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CHILD CARE

Observations on States' Use of COVID-19 Pandemic-Related Funding

Accessible Version

Statement of Kathryn A. Larin, Director, Education, Workforce, and Income Security Issues

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GAO Highlights

Highlights of GAO-23-106833, a testimony before the Committee on Health, Education, Labor, and Pensions, U.S. Senate

May 31, 2023

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Observations on States' Use of COVID-19 Pandemic-Related Funding

Why GAO Did This Study

The federal government has long invested in child care as a key support for workers to help them become self-sufficient. Child care subsidies funded by CCDF help some low-income families afford child care so parents can work, attend school, or participate in job training. Appropriations for child care through CCDF during the COVID-19 pandemic totaled more than $52 billion. This represented a concerted effort to stabilize the sector and to ensure that low-income families would continue to have access to affordable child care. States were also given new flexibilities in how they administer CCDF programs. These efforts to support child care providers and families are ongoing, as these funds have not yet expired.

This statement is primarily based on GAO's October 2021 and March 2023 reports on CCDF, including child care during the COVID-19 pandemic. It addresses (1) how states used federal COVID-19 relief child care funds and flexibilities, and (2) past and continuing challenges states faced spending these funds.

For our prior work, GAO (1) surveyed state CCDF administrators in 50 states and the District of Columbia and asked about their uses of supplemental child care funds and flexibilities in 2020, and (2) interviewed the state child care administrators in seven selected states—California, Colorado, Connecticut, Georgia, Michigan, New Mexico, and Texas—in September and October 2022. These states were selected to represent varying state program attributes like geographic region and population size.

View GAO-23-106833. For more information, contact Kathryn A. Larin at (202) 512-7215 or larink@gao.gov.

What GAO Found

The Child Care and Development Fund (CCDF) is the largest federal child care program, providing grants to states to improve the affordability, availability, and quality of child care. For fiscal years 2020 and 2021, CCDF was appropriated substantially more than fiscal year 2019 CCDF allocations to help states prevent, prepare for, and respond to the pandemic (see table). Each new funding source came with its own rules and deadlines for states to obligate and spend funds. States were also provided additional programmatic flexibilities.

Coronavirus Supplemental Appropriations to the Child Care and Development Fund (CCDF) in Fiscal Years 2020 and 2021 and Total Spending as of April 2023

Act	Appropriation to CCDF (billions)	Estimated total spending as of April 2023 (billions)	Spending deadline
Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020)	$3.5	$3.3	Sept. 30, 2023
Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA)	$10.0	$8.0	Sept. 30, 2023
American Rescue Plan Act of 2021 (ARPA): child care stabilization funds	$24.0	$19.9	Sept. 30, 2023
American Rescue Plan Act of 2021 (ARPA): supplemental CCDF funds	$15.0	$3.3	Sept. 30, 2024
Total	$52.5 billion	$34.5 billion	

Source: Pub. L. No. 116-136, div. B, tit. VIII, 134 Stat. 281, 557 (2020); Pub. L. No. 116-260, div. M, 134 Stat. 1182, 1914; and Pub. L. No. 117-2, §§ 2201, 2202, 135 Stat. 4, 31; Department of Health and Human Services (HHS) documents; and GAO interviews with HHS officials. I GAO-23-106833

States used supplemental funding and temporary flexibilities in various ways, but data on the full extent of their use and impact is not yet available. In October 2021, GAO reported that data from its national survey of state CCDF administrators showed states used the funds and flexibilities in 2020 to, for example, help essential workers pay for care and pay care providers based on enrollment, not attendance. According to HHS officials, as of April 2023, states spent an estimated $34.5 billion of the $52.5 billion in supplemental COVID-19 relief funds. Due to states still having time to expend the funds and lags in data reporting, a full accounting will likely not be available until 2025 or 2026.

State child care administrators GAO interviewed in the fall of 2022 said they faced challenges managing supplemental pandemic funding as they adapted to meet the needs of child care providers and families during the pandemic. They reported facing remaining uncertainty about the impact of the funds' expiration on providers and families who may continue to face long-standing challenges like a workforce shortage and a lack of child care supply. Several of the administrators and child care experts GAO interviewed said that provider payment rates often are not sufficient to cover the high cost of providing quality care, leading to fewer providers accepting subsidies and fewer places for families to use them. As such, addressing these and other key challenges would require a sustained effort.

May 31, 2023

Chairman Sanders, Ranking Member Cassidy, and Members of the Committee:

Thank you for inviting me here today to discuss our work on states' use of federal COVID-19 supplemental child care funds. The federal government has long invested in child care as a key support for workers to help them become self-sufficient. Child care subsidies help some low-income families afford child care so parents can work, attend school, or participate in job training. The Child Care and Development Fund (CCDF) is the largest federal child care program, providing grants to states to improve the affordability, availability, and quality of child care. Appropriations for child care through CCDF during the COVID-19 pandemic totaled more than $52 billion, representing a concerted effort to stabilize the sector and to ensure that low-income families would continue to have access to affordable child care. This influx of funds also allowed states to invest in quality improvements that benefit all children – including those who do not receive subsidies. States also were given temporary flexibilities in how they administer CCDF programs.

These efforts to support child care providers and families are ongoing, as some of these funds do not expire until September 2023 and others expire in September 2024. My statement today discusses (1) states' use of federal COVID-19 relief child care funds and flexibilities, and (2) the past and continuing challenges states have faced in spending these funds.

This statement is based primarily on two recent prior reports on CCDF. For our October 2021 report, we surveyed state CCDF administrators in 50 states and the District of Columbia and asked about their uses of supplemental child care funds and flexibilities in 2020. For our March 2023 report, we interviewed state child care administrators in seven selected states in September and October 2022.[1] The work upon which

[1]For our prior work see GAO, *COVID-19*: *Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response*, GAO-22-105051 (Washington D.C.: Oct. 27, 2021); *Child Care: Subsidy Eligibility and Use in Fiscal Year 2019 and State Program Changes during the Pandemic*, GAO-23-106073 (Washington, D.C.: Mar. 29, 2023).

this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

CCDF is the primary source of federal funding to help low-income families pay for child care. The Department of Health and Human Services (HHS) Office of Child Care administers the CCDF at the federal level and provides guidance and technical assistance to states on how to operate their subsidy programs. Under CCDF, states have substantial flexibility to establish their own eligibility criteria that determine which low-income working families will receive subsidies to help them pay for child care. On average, 1.43 million of the estimated 8.7 million children eligible for child care subsidies in their states received them from CCDF funds in a given month in fiscal year 2019.[2] The gap between the number of low-income working families whose children could benefit from child care subsidies, and the number who actually receive subsidies, is long-standing.

As we reported in March 2023, nearly all state child care administrators and child care experts we interviewed in 2022 said that the pandemic placed unprecedented strain on child care providers and working families.[3] Child care providers faced temporary and permanent closures. According to one report, nearly 16,000 child care centers and licensed family child care programs closed permanently between December 2019 and March 2021.[4] Many child care workers left the sector for higher paying jobs, leading to worker shortages as demand for child care started to increase. Providers were also tasked with updating their policies and programs to reflect constantly changing health and safety requirements

[2]A total of 2 million children were served on average each month through all federal and state funding streams.

[3]We interviewed the state child care administrators in September and October 2022 in seven selected states: California, Colorado, Connecticut, Georgia, Michigan, New Mexico, and Texas. See GAO-23-106073.

[4]Child Care Aware of America, *Demanding Change: Repairing our Child Care System* (Arlington, Va.: February 2022).

and paying for personal protective equipment once they were able to re-open. Meanwhile, parents who lost their jobs as businesses suspended their operations or closed needed child care support while they searched for new jobs or sought educational activities to enhance their employment prospects. Finding and paying for child care became more of a struggle for these parents.

Data from mid-2022 shows the child care sector recovering, although at this point it is not yet known whether employment has returned to pre-pandemic levels. Employment in the child care industry dropped 35 percent in April 2020 compared to early 2020, according to a recent HHS analysis.[5] After this initial decline, employment steadily increased and reached 92 percent of February 2020 levels by November 2022. As a result, on average, child care providers had more than 1.5 fewer employees in June 2022 than in January 2020, with impacts for both providers and families.

In 2020 and 2021, Congress appropriated more than $52 billion in Coronavirus Aid, Relief, and Economic Security (CARES) Act and other COVID-19 supplemental funds for CCDF to help states prevent, prepare for, and respond to the COVID-19 pandemic (see table 1). This was a large-scale increase in CCDF funds; in fiscal year 2019, CCDF allocations were $8.1 billion.[6]

Each supplemental funding source had specific spending rules and deadlines for states to obligate and spend funds. States were also provided flexibilities in how they could use their CCDF funds. For example, according to HHS, states were allowed to waive family co-

[5]G. Crouse, R. Ghertner, N. and Chien, *The Impact of the COVID-19 Pandemic on the Child Care Industry and Workforce* (Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, January 2023).

[6]Additional sources of federal funding for child care subsidies include Temporary Assistance for Needy Families and the Social Services Block Grant. The federal government and states spent an estimated total of $11.1 billion to subsidize child care through these programs in fiscal year 2019, according to HHS.

payments for all families using child care subsidies, which is generally not allowable.[7]

[7]Waiving co-payments for all families generally is not allowable under CCDF, but was allowed temporarily for states with a CCDF waiver or using Coronavirus Response and Relief Supplemental Appropriations Act, 2021 funds, according to HHS officials. See https://www.acf.hhs.gov/sites/default/files/documents/occ/summary_of_waiver_approvals.pdf for additional information on approved waivers.

Table 1: Coronavirus Supplemental Appropriations to the Child Care and Development Fund (CCDF) in Fiscal Years 2020 and 2021

Act	Appropriation to CCDF (in USD)	Obligation deadline	Spending deadline
Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020)	3.5 billion	Sept. 30, 2022	Sept. 30, 2023
Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA)[a]	10.0 billion	Sept. 30, 2022	Sept. 30, 2023
American Rescue Plan Act of 2021 (ARPA) child care stabilization funds	24.0 billion	Sept. 30, 2022	Sept. 30, 2023
American Rescue Plan Act of 2021 (ARPA) supplemental CCDF funds	15.0 billion	Sept. 30, 2023	Sept. 30, 2024
Total	**52.5 billion**		

Source: Pub. L. No. 116-136, div. B, tit. VIII, 134 Stat. 281, 557 (2020); Pub. L. No. 116-260, div. M, 134 Stat. 1182, 1914; and Pub. L. No. 117-2, §§ 2201, 2202, 135 Stat. 4, 31; Department of Health and Human Services documents. I GAO-23-106833

[a]CRRSA is Division M of the Consolidated Appropriations Act, 2021.

States Used COVID-19 Child Care Funds and Flexibilities in Different Ways, but Complete Data Are Not Yet Available

States Used Available Flexibilities When Spending COVID-19 Supplemental Child Care Funds

As we reported in October 2021, states reported using a variety of strategies to support child care providers and families in 2020, including helping essential workers pay for care and paying child care providers based on enrollment rather than attendance, according to states' response to our national survey.[8] In a more recent study, HHS officials

[8]We surveyed state CCDF administrators in 50 states and the District of Columbia and asked about their uses of supplemental child care funds and flexibilities in 2020. Our survey was administered between January and March 2021 and asked states to report on four points in time: March 31, June 30, September 30, and December 31, 2020. All but one state responded to our survey. For additional information, see GAO-22-105051.

reported states' use of similar strategies.[9] When asked about how they used CCDF CARES Act funds or planned to use Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) funds, states most commonly noted that they provided assistance to child care providers experiencing temporary closures or decreased enrollment and to child care providers not previously receiving CCDF funding (see table 2). More than half of states used funds to provide child care assistance to essential workers regardless of income. Based on preliminary data, HHS has noted that compared to 2019, the average monthly number of children served in 2020 with CCDF funded subsidies increased modestly.[10] HHS officials attribute the fiscal year 2020 increase in the number of children who received subsidies to states' use of CARES Act funding and flexibilities to serve the children of essential workers who were not previously eligible, among other reasons.

[9]The HHS Office of Planning, Research and Evaluation issued a report in July 2022 that provided information about how states changed their CCDF policies in response to the COVID-19 pandemic from the declaration of the public health emergency on January 31, 2020 to March 1, 2021. The information was based on administrative data from states and territories. According to this report, for some portion of the pandemic's first year, 35 states waived co-payments for all families and 18 waived income eligibility thresholds for essential workers, changes that HHS officials we interviewed said were possible only because of the supplemental funds and the flexibility provided to states. For more information, see Department of Health and Human Services, *Appendix to the 2020 CCDF Policies Database Book of Tables: Child Care Subsidy Policies in Response to the COVID-19 Pandemic From January 2020 to March 2021*, OPRE Report 2022-152 (Washington, D.C.: July 2022).

[10]The most recent CCDF eligibility data are from fiscal year 2019. While fiscal year 2020 eligibility data are not yet available, HHS published preliminary 2020 subsidy receipt data in May 2022 that showed an increase in the average number of children provided subsidies funded only through CCDF to an estimated 1.49 million children in an average month.

Table 2: State Uses or Planned Uses of CCDF CARES Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Funds, March through December 2020

Uses of CARES Act and CRRSA funds	Number of states that reported using CARES Act funds	Number of states that planned to use CRRSA funds
Provide assistance to child care providers experiencing temporary closures or decreased enrollment due to COVID-19	46	46
Provide assistance to child care providers not receiving Child Care and Development Fund funding as of March 1, 2020	42	42
Provide child care assistance to essential workers regardless of income	29	15
Pay two child care providers for the same child for the same time period[a]	24	11
Support child care resource and referral agencies	14	19
Support family child care network(s) as a means to increase supply of home-based child care providers	8	13

Source: GAO survey of state Child Care and Development Fund (CCDF) administrators, 2021. I GAO-23-106833

Notes: We surveyed state CCDF administrators in 50 states and the District of Columbia and asked about their uses of supplemental child care funds and flexibilities in 2020. The CRRSA was enacted in December 2020, a few weeks before our survey was deployed. The American Rescue Plan Act of 2021, which also appropriated supplemental funding for CCDF, was enacted in March 2021, after our survey had been sent to state child care administrators. Our 2021 survey asked states to report on four points in time: March 31, June 30, September 30, and December 31, 2020. All but one state responded to our survey. CRRSA is Division M of the Consolidated Appropriations Act, 2021.

[a]Office of Child Care guidance states that CARES and CRRSA funds can be used to pay two providers for the same child should one of the providers be temporarily closed due to COVID-19.

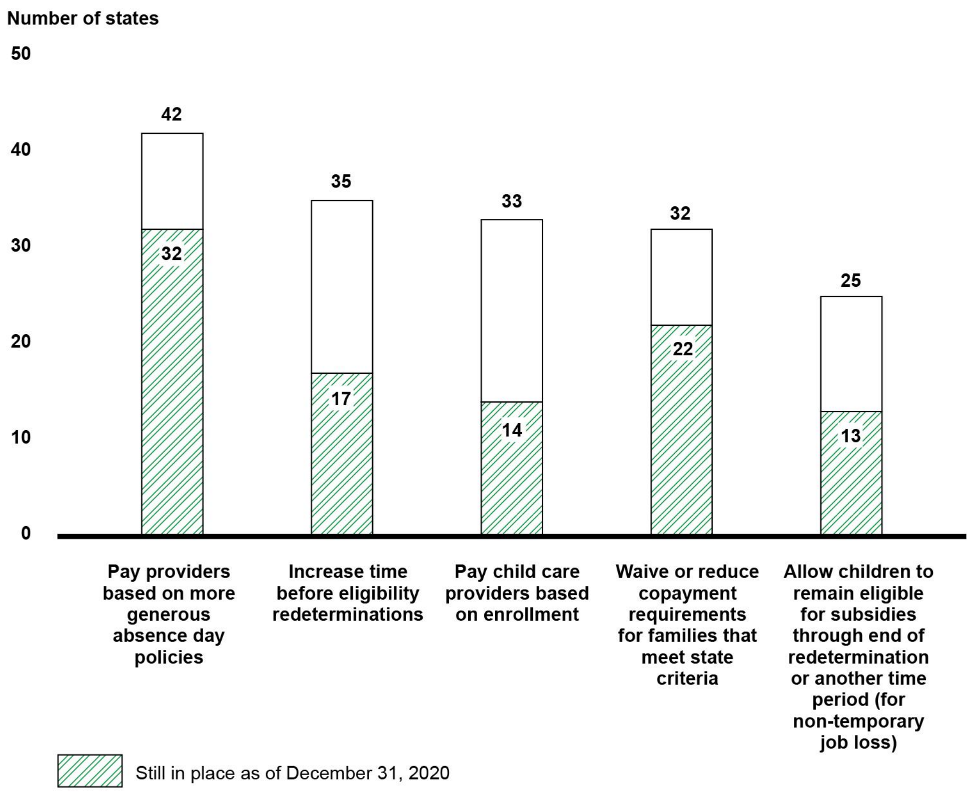
When asked about flexibilities they used, states most commonly opted to pay providers based on more generous absence day policies (see fig. 1).[11] In its preliminary fiscal year 2020 data, HHS officials attributed states' increase in the average monthly CCDF subsidy amount to child care providers, in part, to this more generous policy.[12] As we recently reported in March 2023, state child care administrators we interviewed in 2022 also said that paying subsidies to providers based on enrollment kept some providers from closing during periods of fluctuating or low attendance. One state administrator said this change incentivized additional providers to join the state subsidy program, as subsidies became a reliable source of income for child care providers during volatile times. We also found that 32 states waived or reduced family co-payments at the start of the pandemic, but over time fewer states

[11]More generous absence day policies were used during the pandemic to allow providers to continue receiving CCDF payments if their programs closed or children were absent, as a way to help support child care businesses during times of low attendance.

[12]In fiscal year 2019, providers were paid $504 per month, on average nationally, for each child in their care who received a subsidy, according to HHS data. HHS's preliminary fiscal year 2020 data reflect an increase to $556 per month, on average nationally for each child.

continued this flexibility. For example, only 22 still had this change in effect in December 2020.

Figure 1: Federal Child Care Flexibilities States Most Commonly Used during COVID-19, March through December 2020



Source: GAO survey of state Child Care and Development Fund (CCDF) administrators, 2021. I GAO-23-106833

Accessible Data for Figure 1: Federal Child Care Flexibilities States Most Commonly Used during COVID-19, March through December 2020

	Still in place as of December 31, 2020	Other
Pay providers based on more generous absence day policies	32	10
Increase time before redeterminations	17	18
Pay child care providers based on enrollment	14	19
Waive or reduce copayment requirements for families that meet state criteria	22	10
Allow children to remain eligible for subsidies through end of redetermination or another time period (for non-temporary job loss)	13	12

Source: GAO survey of state Child Care and Development Fund (CCDF) administrators, 2021. I GAO-23-106833

Note: This figure shows federal child care flexibilities implemented due to COVID-19 by at least 50 percent of states. All but one state responded to our survey.

Data about Supplemental CCDF Use and Effects after March 2021 Are Not Yet Available

We have previously reported on states' use of the supplemental CCDF funds early in the pandemic, but data on the full extent of their use and impact is not yet available because states have not spent or obligated all the funding.[13] HHS added questions related to states' use of COVID-19 supplemental child care funding to the CCDF forms states are required to submit to HHS. Specifically, states submit CCDF financial reports reflecting their uses of the funds to HHS by 30 days after the end of each quarter. In addition, HHS receives information from states on their use of American Rescue Plan Act of 2021 (ARPA) child care stabilization funds on a new reporting form specific to that funding stream. HHS's Office of Child Care also conducts regular interviews with states to track their progress in spending COVID-19 supplemental child care funding, according to HHS officials. States continue to submit reports on their spending at the end of each year as funds are spent.

As of April 2023, HHS reported that states have spent $34.5 billion of the $52.5 billion in COVID-19 supplemental child care funds (see table 3). While recent annual obligation data are not yet available, HHS officials

[13] GAO-22-105051.

report that all state child care administrators stated that they met the September 30, 2022 obligation deadline for CARES, CRRSA, and ARPA stabilization funds.

Table 3: Coronavirus Supplemental Appropriations to the Child Care and Development Fund (CCDF) in Fiscal Years 2020 and 2021 and Total Spending as of April 2023

Act	Appropriation to CCDF (in USD)	Estimated total spending as of April 2023 (in USD)b	Spending deadline
Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020)	3.5 billion	3.3 billion	Sept. 30, 2023
Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA)[a]	10.0 billion	8.0 billion	Sept. 30, 2023
American Rescue Plan Act of 2021 (ARPA) child care stabilization funds	24.0 billion	$19.9 billion	Sept. 30, 2023
American Rescue Plan Act of 2021 (ARPA) supplemental CCDF funds	15.0 billion	$3.3 billion	Sept. 30, 2024
Total	**52.5 billion**	**34.5 billion**	

Source: Pub. L. No. 116-136, div. B, tit. VIII, 134 Stat. 281, 557 (2020); Pub. L. No. 116-260, div. M, 134 Stat. 1182, 1914; and Pub. L. No. 117-2, §§ 2201, 2202, 135 Stat. 4, 31; Department of Health and Human Services (HHS) documents; and GAO interviews with HHS officials. I GAO-23-106833

[a]CRRSA is Division M of the Consolidated Appropriations Act, 2021.

[b]Totals are estimated as they are subject to change during the fiscal year.

According to HHS officials, states report quarterly financial data that include expenditures and other financial information by each COVID-19 supplemental funding source. HHS does not aggregate or publish these data on a quarterly basis and instead publishes these data on an annual basis, which officials said provides a more reliable accounting. According to HHS, states make significant adjustments to their reports during the year, including changing which funding source is claimed for certain obligations, where allowable and appropriate, leaving quarterly reports potentially misleading or inaccurate. HHS reported that a significant lag in finalizing and publishing data exists due to the process of reviewing submissions, following-up with states on missing or inconsistent data, and aggregating, clearing, and publishing the results. The agency has published comprehensive fiscal year 2020 financial data and anticipates publishing fiscal year 2021 data in the fall of 2023, which will include obligation and liquidation amounts for each source of COVID-19 supplemental child care funding as of September 30, 2021. As a result, a full accounting of how supplemental COVID-19 funds were spent will likely be available in 2025 or 2026.

Similarly, data on the number of children eligible for and the number who received child care subsidies is typically available years after the end of the fiscal year. The most recent HHS information about the number of children eligible for and the number who received child care subsidies is from fiscal year 2019, prior to the appropriation of supplemental funds. HHS produces eligibility estimates using a microsimulation model that takes time to update every year, resulting in a 2-year lag.[14] Therefore, a fuller picture on the use and impact of pandemic-related child care spending may not emerge until 2026.

State Child Care Administrators Cited Challenges Spending COVID-19 Funding and Reported Facing Continued Uncertainty

As the public health emergency unfolded, states were tasked with quickly deciding how to assist vulnerable families and child care providers, sometimes before guidance on the use of federal funds was available. State child care administrators we interviewed in 2022 said that they faced both short-term and ongoing challenges as they adapted their subsidy programs to meet the time-sensitive needs of families and child care providers during different phases of the pandemic. They specifically cited challenges to managing the influx of funding and making decisions that reflected its time-limited nature. State administrators are still in the process of spending these funds, but noted they are facing uncertainty about how the pandemic funds' expiration will affect both child care providers and families.

- **Managing influx of funding**. While child care administrators we interviewed in 2022 said that they were grateful for the additional financial support for their subsidy program, all seven expressed challenges related to managing and distributing a large influx of funding during a compressed time frame to address families' and

[14]There generally is a 2-year time lag between the collection of Census data that HHS uses to create its eligibility estimates and when it releases these data, according to HHS officials. HHS produces the eligibility estimates using the Transfer Income Model (TRIM), a microsimulation model developed and maintained by the Urban Institute under a contract with HHS. This model is based on the Annual Social and Economic Supplement of the Current Population Survey. TRIM compares family income and work status data, among other factors, from the Current Population Survey against CCDF requirements in order to generate estimates of the number of children and families eligible for subsidies. The baseline TRIM microsimulation takes time to produce in part because it analyzes changes in subsidy eligibility requirements in each state, as well as changes in requirements for other transfer programs and income imputations, among other factors. HHS has not finalized fiscal year 2020 subsidy receipt data, but preliminary data are available.

providers' real-time needs. For example, one state administrator discussed the challenge of quickly designing and implementing changes to the state program's IT system to account for changes made to their payment processes.

- **Time-limited nature of funding**. Amid this stress, state child care administrators tried to make sustainable choices and think strategically about how to use the funds. All seven state administrators we interviewed expressed concerns about the time-limited and one-time nature of the financial support they received during the pandemic. As a result, in some instances, states decided to use funds for one-time purposes rather than to address long-standing challenges. For example, one administrator explained that the state opted to pay one-time signing or retention bonuses rather than to raise wages to address long-standing child care worker recruitment and retention challenges.
- **Remaining uncertainty for states, families, and providers**. State administrators said uncertainty about future funding levels was a concern. In particular, several state child care administrators expressed concern about reverting to restrictive, pre-pandemic income eligibility limits for families and lower rates of payment to providers that do not reflect providers' true cost of delivering quality care. Three state administrators said they were concerned that without additional action they may need to expel families from the program when COVID-19 relief funds expire.

As we reported in March 2023, child care providers and low-income families have faced long-standing challenges. A pre-pandemic 2018 analysis found that more than half of Americans—51 percent—lived in neighborhoods classified as child care deserts, areas with more than three young children for every licensed child care slot.[15] Even when high-quality child care is available, many families struggle to pay for the cost of this care, with some who receive subsidies paying more than 7 percent of their income, HHS's benchmark for what may be considered affordable, on co-payments.[16] At the same time, several of the state child care administrators and experts we interviewed said that provider payment

[15]R. Malik, K. Hamm, et al., *America's Child Care Deserts in 2018*, (Washington, D.C.: Center for American Progress, December 2018).

[16]Child Care and Development Fund Program, 81 Fed. Reg. 67,438, 67,515 (Sept. 30, 2016). In fiscal year 2019, in five states, families on average paid more than 7 percent of their income on their co-payment when using a child care subsidy, according to HHS data. When excluding families with $0 co-payments, families in 14 states, on average, paid more than 7 percent of their income on their co-payment

rates often are not sufficient to cover the high cost of providing quality care, leading to fewer providers accepting subsidies and fewer places for families to use them. As such, addressing these and other key challenges would require a sustained effort.

We currently have work underway examining whether and how states used pandemic child care funding to implement potential long-term strategies to help families and child care providers. As part of this work, we plan to further examine challenges states faced spending these funds. We plan to issue a report on the results of this work in early 2024.

Chairman Sanders, Ranking Member Cassidy, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Kathryn A. Larin, Director, Education, Workforce, and Income Security Issues at (202) 512-7215 or larink@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony include Danielle Giese (Assistant Director), Jessica Mausner (Analyst in Charge), MacKenzie Cooper, Lauren Mosteller, and Kelly Snow. In addition, key support was provided by Sherri Doughty,

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