

Center for the Study of Social Policy Ideas into Action



"WE DON'T HAVE THAT IN MISSISSIPPI"

How Temporary Expansions of the Child Tax Credit & Child Care Demonstrate the Importance of Federal Investments & Oversight

JUNE 2022



ABOUT CSSP

CSSP is a national, non-profit policy organization that connects community action, public system reform, and policy change. We work to achieve a racially, economically, and socially just society in which all children and families thrive. To do this, we translate ideas into action, promote public policies grounded in equity, support strong and inclusive communities, and advocate with and for all children and families marginalized by public policies and institutional practices.

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Note: All names shared in this report have been changed to protect the anonymity and confidentiality of the caregivers, providers, and stakeholders who interviewed with CSSP.

INTRODUCTION

In southern Mississippi, Cindy* is raising her three children in the same small town where she grew up, a place where, as she puts it, "everybody knows everyone." She keeps busy juggling her children's schedules while working full-time and running a community dance team. Like many other parents, she manages this all by leaning on family—her mother, siblings, ex-husband, and his parents. Cindy, who identifies as Black, is concerned about the segregation in her hometown, which has increased since she was a child. As she explains, her kids attend an excellent school, but "are not used to being around people that don't look like them." She wants them to "see different colors" but when she considers moving her family from the city to the county, which is more diverse, she shares that she is "scared to move to the county because then there's the other stories of the Black kids going to the county." She also worries about paying the bills since her recent divorce, and affording child care in particular for her nine, six, and three year old children. While her youngest child attends Head Start, which is fortunately free, and a grandfather picks him up after school, the after school program her two older children attended cost \$350 per child, or a total of \$700 a month—almost as much as her mortgage. Because she could no longer afford the program on her salary alone, she moved her two oldest children to the aftercare program at their elementary school, which costs \$140 a month per child. But as she noted, it is still "a lot of money."

One of Cindy's goals is to find a job that pays more than what she makes now working at a local college, "because I've learned I don't want to have to depend on anyone else at all. Hopefully love will come again but I still don't want to have to depend or think, well, if I make this amount and he makes this amount, we'll make this together then it's going to be good. I want to be able to say, 'Boom, we are great.'"

Both before and during the pandemic, millions of families, especially Black families and other families of color like Cindy's, have had difficulty making ends meet and finding affordable child care. With lowand stagnant wages, unpredictable scheduling, and limited family-forward policies like paid leave, paid work is often incompatible with raising children. Many caregivers cannot sustain their families on their wages alone, especially as expenses soar. This struggle to make ends meet is exacerbated for one parent households, caregivers managing disabilities and chronic health conditions, and for women and Black, Latinx, Indigenous, and other people of color, who experience systematic race- and genderbased discrimination, as well as occupational segregation that depresses wages and channels many into insecure jobs.

Meanwhile, the U.S. social safety net does less to support families than other wealthy countries, and the programs that do exist are notoriously difficult to access—often requiring families to complete hours of onerous paperwork, comply with work and behavioral requirements entirely unrelated to need, and meet strict eligibility thresholds. These barriers derive from a long history of policy decisions rooted in racism and sexism, and reflect deeply-entrenched and highly racialized views

*All names shared in this report have been changed to protect the anonymity and confidentiality of the caregivers, providers, and stakeholders who interviewed with CSSP.



of who is deserving of support, as well as outdated normative ideas of what it means to be a family.¹ Ultimately, these barriers demean and degrade, communicating disrespect for and excluding the very families who need the support the most.

Even compared to other U.S. states, however, Mississippi makes supports more difficult to access. For families with low incomes in Mississippi, cash assistance is all-but absent—only four out of every 100 families living in poverty receive cash assistance through Temporary Assistance for Needy Families (TANF), the primary cash assistance program for families with children.² To make matters worse, a 2020 state audit shed light on what the auditor has called "egregious misspending" in the state TANF program, alleging that \$94 million dollars intended for the TANF program were spent in questionable ways, such as sponsoring a college baseball tournament.³ Meanwhile child care subsidies in the state, which are funded through the federal Child Care and Development Fund (CCDF), are similarly difficult to access—while about 112,000 children qualified for a subsidy in 2020, only 31,605 were served, less than 30 percent of eligible children.⁴ Paternalistic rules designed explicitly to control and exclude Black families and other families of color are a driving force limiting access to these supports. A 2021 survey of child care providers by the Mississippi Low-Income Childcare Initiative (MLICCI) found that the state-imposed requirement to comply with child support enforcement was the primary reason parents struggled to access child care subsidies.⁵ As a result of these accessibility hurdles and chronic underfunding at both the federal and state levels, families cannot afford child care, while child care providers are paid poverty-level wages that average \$8.94 an hour⁶—or, as we learned in our research, sometimes they are not paid at all. As one child care provider we spoke with said, "Mississippi has always made everything hard."

It is long past time that federal and state leaders developed public policies that reflect the true value of caregiving to society and support families as they are, turning the page on the long history—and present-day reality—of racism in the provision of social supports. Healthy, thriving families are the measure of who we are as a society, and we are currently not measuring up. To start, we must provide the foundation families need, including access to robust income supports and affordable, nurturing child care that meets families' needs and fully values the contributions professional caregivers make.

Congress took a critical step toward investing in families and caregiving when it passed the American Rescue Plan Act (ARPA) in March 2021. Significantly, ARPA temporarily strengthened both income supports for families, via a bolstered 2021 Child Tax Credit (CTC), and investments in child care, via supplemental Child Care and Development Fund (CCDF) funding and new Child Care Stabilization grants designed to shore up a sector that had been ravaged by the pandemic and support the families that rely on it.⁷

To understand how these additional resources were impacting families and communities, we conducted research in Mississippi and three other states, focusing attention on whether the CTC and child care investments were advancing economic and racial equity and helping families like Cindy's. [For more on this series, see *About the Research*].

This brief synthesizes the findings from our research in Mississippi, where we interviewed and surveyed families who identified overwhelmingly as Black or African American, along with diverse child care providers and other stakeholders in the child care sector. Because the families we interviewed and surveyed primarily identified as Black or African American, our research offers insights into the experiences of Black Mississippians with these investments. It also points to improvements that will be necessary to begin to repair the damage caused by a lasting legacy of racism in the state, and the nation, and ensure Black families in Mississippi have what they need to thrive.

As we detail throughout this report, families' experiences with the CTC and child care investments in Mississippi diverged notably. On the one hand, the CTC was broadly successful as it bypassed the state government to put money directly into family's pockets, helping them pay for basic needs and invest in their children. By contrast, there have been ongoing challenges getting the child care funding, which is administered by the state, to the child care providers and families it is intended to support, as divergent priorities, limited capacity, and communication challenges have characterized the roll out of the program. The findings from Mississippi make it clear: families need holistic supports on a permanent basis, and they need the federal government to play a strong role in program administration to ensure the supports quickly reach the families and professional caregivers who need it most to advance economic and racial equity.

This brief is part of a series detailing CSSP's research findings on the impact of temporary investments in the CTC and child care in states. The findings are based on surveys fielded among families and in-depth interviews conducted with families of color, child care providers, and other stakeholders.

ABOUT THE RESEARCH

To learn about the impact of the Child Tax Credit (CTC) and child care investments on families and communities, CSSP conducted research in four states: Michigan, Mississippi, North Carolina, and Arizona.

The first brief in the series, analyzing how these temporary investments impacted families in Michigan, was published in March 2022. CSSP found that in Michigan, much of the success of the investments were connected to a supportive state government infrastructure that invited families and child care stakeholders to the decision-making table. For more on the experience in Michigan, see <u>A 'Godsend':</u> <u>How Temporary Investments in the Child Tax Credit and Child Care Impacted Michigan Families</u>.

This brief analyzes how these temporary investments impacted families and communities in Mississippi. In Mississippi, we conducted 13 semi-structured interviews with low- and moderateincome families of color in the state between September 2021 and December 2022. The interviews were in-depth conversations conducted virtually for 75-90 minutes. Among the 13 interviewees, 11 identified as African-American and two as Asian-American; nine had incomes between \$0 and \$25,000 and four had incomes between \$25,001 and \$55,000. Eleven of the 13 interviewees identified as women, and two as men. Eight of the 13 interviewees identified as being a single parent. Additionally, we conducted interviews with child care providers and other stakeholders in the child care sector, including government officials, system leaders, and advocates, to get additional perspectives on systemic problems in child care and the extent to which those were being addressed by current investments.

In December 2021 and January 2022, we also fielded a survey of parents and caregivers to understand their experiences with the CTC and child care. To field the survey, we partnered with several family-serving organizations, including Boss Lady Economic Planning and Workforce Development, Springboard to Opportunities, and the Mississippi Head Start Association. These partners circulated the online survey to families in their networks with a particular goal of reaching low- and moderate-income families and families of color. In total, 269 parents or caregivers of children under 18 completed the survey, of whom 213 had children under the age of 5. The survey respondents were disproportionately low and moderate income. While median income in Mississippi was \$44,966 in 2020, 69 percent of survey respondents had incomes below \$25,000, less than one percent had incomes between \$25,000 and \$35,000, 17 percent had incomes between \$35,000 and \$50,000, 10 percent had incomes between \$50,000 and \$75,000, and 5 percent had incomes over 75,000. Compared to the Mississippi population as a whole, our survey respondents were also disproportionately Black. Among survey respondents, 90 percent identified as Black, 9 percent as White, and 1 percent as Latinx or Hispanic. All survey respondents were asked questions about their experience with the CTC, while only parents or guardians of children under 5 were asked about their experiences with child care. Of parents with children under 5, 70 percent used Head Start for childcare for at least one of their children.

INVESTMENTS IN THE CHILD TAX CREDIT AND CHILD CARE IN MICHIGAN UNDER THE AMERICAN RESCUE PLAN

Congress passed the American Rescue Plan Act (ARPA) in March 2021 to address the immediate economic crisis caused by the pandemic. The investments were aimed at bolstering financial security for families and shoring up the child care profession and sector. To understand the impact of ARPA spending on the health and wellbeing of families and children, our research focused on two features: the expanded Child Tax Credit and the increased investments in child care. The ARPA investments were preceded by two previous pandemic-related investments in child care—the CARES Act in March 2020 and the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) in December 2020.

ARPA made temporary improvements to the CTC for 2021—making it fully available to families with no or low incomes for the first time, raising the annual benefit levels to \$3,600 for children up to age six and \$3,000 for children ages six to 17, and making the CTC available via advanced monthly payments between July and December 2021. The ARPA expansion meant that 351,000 children in Mississippi who were previously ineligible for the full CTC benefit were now eligible—including 215,000 Black children.⁸ As of December 2021, the expanded Child Tax Credit was reaching 61.2 million children nationwide, and more than 365,000 CTC payments went out to Mississippi families, who received an average payment of \$439 per family.⁹ As of this writing, Congress has not extended the expansion for 2022 and the monthly payments have expired. Parents can claim the second half of their 2021 CTC when filing taxes in 2022. If the expansion of the CTC were made permanent, researchers estimate it would cut child poverty in Mississippi by 46 percent for Black children and 43 percent for White children.¹⁰

ARPA also increased investments in child care, both to provide relief for child care providers who either closed or were on the verge of closing during the pandemic as well as to support states in making child care more affordable and accessible to families. Mississippi received \$319.5 million for Child Care Stabilization grants, intended to go directly to providers to cover the costs of everything from payroll to rent to equipment. It also received an additional \$199.7 million in supplemental Child Care and Development Fund (CCDF) funding.

Mississippi has been slower to utilize the ARPA child care funding than many other states. After a delay from Mississippi Department of Human Services (MDHS), the stabilization grant application was opened to providers, and funds began being awarded in January as applications were approved. The stabilization grant application closed at the end of January, and since then over 1,100 providers have received total grant awards ranging from \$21,000 to \$560,000.¹¹ As of this publication, MDHS has not yet publicly announced how or whether it has obligated the supplemental CCDF funding. A MDHS representative told CSSP that the ARPA CCDF funds will likely be used to temporarily extend changes made under CARES Act funding, including reimbursing child care providers based on enrollment; increasing reimbursement rates by 25 percent; and covering parent copayments.

In deciding how to use the federal child care funding, Mississippi has not gone as far as other states to include stakeholders in its decision-making processes or clearly communicate its plans to all relevant stakeholders. The child care providers and other stakeholders we interviewed observed that MDHS did not meaningfully engage with them in advance about how the funding should be used; in the lead up to the stabilization grant application opening, MDHS held town halls for child care providers but provided limited explanation or technical assistance about how to apply. Since the grants have gone out, providers have had a difficult time reaching MDHS representatives to answer questions they have about how to best comply with the grant terms.¹² Child care stakeholders attributed these shortcomings in part to the historic underfunding of MDHS and lack of structural support for its operations, leading the agency to make decisions with a scarcity mindset and continuing to restrict access to benefits for Mississippi families. As we will discuss below, other factors may have also contributed to these challenges.

The stakeholders we interviewed differed on whether they believed the funding formula used by the state to distribute stabilization grants would advance equity. According to the formula, providers receive a base grant for six months that reflects the number of children they are licensed to serve, and smaller providers receive a higher per-child rate than large providers. In addition to the base grant, providers are also eligible for bonuses if they serve CCDF children (flat bonus of \$653.58), if they serve children with special needs (10% of base amount), if they provide 24-hour care (20% of base amount), and if they operate in areas of high need as determined by the Social Vulnerability Index (SVI) (10-30% of base amount). Because the SVI bonus is potentially the most generous of the bonuses provided, whether the funding formula advances equity is heavily contingent on whether the SVI is an accurate measure of need.



FINDINGS FROM OUR RESEARCH: THE EXPANDED CHILD TAX CREDIT

Lessons Learned in the Expanded CTC: "A Blessing"

"[The Child Tax Credit] helped tremendously. I promise you, when I say it came at the right time, it came at the right time," said Monique, a mom of two in northern Mississippi. "A lot of jobs was laying people off... Some [people] couldn't even join unemployment. Yeah, [the CTC] helped tremendously with bills. It took so much stress off of parents."

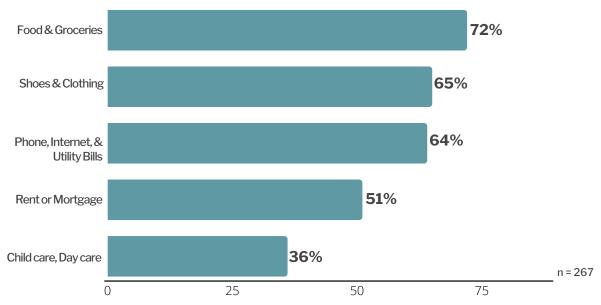
The pandemic increased hardship for Mississippi families who were already struggling, as it complicated their ability to go to work and earn a living for their families. Several parents we interviewed had either been laid off or quit work during the pandemic, often because their child care arrangements fell through or they were afraid of catching COVID-19. Among the caregivers who lost work during the pandemic, some relied on a combination of stimulus payments, Unemployment Insurance benefits, or new remote work to make their budgets stretch. But making ends meet was still difficult, even with enhanced benefits and new job opportunities.

"It gets stressful when our kids have to go without some of the things that they're needing to make sure they've got food on the table and a roof over our head. Because a lot of times they need new winter coats or new shoes that we really can't provide to make sure that they've got a roof over their head." Charisse, a mother of five, explained that for her and her husband, "It gets stressful when our kids have to go without some of the things that they're needing to make sure they've got food on the table and a roof over our head. Because a lot of times they need new winter coats or new shoes that we really can't provide to make sure that they've got a roof over their head." This difficulty is even more exaggerated for caregivers who are living paycheck-to-paycheck on one income and are members of the "sandwich generation," who are responsible for taking care of both their children and aging parents. As Monique, who provides care for both of her elderly parents and children on her income alone said, "Living with one check can be overwhelming."

The expanded Child Tax Credit helped families meet their needs and ease that overwhelming stress, especially for the Black families and other families of color we interviewed and surveyed in Mississippi. And it was relatively easy to access. Among the caregivers who responded to CSSP's survey, 86 percent had received at least one monthly payment between July and December, and the vast majority of those who received at least one payment had no difficulties receiving any of them. Of those who received at least one payment, only 8 percent reported the payments being late, 4 percent reported receiving the wrong amount, and 4 percent reported that one or more payments were missing. Among families interviewed by CSSP, all reported receiving the Child Tax Credit, and difficulties were similarly rare.

Figure 1. Mississippi Families' Top 5 Uses of the CTC Were on Basic Needs

When asked, "How have you used your monthly Child Tax Credit Payments? I used it to pay for: (please check all that apply)."



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The success rate accessing the CTC for the Black families interviewed and surveyed in Mississippi is notable, given the struggles the same families reported accessing other basic supports in the past. For example, when Cindy, mother of three, became eligible for WIC while pregnant with her youngest child, she had to call the agency multiple times and attend hours-long mandated meetings just to access the benefits to help feed herself and her growing family. Once she began participating, she was required to go to a warehouse, not a grocery store, to pick up the food. She observed that the warehouse would often be out of her family's preferred items like sweet potatoes, so she'd have to arrange her schedule to shop shortly after the warehouse received a delivery.¹³ By contrast, with the CTC, "we didn't have to do anything. It just was deposited to my bank account. So that was awesome."

Caregivers expressed how helpful it was to them that the CTC payment came monthly, and right around the 15th in particular, which helped if they "get stuck in the middle of the month with bills." Krystal, a mom to two elementary-aged boys, said it helped her to "know something is coming" in the middle of the month. Cindy echoed Krystal's observations, telling CSSP that "I feel like it just helps more with monthly payments instead of the lump sum... Just the security from month to month with the payments and the bills and everything." Cindy noted in particular that when a family gets a lump sum, they may use it for "a more specific reason"—a view supported by research on the Earned Income Tax Credit, which has found that recipients do often use their lump sum payments to pay down debt and purchase durable goods such as used cars and furniture, in addition to covering monthly expenses.¹⁴

Our survey data reflected that families used the CTC on their households' everyday necessities, too. The survey showed respondents' top five uses of the CTC were on basic needs: food and groceries (72 percent), shoes and clothing (65 percent), phone, internet and utility bills (64 percent), rent or mortgage (51 percent), and child care/ day care (36 percent), see Figure x. As the data indicate, families often took advantage of the CTC's flexibility as an unconditional cash payment to use it to meet multiple basic needs at once. For Charisse, the CTC has meant being able to "stay on top of our bills" for her family of seven. "That extra money is coming in to take up the slack of whatever we need for the kids, groceries and all that extra money [has] been there for that," she said. For many, receiving the CTC meant they had buffer room between paychecks or, as one caregiver said, for the first time, "[I did not] have to use all my paychecks just to pay my rent."

In a state like Mississippi, where more than half of its population lives in rural areas, many also spent the CTC on transportation costs, given that doctor's offices, child care programs, and workplaces

"You have to debate on whether you are going to pay the light bill, eat, or go to work. But you got to get to work, so gas is not an option. [The CTC] helps me out with gas from all the running." are often far apart. Denise, a single mom to two young girls, told CSSP, "without a car up here, I don't know [what you'd do]." Caregivers frequently said that the CTC helped them fill up their gas tanks, pay off their car bills, and afford their insurance making it possible for caregivers to get their families where they need to go. Even before the recent surge in gas prices during the spring and summer of 2022, several caregivers echoed that they felt as though "the price of gas is constantly going up," which

made it more difficult to afford both utility bills and transportation costs. As Monique told CSSP, "You have to debate on whether you are going to pay the light bill, eat, or go to work," she said. "But you got to get to work, so gas is not an option. [The CTC] helps me out with gas from all the running." Our survey data reflected this, as 32 percent of respondents said they used their CTC check to help cover transportation costs.

After paying the families' essential bills, caregivers described using the CTC on their children's needs and activities. Cindy explained how helpful the payments were to cover her children's expenses. "Like in July and August when [the CTC] was coming, we were able to get school supplies," she said. "And school supplies are crazy [expensive]." Later, Cindy said the CTC helped her save and pay for extracurricular activities for her children.

For Monique, the CTC also helped pay for school clothes, haircuts, and other essentials for her children, like a cell phone for her eighteen-year-old daughter. For her middle-school-aged son, who "plays every sport possible," the CTC has given her the ability to pay for him to participate in sports teams. In the past, Monique said that she has had to tell her son, "Everything you want to do is expensive. I want you to be able to do these things, but you know mommy just might not be able all the time." The CTC has relieved some of that tension for parents like Monique.

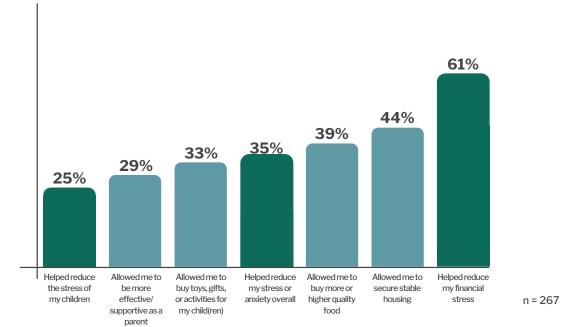
The CTC has also provided an opportunity for caregivers to celebrate their children and have fun as a family—like buying gifts for special occasions and treating their children to modest pleasures, like meals out at McDonalds. As Cindy explained, she loves to take her children out for meals at a restaurant "maybe at least twice a month," but it can be difficult because "Happy Meals add up." Symone, mother to a four-year-old girl, echoed how the CTC is "really handy," not just towards affording the basics, but to provide for fun things to enjoy together as a family. As she explained, "I usually always pay my light bill on the 15th [of the month, when the CTC arrives], then I go and get her whatever she needs. Then once I do that, I usually just put the rest up for whenever we [are] out and she wants something—like she loves McDonald's." Other caregivers talked about how the CTC helped them afford gifts and fun new toys for their children. Our survey data reflected this use of the CTC on child-related expenses, with 29 percent of caregivers saying it helped pay for school-related costs for children and 33 percent saying the CTC helped them afford toys or gifts for their children.

Our findings revealed that the CTC allowed parents to provide and do things for their children that all parents should be able to do to ensure their children are healthy and happy, and enabled caregivers to fulfill their own vision of how they would like to parent. Approximately a quarter of parents surveyed said it "allowed me to be more effective and supportive as a parent" and "to spend more time with my child(ren)."

The result was that the CTC promoted family well-being. The parents CSSP interviewed noted how stressful it can be when they do not have the resources to meet their families' needs. Denise told CSSP that pre-CTC, when she had to cut back on how much food she bought for her family, it made her "feel like a failure" and doing so "put [me] in a depression sometimes." The parents we interviewed observed how their children often picked up on their anxiety and stress about finances. Cory, a father of two, noted how his daughter is "a very smart kid, she's the first person who sees if daddy's got pressure on him." When she knows Daddy is worried about money, she is fond of "praying to God about provisions for groceries and for school." Cory and other caregivers noted how the CTC reduced this stress, a sentiment echoed by survey respondents. When asked how the CTC affected daily life, the most common answer to the question was "helped reduce my financial stress" (61 percent).

Figure 2. Mississippi Families Reported that the CTC Helped Reduce Stress & Promote Family Well-Being

Top seven answers among Mississippi caregivers when asked, "How did the CTC affect daily life? Please check all that apply."



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"[The CTC] has really been helpful. I need to commend the government for this initiative... The government is really doing great [with the CTC]. God bless America." Caregivers reported that it also "helped reduce my stress or anxiety overall" (35 percent) and "helped reduce the stress of my children" (25 percent). Cory emphasized how much he appreciated the government's investment in his family through the Child Tax Credit. "[The CTC] has really been helpful," Cory said. "I need to commend the government for this initiative... The government is really doing great [with the CTC]. God bless America."

Challenges in the Expanded CTC: Rushed Rollout Did Not Do Enough to Redress Long History of Justifiable Distrust of Government Programs

To the extent that the Mississippi caregivers we interviewed had concerns about the expanded CTC, those concerns typically stemmed from confusion about how the tax credit worked. For some, their concerns were rooted in their past personal experiences being mistreated in programs like the housing choice voucher program, TANF, or other programs that were difficult to access and maintain, or imposed punitive sanctions, which bred distrust of government supports.

For families who were confused about the CTC, the major concern that surfaced was whether the monthly payments would reduce the tax refund they would receive at the end of the year. In fact, the answer to this question is somewhat complicated and depends on how much a family received from the CTC previously—but for the vast majority of families who were eligible for the boosted credit of \$3,000/\$3,600, the advanced payments would not appreciably reduce their end-of-year refunds compared to past years. Because of the complicated nature of this question, however, and the limited government outreach and communication, some caregivers were anxious. Michelle, a parent to two adult children and a 13-year-old daughter, felt that the biggest problem with the CTC was "lack of information and knowledge about this" and did not think the CTC was "known or clearly understood."

For the parents we interviewed, their main source of information about the CTC was not the government, but their social networks. Caregivers frequently talked about how they learned about the CTC through people in their network or online, especially through Facebook. Some caregivers who were interviewed even joined Facebook groups for parents to discuss and give advice about the CTC. Caregivers shared that they wished there had been more outreach from trusted sources like the IRS, the government, or local news to "tell us how it worked."

Because communication from trusted sources about the CTC was limited, parents filled this information void by extrapolating from their previous experiences with government supports, which only increased their anxiety. Michelle, who long ago was penalized for not reporting an income change after the Section 8 housing voucher program changed how frequently participants were required to report income changes, did not trust the CTC: "I just feel that with the government, they have a trick up their sleeve, and because you got this money early, if they tax it again or they change the rules, the amount of it, I just feel like at the end the government is going to win... And the Child Tax Credit break, eventually it's going to end and you're going to be penalized one way or another by the government. I just believe it."

On top of miscommunication about how the CTC worked, some parents talked about wishing the checks arrived for everyone at the same time, so that all caregivers could reliably depend on its arrival. Krystal, a mom of two boys, explained that while she received the CTC via direct deposit on the 15th every month, her sister received it via check. She spoke to CSSP on the 15th of the month, saying "Well, [my CTC payment] is here and hers didn't come today. People be expecting it on the 15th and don't get it."

Intentional, trust-building outreach campaigns to caregivers are crucial to ensuring families who need the CTC most feel comfortable accessing it. This is especially crucial in a place like Mississippi, where low-income families of color—and especially Black families—have been serially mistreated by government assistance programs that require caregivers to jump through complicated administrative hoops to access income supports that often barely make a dent in families' expenses. Under these circumstances, clear communication about any new benefit is especially critical, but such outreach and resources did not reach the caregivers we spoke to in Mississippi.

Ultimately, the challenges parents had accessing the CTC and their concerns regarding the CTC stemmed from the quick rollout of the CTC, as the government prioritized ramping up the program quickly to get support in the hands of caregivers over a more deliberate and better-communicated rollout. For caregivers like Michelle who have had negative experiences navigating government programs before and feel distrustful of new programs because of that personal experience, intentional outreach campaigns are crucial.

But even with its issues, the CTC expansion showed the promise of a significant federal investment that goes directly to families' pockets—and its potential to begin to overcome distrust. Like Cory, many respondents to CSSP's survey said the CTC made them think differently about their government. When asked to check all that apply on which statement best aligned with their feelings about receiving the Child Tax Credit, 57 percent of Mississippi caregivers responded, "Makes me feel the government cares about my family's health and well-being" and another 38 percent said it "Makes me feel the government is responsive to the needs of my community."

A long-term investment, such as making the ARPA expansions to the Child Tax Credit permanent, would create room to develop the infrastructure—such as improved sign-up tools, customer service, and communications—to address the genuine concerns families had about the CTC, and ensure the benefit reaches the families who need it most and advances racial and economic equity.

FINDINGS FROM OUR RESEARCH: ARPA CHILD CARE INVESTMENTS

Lessons Learned: Mississippi's Pre-Existing Child Care Problems and the Profound Need for Significant Support for Child Care in the State

When it comes to accessing quality and affordable child care that works with their families' schedules, caregivers often expressed a similar sentiment to CSSP: "We don't have that [in Mississippi]." When it comes to accessing quality and affordable child care that works with their families' schedules, caregivers often expressed a similar sentiment to CSSP: "We don't have that [in Mississippi]."

Even before the pandemic, child care was hard to access in Mississippi. According to the Center for American Progress, 48 percent of people in Mississippi lived in a child care desert, or an area with more than three times as many children as licensed

child care slots, in 2018. Rural residents, Hispanic/Latino families, and parents of infants and toddlers were more likely to live in such areas.¹⁵ As noted in the introduction, child care subsidies are especially difficult to access in Mississippi, and wages for child care providers are incredibly low, making it difficult to retain workers, which contributes to the supply shortage. As one child care advocate told CSSP, it is "really hard to attract some of those people to childcare, because of the pay."

When the pandemic struck, it made an already bad situation worse. Mississippi's 2021 Child Care Market Rate Survey found that 72% of providers had closed at some point due to COVID-19, 80% had reduced enrollment, and 78% had lost revenue.¹⁶ Meanwhile, families continued to struggle to find or afford care, in part because of the difficulty receiving and maintaining a child care subsidy. While the state government temporarily halted recertification processes during the pandemic—so families receiving a child care subsidy could continue to receive it without completing additional paperwork—the state began requiring recertification again in April 2021. In the Mississippi Low-Income Child Care Initiative (MLICCI)'s survey of providers who serve children with subsidies, 74% of providers reported parents they serve losing their subsidy during a recent redetermination, an estimated 3,600-4,100 parents statewide.¹⁷ Meanwhile, according to the same survey, compliance with child support enforcement remains a significant barrier to subsidies for families, with 73 percent of providers saying that the child support enforcement requirement had caused parents they served to be denied a subsidy. As Sarah, a director of a child care center and advocate told CSSP, "we're kind of drowning here in Mississippi."

In the absence of accessible subsidies and affordable child care, many families in Mississippi are forced to make decisions that they would not have made otherwise. Some caregivers quit their jobs during the pandemic to take positions that allowed them to care for their children while simultaneously working remotely. Krystal, a mom to two young boys whose fathers are incarcerated, told CSSP that she had to quit her job as a Certified Nursing Assistant (CNA) because her child care did not align with her work schedule. She now works remotely as an office assistant, where "if my kids have to stay home, I can be at home with them and just put them in the other room" while she works. Other caregivers turn to networks of friends and family for caregiving while they go to work, like Michelle, who works 80 hours a week and relies on family to make sure her thirteen-year-old daughter is supervised. Michelle told CSSP that "without family, I wouldn't be able to do it."

Without access to affordable child care in Mississippi, parents with low-incomes often struggle to work consistent hours and earn enough to support their families. Among respondents to CSSP's survey, 65 percent of parents with children under 5 said that child care related challenges have "sometimes" or "often" disrupted their ability to work; see Figure 3. Sixty-seven percent of parents said they had reduced work hours at some point in the past due to child care challenges, and 40 percent answered they had quit a job in the past due to child care challenges; see Figure 4.

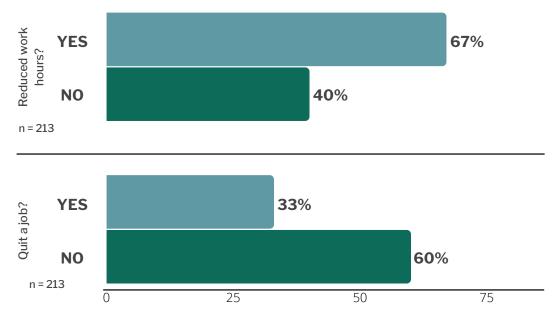
Percent of Mississippi Parents with Young Children 26% said that child care-related challenges have "often" disrupted their ability to work 26% OFTEN 39% said that child care-related disrupted ability challenges have "sometimes" 19% to work disrupted their ability to work RARELY 19% said that child care-related disrupted challenges have "rarely" disrupted ability to their ability to work 39% SOMETIMES 16% said that child care-related disrupted ability challenges have "never" disrupted to work their ability to work n = 213

Figure 3. Child Care Challenges Disrupt Ability to Work for 65

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Figure 4. Child Care Challenges Make it Difficult for Mississippi Parents to Work Consistent Hours or Jobs

When asked, "Have you ever reduced work hours due to child care challenges?" and "Have you ever quit a job due to child care?"



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Child care struggles can also make it difficult for parents to engage in work that fulfills their interests and advances their careers. Denise, a single mom to two young girls and a registered dental assistant who worked in an oral surgeon's office for a year, told CSSP that she had to quit her job because she did not have child care. Denise's infant daughter was on the waiting list for a subsidy for a year before getting approved, and in the interim, Denise was paying out of pocket for child care, and "with all the other bills, child care just wasn't possible." Denise dreams of going back to school so she can "mix [her dental experience] with nursing" to become an IV sedation nurse—a job that pays more than \$73,000 a year.¹⁸ But Denise is pessimistic that she would be able to make her dreams a reality because of inaccessible child care in Mississippi. After a part-time stint in a hair salon because of its schedule flexibility, she is now looking for jobs again "that work around my kids' schedule." She's considering either working at a new warehouse opening in her town because they pay as high as \$22 an hour, or working at a child care center "because my three year old can come there after school and my infant, she'll already be there with me." Neither the warehouse nor the child care job involve work that Denise is interested in, but she feels they are the only feasible options to provide for her family.

The ARPA investments were designed to help stabilize the child care sector in the midst of the pandemic—helping families access affordable care and child care providers stay open.

CSSP spoke to providers before the first grant payments went out, and they were cautiously hopeful that they might receive support through the stabilization grants, despite not having received previous pandemic funding. In particular, they noted how useful the funding would be to improve the environment for children and working conditions for staff, including raising wages, providing health insurance for staff, and replacing equipment or appliances.

For Nicole, who runs a small center and has been working in child care for over 20 years, the stabilization funding could not come soon enough. Because her revenues are low, Nicole pays her two staff between \$7.50-\$8 an hour, and is unable to offer health insurance or other benefits to her employees. She does not pay herself a salary at all. She knows that many of the parents in her community work low-wage jobs themselves, and can't afford the going rate, explaining to CSSP that "I can't charge them what the price is because I know where they work." So, she charges less. For example, while the going rate for infants in her community was \$100 per week, she set her rate at \$90 per week, and then had to drop it down to \$80. Nicole explained that the only way that her center is able to stay open is through the reimbursement of just five children who receive subsidies to attend her center.

Nicole said that if she received a stabilization grant, she would use the funding to "get my staff the raise that they need and deserve" and pay herself for the first time. She noted a list of projects to improve her center that she would use the additional support to begin, from replacing the roof to "fix[ing] up the playground" to building a shed for parents to drive through on rainy days when picking up their kids. "It's just so much ... It's a lot I can do with it." Child care stakeholders also believed the supplemental CCDF funding could go a long way in Mississippi. Lisa, an advocate for the child care sector, hoped the state would use the boost in CCDF funding to increase access to child care subsidies. "This program [the subsidies] is a huge help to families," she explained. "It helps moms go to work... So it screams out for this unprecedented influx of additional funding to be used to serve more families."

While advocates are still waiting to hear whether the supplemental CCDF funding has been obligated, Nicole's center, along with over 1,100 child care providers, began receiving stabilization grant payments earlier this year. For those who received the payments, it has no doubt been very helpful, but as described below, there have been ongoing challenges with the program.



Challenges in ARPA Child Care Investments: Stabilizing the Child Care Sector and Advancing Equity is Difficult When Critical Decisions Are Left Up to States

"If we're essential, why aren't we treated like the doctors, the other people that provide services? It's just as though we're looked upon as being babysitters."¹⁹ "If we're essential, why aren't we treated like the doctors, the other people that provide services?" posed Sarah, a director of a child care center and active member of child care advocacy groups in Mississippi. "It's just as though we're looked upon as being babysitters."¹⁹

Despite its intentions, the federal ARPA child care investments have not yet fully achieved its goals in Mississippi—initially, because of delays and roadblocks at the state level, and later because of ongoing problems related to state agency capacity and communication.

As elsewhere in the country, concerns at the state level that the new federal funding would not be sustained led to delays as state administrators weighed the best way to use the funds. As one state administrator told CSSP, they had not yet obligated the CCDF funds because "we're just kind of very closely monitoring if the Build Back Better [the Biden administration's proposal which included significant additional funding for child care, but has since stalled], if it becomes a reality." As the administrator said about the ARPA funding, "once it's gone, it's gone," and "our whole goal is to sustain child care in Mississippi for as long as we possibly can."

Advocates recognized sustainability as a genuine concern. As long-time advocate Lisa explained, "Trying to invest in the workforce would be a terrific thing to do with this money, but doing any of that with money that is not going to be sustained past the American Rescue Plan is a big challenge," she said. "The lack of sustainability beyond that period of years when this money will be available is one of the reasons our state is dragging its feet on investing in anything."

In Mississippi, there were additional delays due to the limited capacity of the state Department of Human Services (MDHS), which administers CCDF funding, and is chronically underfunded by the legislature and Governor's office, according to advocates. MDHS is, as one child care advocate described it, a "lean operation." This limited capacity makes everything more difficult, from developing a plan for new funding, to engaging stakeholders, to distributing funding.

MDHS also made decisions that further slowed the dispersal of stabilization grants to providers, most notably by requiring that all providers who received CARES funding—called "booster shots" in Mississippi—submit official reconciliation and accounting documents to "close out" their previous grant before they would open the ARPA application period to any providers.²⁰ This decision required that providers be accountable to the state, but ignored the accountability the state had to providers who were struggling under incredibly difficult circumstances. As Nicole, the center director who has worked in child care for over 20 years and did not receive any previous pandemic funding told CSSP, "It's not fair for y'all to hold the money for the ones that didn't get the grant and make them suffer."

Child care providers interviewed by CSSP expressed frustration and concerns about the funding delays, and felt that their opinions were not valued by decision-makers. As Martha, who has been working in child care for over 55 years explained, "we know there's a pile of money that Mississippi has for child care and they've had it for a while now and they [are] sitting on it." Martha tries to communicate her perspective to state officials, speaking up in town halls, but "I had to ask to be notified when they were having a meeting. And sometime[s] I'm notified, sometime[s] I'm not." Martha and the other providers we spoke with felt strongly that there were not Martha and the other providers we spoke with felt strongly that there were not enough people like themselves—Black women with decades of experience working in the child care sector—sitting at the table with MDHS, making decisions about how to get the funds out quickly and effectively.

enough people like themselves—Black women with decades of experience working in the child care sector—sitting at the table with MDHS, making decisions about how to get the funds out quickly and effectively.

Providers and advocates agreed that state administrators typically developed plans without listening to and learning from stakeholders. As Evelyn, an advocate for Mississippi child care providers, explained to CSSP, oftentimes, "MDHS staff goes in a room, writes [the state's plan for child care] and puts it out for public review, like embed it on their website in a hard to reach way, without a lot of fuss." Evelyn said then, advocates like herself "read it and say, 'No, this is not right,'" to which the state would follow up with a "a town hall, like one or two days before the final thing is due and they'll just listen without commenting on why they're not changing things." Evelyn continued, saying, "it's intentional to me that they don't want a lot of input on these things," she said. "That's how it turns out every time."

Even after the stabilization grants started going out to Nicole and other providers in January, communication issues with the state continued. When providers have questions about how they could use the funding, or how to comply with grant terms, they have had difficulty getting their questions answered directly—whether asked via phone or e-mail. While MDHS readily sends staff to participate in meetings that are organized by stakeholders and try to answer people's questions, the agency has not taken the initiative to organize any meetings itself to provide direct technical assistance to grantees, advocates told CSSP.



To make matters worse, the agency has also changed some of the rules regarding how to comply with the grant terms after the grants started going out. While the agency initially said the stabilization grants could be used for renovations to child care facilities, it subsequently told grantees that in order to use the money for renovations they would need to get pre-approval from the Department of Health, which itself is understaffed.²¹

This miscommunication and confusion about the stabilization grants was the subject of a May 2022 hearing held by the Mississippi House Democratic Caucus, in which both child care providers and advocates testified alongside MDHS representatives. In an interview with reporters following the hearing, House Democratic Minority Leader Robert L Johnson III said, "[MDHS] is getting the money out. But this review period and making sure you're getting it done right is what is complicated. So there needs to be more structure in terms of what the federal rules are and how [providers] can comply, and I think we're getting somewhere with that. Because we've been hearing these complaints for about six months. We want to make sure we get this communication issue straightened out."²²

The awards provided to Mississippi child care programs under the stabilization grants have been substantial and the relief they have the potential to provide is significant. While Mississippi has successfully gotten the funding into the hands of some of the child care providers who need it most, problems with administration continue to plague the program and limit the ability of providers to make use of the funding—and use it in ways that will best support their child care programs moving forward.²³

Underlying these challenges is the historic underinvestment in Mississippi's child care administration, which has made it harder for the state to engage stakeholders and for the federal funding to realize its goals of stabilizing the child care sector in the state. This historic underinvestment is compounded by longstanding distrust between the sector and the government because of past decisions that were degrading to child care providers and the families they served and understood as motivated by racism—such as an incident ten years ago, when the state administration recommended fingerprinting parents who used child care subsidies during their children's daily pick-up and drop off from care.²⁴ Though the plans were eventually abandoned, according to Lisa, "the whole idea of fingerprinting among a Black population with a White state agency imposing this requirement, it just felt so deeply offensive."

Mississippi in and of itself is not the problem, however. State capacity to administer new federal funding will always vary amongst 50 states. Instead, federal oversight and engagement can and should be geared to provide the states with the most limited capacity and the most significant roadblocks the support they need to successfully run programs. The experience in Mississippi makes the case for stronger federal oversight in future child care investments, such as encouraging timelines that prioritize quickly getting relief to families and providers; engagement with stakeholders and consideration of their recommendations; and ensuring funding is delivered with clear guidance on how to apply, use, and report the funding.

Both long-term investment and a strong federal role are critical to ensure that the child care sector can begin to be reimagined in every state—so that families can find affordable care that meets their needs, and wages can be raised and working conditions improved to reflect the importance of the work providers do.

CONCLUSION

The American Rescue Plan's temporary investments in the CTC and child care have provided crucial lessons and insights into what is needed to build a foundation that will enable Black families, and all families, to thrive.

For many parents and caregivers in Mississippi, the federally-administered CTC was a departure from state-administered supports that have often been just out of reach because of onerous paperwork or rigid eligibility rules and means testing. This helped parents like Cindy, who explained, "What people fail to realize is, I have a bachelor's degree. I have a stable job. I wish I could just open up to some people like, 'I need help.' It might not be forever, but if I had two or three years of [government programs] to let me get higher, what's wrong with that if our government has it. Our government spends a lot of money on a lot of stuff...That's something that just gets on my nerves—[people say] 'Get up and get a job.' I got one." The CTC has been a lifeline for families like Cindy's.

While there have been more challenges with the roll out of ARPA investments in child care in Mississippi, child care assistance is no less critical for families. As Denise observed, "A lot of times, we get turned down for the government assistance because they feel like we make too much money or our governor [in] Mississippi doesn't agree to give us any of the assistance that Biden want to give us because he feel like we're just being lazy. But a lot of people aren't being lazy because like I said, we are lacking childcare so that we can go to work."

For families who received both meaningful income support and child care assistance, the result can be transformative. Krystal, who received the Child Tax Credit for her two sons, felt like she won the equivalent of the Mississippi lottery when she received a child "A lot of times, we get turned down for the government assistance because they feel like we make too much money or our governor [in] Mississippi doesn't agree to give us any of the assistance that Biden want to give us because he feel like we're just being lazy. But a lot of people aren't being lazy because like I said, we are lacking childcare so that we can go to work."

care subsidy for her youngest, saying "I'm grateful for it...It feels like a blessing to have both [the CTC and a subsidy]. I don't have their dad around to help so I feel like I have somebody that's meeting me halfway." For Krystal, receiving both a reliable cash benefit and child care assistance allowed her to meet her family's needs—and recognized and affirmed her family as it is.

For too long, families like Krystal's and Cindy's have not had the support they need because of how historical and present-day racism and sexism has shaped policy to undervalue families—especially families of color—and the care work that is done to raise children, whether paid or unpaid.

The U.S. needs public policies that provide families the full range of the supports they need, on a permanent basis. Families need society to help share the financial burden of raising the next generation, by providing a regular cash benefit they can use flexibly to meet their needs. They also

need a robust child care infrastructure available in every state, so that they can find and afford high quality child care that meets their needs and values early educators. While giving families cash can help cushion the exponential costs of child care, it won't solve the structural problems in the child care sector that are rooted in racism and sexism and have led to limited options for families, and low wages and high turnover for child care providers. And while families need a robust child care infrastructure that provides affordable and accessible child care, they also need greater flexibility to cover the many other costs of raising children.

As the experience in Mississippi demonstrates, families also need the federal government to play a strong role in administering any permanent supports, to ensure that state administration does not create additional roadblocks to assistance and exacerbate racial and economic inequities.

Congress took steps toward making these long-term investments, with the House of Representatives' passage of the Build Back Better Act in November 2021, but as of this writing, the legislation has stalled and it is unclear whether child care or a cash benefit for families will be a priority in future legislation.²⁵ Families and caregivers, however, cannot wait any longer. They need dual, long-term federal investments in both the Child Tax Credit and the child care sector—along with strong federal oversight—so that families of color and all families in every state have the support they need to not just survive, but to thrive.



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