

Arizona Child Care Assistance Provider Grant FREQUENTLY ASKED QUESTIONS

What is the Arizona Child Care Assistance Provider (AZCAP) Grant?

The Arizona Child Care Assistance Provider (AZCAP) grant supports DES contracted child care programs and DES certified family child care providers who serve children eligible for DES Child Care Assistance. AZCAP funds can be used for personnel costs. *DES Certified Family Child Care Providers and DES Contracted DHS Group Homes that do not have staff can also use the funds for rent/mortgage, and utilities expenditures.* This funding is for expenses incurred from October 1, 2023 through June 30, 2024. While child care providers must apply to receive funds, grants are not competitive.

These funds are made available to Arizona through the Child Care and Development Fund (CCDF) relief funding appropriated through The American Rescue Plan (ARP) Act of 2021 (Public Law 117-2).

The AZCAP application period has closed. Awarded providers received notification on September 29, 2023 of their final award.

Who is eligible for AZCAP grant funds?

Notification was sent by email to all eligible DES contracted and DES certified providers on August 15, 2023.

Providers must be DES contracted or certified at time of application (deadline September 15, 2023):

- DES Certified Family Child Care Providers (including in-home providers)
- DES Contracted - DHS Licensed Centers
- DES Contracted - DHS Certified Group Homes
- DES Contracted - Tribal Child Care Providers
- DES Contracted - Military Child Care Providers

In addition, all programs must also be:

- Open and currently serving children at time of application and **the time of grant payout** (this does not include temporary closures of 14 days or less).
- Have spent 88% of all CCSG funds received, as reported in the June 2023 CCSG report (due July 31), or have spent 100% of funds as reported in the Final Report.
- In good standing with DES and their regulatory authority such as DHS, the Tribal or Military regulation authority.

Providers are strongly encouraged to update their operational status with their licensing or regulatory authority. This will be necessary to access the various supports offered by DES.

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How much is the AZCAP award?

The AZCAP grant calculation is based on provider type and licensed/certified capacity.

Provider Type	AZCAP Award Amount
DES Certified Family Child Care (1-4 children)	\$3,000
DES Contracted - DHS Certified Group Home (5-10 children)	\$5,000
DES Contracted - DHS Licensed (11-59 capacity)	\$35,000
DES Contracted - DHS Licensed (60-100 capacity)	\$60,000
DES Contracted - DHS Licensed (101 +)	\$80,000

**Tribal and Military providers contracted with DES will receive the award amount that aligns with their capacity.*

How can I apply for the AZCAP Grant?

Notification was sent by email to all eligible DES contracted and DES certified providers on August 15, 2023. The application closed on September 15, 2023.

If a provider has multiple sites, does each site have to apply for the grant funding?

Yes, each site must apply separately.

What are the allowable uses of the AZCAP Grant Funding?

Providers must dedicate the AZCAP funds to personnel related expenses. Certified family child care and group home providers may utilize the AZCAP funds for rent, mortgage, and utilities costs, *if there are no personnel related expenses.*

Providers must keep records of how they have spent the funds. As the AZCAP is federal funding, child care providers who receive the grant are encouraged to review the Federal Cost Principles set forth in the Code of Federal Regulations at [2 CFR Subpart E § 200.403 Factors affecting allowability of costs.](#)

Providers may use these funds for the following purposes, including for reimbursement of these expenses incurred from October 1, 2023 through June 30, 2024:

- **Personnel Costs:** Includes costs associated with employing staff such as payroll/wage supplements or bonuses. Other examples of allowable personnel costs include: health, dental, and vision insurance, retirement contributions, paid time off including sick or family leave, free/reduced cost child care benefit for staff, paid time off for professional development and training, reimbursements for tuition costs for certificate or degree program, and reimbursement/stipends for educator out-of-pocket costs for classroom supplies.

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Raising the wages of child care staff is a central part of stabilizing the industry. Providers are encouraged to use grant funds for recruiting and retaining existing and former child care workers and strengthening the diversity of the workforce to meet children's and families' needs.

The AZCAP Decision Tool provides several options for supporting staff using AZCAP funds. For more information on how to best support your employees with this funding, providers are encouraged to reach out to a business coach through the Southwest Human Development Early Childhood Business Management Program at ECBS@swhd.org.

DES Certified Family Child Care Providers and DHS Group Home providers *without staff* may also choose to use funds on:

- **Rent/Mortgage/Utilities:** Includes monthly rent or mortgage payments, property insurance, liability insurance, or utilities such as gas, electricity, oil, water/sewer, telephone, cell/mobile phone, or internet, which may include fees or charges related to late payment.

What is the duration of the AZCAP?

These funds are a one-time payment which will be paid out in October 2023. Funds can be spent from October 1, 2023 through June 30, 2024. A Final report is due by July 31, 2024.

These funds are made available to Arizona through the Child Care and Development Fund (CCDF) relief funding appropriated through The American Rescue Plan (ARP) Act of 2021 (Public Law 117-2). Due to federal funding timeframes, no extensions to these deadlines will be granted.

When do the grant funds need to be fully spent?

The funds must be spent by no later than June 30, 2024.

I received the previous Child Care Stabilization Grant (CCSG), do I have to reapply?

The AZCAP is a new grant award offered by the Division of Child Care. If you previously received the Child Care Stabilization Grant (CCSG), *you still need to submit an application*. **The application process closed on September 15, 2023.**

To be eligible for the AZCAP, all CCSG award recipients must have spent 88% of CCSG funds by June 30, 2023 according to their June 2023 monthly report and/or their final report through the [CCSG Reporting Portal](#).

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Note: Providers must also be in good standing with DES **and** their regulatory authority such as DHS, the Tribal or Military regulation authority.

What is needed to apply?

Please make sure you have:

- Your DES provider identification number (i.e. P00xxxxxx)
- If you have ever received the Child Care Stabilization Grant (CCSG), you must have submitted your June 2023 report* or your Final Report through the [CCSG Reporting Portal](#) in order to apply.
- CCSG award recipients must have spent 88% of CCSG funds by June 30, 2023 according to their June 2023 monthly report and/or their Final Report.
- CCSG providers that did not receive a June 2023 payment must have submitted the report for the most recent month they received a payment.

NOTE: If you are a provider with multiple sites, each site will need to apply separately.

What are the qualifications to receive the AZCAP Grant?

Providers must apply to receive AZCAP funds. Grants are not competitive, meaning if a child care provider submits a complete application, is eligible, and agrees to the grant program terms, they will receive funding. Terms of the grant are listed below:

- Providers must be DES contracted or DES certified
- **CCSG Recipients:** Must have spent 88% of CCSG funds by June 30, 2023 according to their June 2023 monthly report and/or Final Report submitted through the [CCSG Reporting Portal](#). *DES contracted or DES certified providers who are not currently receiving the CCSG are also eligible for the AZCAP.*
- Providers must be open and providing child care services at the time of application and the time of grant payout (this does not include temporary closures of 14 days or less).
- Providers must be in good standing with DES and their regulatory authority such as DHS, the Tribal or Military regulation authority.
- Providers must submit reporting. For more details, see FAQ: ***When do I submit the required reporting?***

Is the grant based on current enrollment or licensed amount of children?

The grant is based on a provider's current licensed or certified capacity.

What is considered good standing?

DES In Good Standing:

A provider in good standing is regarded as being in compliance with the DES Provider Registration Agreement, while not being subject to any form of overpayment disputes, suspension of authorizations, or final warning disciplinary actions. Providers' questions regarding their standing with DES should be directed to the provider's DES Licensing Surveyor.

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DHS In Good Standing:

A person or organization in good standing is regarded as having complied with all of their explicit obligations while not being subject to any form of sanction or disciplinary action. Providers' questions regarding their standing with DHS should be directed to the DHS Bureau of Child Care Licensing.

What is the requirement and definition of “open and provide child care services?”

Providers must be open and provide child care services within their licensed or certified capacity for the duration of the grant period. However, any closures that exceed 14 days, must be reported to ChildCareGrants@azdes.gov. Providers are strongly encouraged to update their operational status with their Licensing authority. This will be necessary to access the various supports offered through the Department.

Can I apply if I have a pending application to become DES Contracted or Certified?

You must be fully contracted or certified by time of application to be eligible for AZCAP funding.

Am I eligible for the AZCAP Grant if the child care facility undergoes a name change or change of ownership prior to receiving the award?

Yes. If the facility is an existing AZCAP grantee and the facility undergoes a name change or change of ownership, the facility is still eligible to receive the AZCAP.

Prior to grant payout:

Ownership Changes - DHS Licensed, and DES contracted: Both the new owner and the old owner must communicate the change in ownership with your DES Licensing Surveyor who oversees your contract. The DES Child Care Contract Management team is available Monday through Friday at ccacontracts@azdes.gov. The new owner will be contacted by the Division of Child Care to submit an application attesting to the AZCAP requirements. Ownership changes that go into effect prior to the October 2023 grant award payout will result in a grant award to the new owner.

After grant payout:

Expenditures and Reporting: Ownership changes that go into effect after the October 2023 grant award payout will result in a grant award to the old owner. Old owners must submit a final report of all grant spending. Any unspent balance must be spent or transferred to the new owner. The new owner will be responsible for grant reporting from that point forward.

Do I need to be DES contracted or certified to receive AZCAP funds?

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Yes. Eligible providers must be contracted or certified with DES, and serving children eligible for DES Child Care Assistance.

How will a provider be notified of the grant award?

Providers will receive an email with a notification of grant pre-approval. Please allow 5 business days for application review. Final award notices which will include the final award amount to be paid out, will be emailed to the contact email that the grantee provides on the application form by September 30, 2023.

How long will it take to receive grant funding?

Providers will receive the AZCAP payout in October 2023.

Please note, if a provider is set up for direct deposit, processing time varies for each bank. Please wait up to 3 business days for payment to appear. If you do not have direct deposit, your grant award will be mailed to the address listed in your file.

Are the grant funds taxable?

Yes. In accordance with guidance from the federal Office of Child Care: The [ARP Act of 2021 \(ARPA\)](#) does not exempt the ARPA funding from taxation. Therefore, this funding is subject to the same tax rules as regular CCDF funding. If you have additional questions, please contact a tax professional.

How can I improve employee compensation and/or benefits with these funds?

Providers have many options for using their funds on compensation for staff, including temporary pay increases, bonuses, and changing employee benefits packages. For example, providers could reward employees with a bonus during times of greater need such as working during evenings or nontraditional work hours, provide hazard pay for employees due to a public health emergency, or offer retention bonuses for staff members who remain employed. Providers may also wish to consider their employee benefits package and whether to provide their staff with additional employee benefits, including health insurance or assistance with premiums, retirement contributions, free or reduced-cost child care for staff, paid time off including sick or family leave, professional development assistance and/or tuition reimbursements, or educator classroom supply stipends or reimbursements. To learn more about how to support your staff with the AZCAP Provider Decision Tool, found in the Resources section of the AZCAP webpage.

Can a Center owner use the AZCAP Grant to pay themselves?

Licensed center owners may only provide funding to themselves if they are already on payroll as an employee of the facility where child care services are provided.

Can funding be used to compensate volunteers?

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The AZCAP grant award is for employees who provide child care services. Some volunteers are providing direct services through an education or internship program. If a Provider chooses to compensate or incentivize volunteers for purposes of workforce recruitment or retention, they will need to provide details of the volunteer's service capacity in the AZCAP report.

Can a Provider with shared administrative costs, such as mental health contractors or program administrators that provide direct support to the program's workforce, use the AZCAP Grant for these purposes?

Yes. You will need clear documentation of what grant funding was received from all sites and you will need to ensure you can report spending for each site. Example: if a Contractor/administrator supports multiple sites, you may want to add up the sites' grant amounts and divide the costs proportionately by your different sites, not to exceed total grant awards for each site, for reporting purposes.

Can we use the funds for educators to purchase classroom supplies and materials?

Yes. You may have staff that pay out-of-pocket for supplies purchased for students to use or that benefit the classroom overall. If this happens, you could offer your staff a one-time stipend to cover the costs of classroom supplies or to purchase new supplies that will make the classroom a more inviting and exciting place for both educators and children. Staff seeking reimbursement should produce an original receipt for their purchases to receive reimbursement. Providers are encouraged to utilize the [AZToolkit](#) for shared resources and other discounts.

If we are unable to use the full amount, would we just repay the unused portion?

Any amount unused by June 30, 2024 will need to be paid back and returned to DES. We highly encourage providers to fully spend these funds. If you are experiencing challenges with spending the grant funds, please reach out to childcaregrants@azdes.gov for resources and support to help address any barriers.

For more information on how to best support your employees with this funding and manage your child care business, providers are encouraged to reach out to the Early Childhood Business Solutions team at Southwest Human Development by email at ECBS@swhd.org or by phone (602) 265-4768, M-F, 8am-4:30pm.

If a program closes permanently, will the program need to return the grant funds?

Any program that has closed permanently is not eligible to receive grant funding. Programs that permanently close are expected to notify the DES Division of Child Care at childcaregrants@azdes.gov prior to their date of closure, for determination whether any funds need to be returned. Funds received prior to the date of closure may be used

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for approved expenses. Note: A final report of all funds received and spent will need to be submitted no later than 30 days after the closure.

Do providers need to save and submit receipts associated with this grant?

Providers must keep records of how they have spent the funds as each recipient is subject to being audited. All receipts and documentation associated with the spending of this funding should be retained for your records and for auditing purposes. You will need to keep the following documentation:

- **Detailed Expense Report:** to itemize or list out each expense paid using grant funds, like a receipt for your entire grant award. We highly recommend and encourage providers to use the [Cost Reporting Worksheet](#), as it was designed to help complete the reporting required in the monthly reporting form.
- **Proof of Payment:** to show detailed records of your spending including receipts, invoices, and/or statements.

When do I submit the required reporting?

Providers must submit a mid-term report on how grant funds have been spent to date, and a final report once all grant funds have been fully spent..

Mid-term report due: March 1, 2024

Final report due: July 31, 2024

Future grant opportunities through DES are contingent on the provider's timely and accurate submission of required reports.

Will providers be audited for receiving the AZCAP funds?

Yes. Providers receiving the AZCAP will be selected for a random audit prior to September 30, 2024. Providers need to ensure thorough records of how the funding is spent, including receipts of all purchases or payments.

Who can I contact if I have questions?

Please contact the Child Care Grant mailbox at ChildCareGrants@azdes.gov with any questions about the application, payment process, and monthly reporting. Please include your name and DES Provider ID in your email.

For more information on how to best support your employees with this funding and manage your child care business, providers are encouraged to reach out to the Early Childhood Business Solutions team at Southwest Human Development by email at ECBS@swhd.org or by phone (602) 265-4768, M-F, 8am-4:30pm.

Updated resources and information:

<https://des.az.gov/services/child-and-family/child-care/grants-scholarships-program>

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