did interventions have the robust and permanent funding needed for long-term, sustainable impact?

While this brief is focused on the temporary investments made through the American Rescue Plan Act, which were intended to address immediate needs and an emergency situation, these needs existed prior to the pandemic-induced emergency and will persist beyond the availability of ARPA resources. To be truly equitable, ARPA implementation must be accompanied by policies that deliver the funding needed for lasting impact.

The policy changes that were in the works before the COVID-19 pandemic, where there was previous stakeholder engagement and the policies simply required more funding to implement, were the most lasting. For example, New Mexico was able to leverage federal ARPA dollars to make child care free for almost all New Mexico families while advocates fought for dedicated state funding through a ballot initiative. Now that the ballot initiative has passed, there will be an estimated $150 million in state funding for early childhood annually for New Mexico's youngest learners to continue the progress the state made with ARPA. In Maine, the governor signed a bipartisan budget bill that includes state general funds to provide $200 monthly stipends for direct early care and education (ECE) workers—a continuation of funding for stipends launched with money from ARPA.

According to a survey of states, while some of the increases in HCBS provider payment rates were temporarily supported by ARPA, more than half of states reported plans

to continue rate increases even after temporary funding and authorities expire. States still have the option to use state and local relief funds for actuarial studies to determine how to structure paid leave social insurance programs that pay for themselves over time, which could have lasting impacts. States can also continue to leverage those state and local funds—which do not have to be spent down until 2026—for other care investments, building on the $3 billion that has already been spent on care investments.

Lessons Learned for Future EQUAL Policymaking

The examples in this brief demonstrate that equitable policy implementation is possible even in the most challenging circumstances. With short timelines and temporary funding, specific federal guidance and data tracking helped states achieve more equitable implementation and demonstrate more equitable outcomes. In states where policymakers and advocates had done prior work to make policy progress and build stakeholder engagement processes, the outcomes were better.

The historic underinvestment in America's care policies means both that the ARPA investments mattered a lot—especially in light of the emergency—and that there is still much more work to do. The next brief in this series will outline key lessons learned from the ARPA care investments to inform future policymaking.

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Notes

1 This report uses person first and identity first language throughout. The intentionality behind this choice is to honor the preferences, cultures, and identities within the disability community.
2 The authors acknowledge that equality must be grounded in structural and systemic equity.
3 Grantee interview.
4 Grantee interview.
5 Unfortunately, the wage increase is currently under dispute. Read more in Lynn Bonner, "Raises for in-home care workers included in state budget turn out to be just a recommendation," NC Newsline, March 4, 2022, https://ncpolicywatch.com/2022/03/04/raises-for-in-home-care-workers-included-in-state-budget-turn-out-to-be-just-a-recommendation/.
6 Illinois was in a good position to raise rates, having already had in place a 2020 rate study based on network and fair market rates for care coordination in the Illinois Department on Aging. The state had begun to raise these rates, but did not have the funds to finish, and the ARPA funds helped to support implementing the remaining recommended increases to address workforce stabilization. See more in Julie Kashen and Kim Knackstedt, "How Three States Made COVID-Relief Investments in Improving Home- and Community-Based Services," The Century Foundation, September 15, 2022, https://tcf.org/content/report/how-three-states-made-covid-relief-investments-in-improving-home-and-community-based-services/.
7 Grantee interview.
8 Individuals without paid leave who exit the workforce or reduce work hours to provide care experience both immediate effects in loss of income and sometimes health insurance coverage, and longer-term effects in not being able to accumulate wealth and losing out on future earnings and ultimately retirement security.
9 The policy was established via ballot initiative in 2020, but has not yet been implemented. The ARPA funds are helping to advance start-up costs, which will help the program become financially self-sufficient. See "Using Federal Funds to Advance Paid Leave: New Developments from Colorado and Vermont," A Better Balance, June 9, 2022, https://www.abetterbalance.org/using-federal-funds-to-advance-paid-leave-new-developments-from-colorado-and-vermont/.