

# **Building Child Care for a Better Future Act**

## Section By Section

### **Section 1. Short Title.**

This Act may be cited as the “Building Child Care for a Better Future Act.”

### **Section 2. Increased funding for the Child Care Entitlement to States (CCES).**

This section would increase annual funding for the Child Care Entitlement to States (CCES) to \$10 billion (an increase of \$6.45 billion) per fiscal year starting in Fiscal Year 2022. It also indexes CCES funding to inflation based on increases in the consumer price index for urban consumers in future years.

This section would reserve 5% of CCES funding for Indian tribes and tribal organizations and would require the Secretary of the Department of Health and Human Services (HHS Secretary) to develop an appropriate procedure to redistribute unused funds to the remaining Indian tribes and tribal organizations determined to be able to use additional amounts to provide child care assistance.

This section would reserve 4% of CCES funding for territories, including the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

This section would authorize the Department of Health and Human Services (HHS) to reserve up to ½ of 1 percent of funds to provide technical assistance and dissemination activities for the CCES. It would also reserve ½ of 1 percent of funds for HHS to conduct research and demonstration activities.

This section would remove a reference in current law for HHS to match state CCES spending at the Federal Medical Assistance Percentages (FMAP) rate in effect on September 30, 1995; therefore, it would allow current FMAP rates to be utilized.

This section would make a technical fix to address a reference in current law to Section 403(a)(1)(D) of the Social Security Act that was repealed by the Welfare Reform Extension Act of 2003.

### **Section 3. Grants to improve child care supply, quality, and access in areas of particular need.**

This section would create a new, permanent grant program within the CCES to improve child care supply, quality, and access in areas of particular child care need. It would appropriate \$5

billion per fiscal year for this purpose. This funding would not be subject to a matching requirement, and would not supplant general revenue funds for child care assistance for low-income families.

This section would reserve 5% of grant funds for Indian tribes and tribal organizations. This section would reserve 4% of grant funds for territories. The HHS Secretary would allocate funding to Indian tribes and tribal organizations, as well as territories, in proportion to their respective needs.

This section would authorize the Department of Health and Human Services (HHS) to reserve up to ½ of 1 percent of funds to provide technical assistance and dissemination activities related to improving child care supply, quality and access. It would also reserve ½ of 1 percent of funds for HHS to carry out an evaluation in relation to the grants and authorize HHS to reserve up to 3% of grant funds for administrative expenses associated with the grant program..

Funding to states and the District of Columbia would be allocated in amounts that bear the same proportion to the sum of the amount granted to a jurisdiction under paragraph (A)(1) (based on amounts jurisdictions received under Aid to Families with Dependent Children-related child care programs) and the amount allotted and paid under paragraph (A)(2) (based on child population in each jurisdiction), without regard to unused funds that are redistributed under paragraph (A)(2) for the fiscal year.

In order to receive funds, the lead agency of a state, territory, Indian tribe, or tribal organization would submit to the HHS Secretary, as part of the initial submission of the Child Care and Development Block Grant Act of 1990 (CCDBG) plan for the period that includes the fiscal year, or as an amendment to that plan, a description of the planned use of grant funds that would:

- describe the demographic and economic data that the lead agency would use to determine areas in particular need of child care, as well as how community members were engaged to identify community-specific needs;
- identify which specific areas are in particular need, their geographic location and size, and the ages of children requiring child care in these areas;
- outline how the lead agency would use grant funds to increase child care supply, quality, and access for all families, including families who are eligible for subsidies under CCDBG, in the areas determined to be in particular need of child care; and
- provide assurance that states and territories would collaborate with any federally recognized Indian tribe or tribal organization within their area.

When approving a lead agency's planned use of funds, the HHS Secretary would be required to accept any reasonable criteria for defining areas in particular need of child care that are based on internal analyses by a lead agency or analyses by organizations with experience in evaluating

research on various approaches to identifying areas where there is a low supply of child care that is affordable and that is in particular need of child care.

Funds would be used for activities permitted under Section 658G(b) of the CCDBG Act to improve the quality of child care services and increase parental options for, and access to, high-quality child care, especially in areas of concentrated poverty. Activities would be in alignment with the most recent statewide or tribal assessment of needs to carry out services and care.

Activities could be used to:

- increase child care slots in child care facilities and family child care homes;
- establish or expand the operation of community or neighborhood-based family child care networks by providing grants and contracts for training and other activities that increase the supply and quality of family child care;
- provide start-up funding, technical assistance, support for improving business practices, and support navigating real estate financing and development processes, including leveraging additional facilities financing resources;
- provide guidance to child care providers on negotiating with landlords or applying for land or home ownership;
- provide technical assistance to child care providers throughout the child care licensing process;
- recruit child care providers and staff;
- support training and professional development for the child care workforce, including through apprenticeships, partnerships with labor unions or labor-management partnerships, and partnerships with public and nonprofit institutions of higher education to provide comprehensive scholarships that support equitable access to, and completion of, credentials and degrees in early childhood education;
- maintain an effective and diverse early care workforce by increasing total compensation, providing wage supplements or bonuses, or offering wage and retention rewards;
- provide funding for construction and renovation of child care facilities and family child care homes, including the purchase or improvement of land; a major renovation; repurposing facilities; and the purchase, acquisition, construction, or permanent improvement of any building or facility, including major renovation and minor remodeling, indoor or outdoor modifications (including to support accessibility for children with disabilities), predevelopment or soft costs, and for upgrading child care facilities to meet state and local health, safety, and quality requirements; and
- contract with an intermediary with experience securing private sources of capital financing for child care facilities or other low-income community development projects to provide financial or managerial assistance, technical support through the real estate process, including successful execution of Federal interest documentation, or furnishing an evaluation of sustainability or operational capacity for providers.

This section would require the HHS Secretary to develop parameters on using funds for construction or renovation of child care facilities and family child care homes and contracting with intermediaries for technical support.

If a lead agency chooses to use funds provided to make grants, it would need to prioritize funding child care services that:

- are provided during nontraditional hours;
- serve dual language learners, children with disabilities, children experiencing homelessness, children in foster care, children from low-income families, or infants and toddlers;
- serve a high proportion of children whose families are eligible for CCDBG subsidies;
- operate in rural communities with a low supply of child care; and
- are operated by public entities, non-profit entities, and small businesses that are at least 51% owned and controlled by individuals who are socially and economically disadvantaged, as defined by the Small Business Administration.

This section would allow lead agencies to use grant funds for activities or assistance for Head Start or Early Head Start programs.

This section would also require that funds be provided to lead agencies on a quarterly basis. To receive funding, states would be required to certify that funds will supplement, not supplant, general revenue expenditures from state, local, and other non-Federal sources, as well as satisfy minimum general revenue expenditures for child care assistance for low-income families based on annual guidance issued by the HHS Secretary specifying the data and reporting required for purposes of enforcement.

The availability for expenditure and redistribution of unused funds would be the same as normal CCES funds with the exception of funds used for construction or renovation of child care facilities and family child care homes and contracting with intermediaries for technical support. For such uses, funds would remain available for expenditure for a period of 5 years. This section would also place limits on the retention of any Federal interest in such projects: Retention would be prohibited for privately-owned family child care homes and limited to 10 years for all other projects.

Grant funds would be exempted from the overall cap on funding to U.S. territories in Section 1108 of the Social Security Act.

This section would require lead agencies to include reporting on how these grant funds were used in already required CCDBG reports. It also would require reports to be made publicly available and would require the HHS Secretary to incorporate information into the biennial reports to Congress as required by CCDBG. Within 6 months of receiving the first grant

payment, lead agencies would be required to submit a report to HHS summarizing the supply of child care in areas determined to be in particular need, including comparisons to the number of CCDBG-eligible child care slots reserved by grants or contracts in such areas, the number of providers regulated under state law, and the number of providers who are not covered by or are exempt, but are eligible child care providers providing CCDBG services. Lead agencies would also be required to provide data as specified by the HHS Secretary on the supply, quality, and accessibility of child care in areas of particular need. By December 31 of the third fiscal year in which a grant ends, lead agencies would be required to submit a report to HHS detailing the impact of grant expenditures on the supply of child care in areas of particular need; the extent to which areas in which funds were used experienced improved supply, access, and quality; the grant-funded activities conducted in those areas; demographic data on the child care providers receiving funds and on the children and families served; and whether grant funds were used for financial or technical assistance for construction or infrastructure projects and the status of such projects.

This section would require the HHS Secretary to regularly evaluate the impact of this grant program on the supply and quality of child care in areas of particular need. The agencies sampled for evaluation would be geographically diverse and inclusive of states, territories, Indian tribes, and tribal organizations. In evaluating the extent to which there are improvements in the supply of child care the HHS Secretary would be required to focus on the following areas:

- general availability of child care services;
- availability of child care services that:
  - are provided during non-traditional hours;
  - serve dual language learners, children with disabilities, children experiencing homelessness, children in foster care, children from low-income families, or infants and toddlers;
  - serve a high proportion of children whose families are eligible for subsidies under CCDBG; and
  - operate in rural communities with a low supply of child care.
- opportunity for parental choice in child care services.

In evaluating the extent to which there are improvements in the quality of child care the HHS Secretary would be required to focus on at least five of the following areas:

- ratios of staff to children and group size;
- developmentally-appropriate curriculum;
- approaches to instruction;
- relationship quality between children and staff;
- children's learning and development;

- physical environment quality and ability to protect children and staff from illness and injury;
- qualifications, experience, and specialized training of staff;
- opportunities for staff professional development;
- wages and benefits for staff;
- ability to foster relationships with families and communities;
- leadership and management capacity;
- creating a stable work environment for staff retention; and
- pursuit of earning national accreditation.

The HHS Secretary would be required to submit reports to the appropriate committees of Congress within 180 days of the completion of each evaluation and at least once every five years. The HHS Secretary would be required to make these reports, along with the underlying data and evaluations, publicly available.