

Revised Child Care and Preschool Reconciliation Proposal

The child care crisis is worsening each day, at significant cost to families, providers, businesses, and the nation's economy. Families are unable to find the affordable care they need to go to work, and child care programs cannot attract and retain staff due to poverty level wages. While the American Rescue Plan provided a critical lifeline for the sector to prevent its total collapse, funding will soon run out, leaving families, workers, and providers in the lurch. Families already face impossibly high child care bills, and this could lead to increased waiting lists and even higher costs for families, provider closures, and continued staff turnover due to inadequate wages. Without action, the nation will hit a cliff that will forever impact the child care system, keep parents out of the workforce, and hinder economic growth. **It is necessary to secure robust and sustained funding for child care and preschool through reconciliation.**

The child care and preschool proposal has been revised in light of the developments of the last several months. This streamlined and revamped proposal will invest significant resources in the existing child care system to create stability for States and providers, expand the supply of quality child care facilities, and drastically lower child care costs for families across the country. First, it uses the existing Child Care and Development Block Grant (CCDBG) program to provide robust funding to families and providers in every state. Second, it funds critical infrastructure needs, wage supports, and quality improvement activities to all states to address child care "deserts" and improve the supply of high quality child care. Third, it enables states to participate in a matching program to expand child care assistance to middle-income families. And, finally, it provides funding to complement states' efforts in expanding access to high-quality preschool for 3- and 4- year olds, and provides funding to raise wages for Head Start staff.

- **Tripled the existing Child Care and Development Block Grant (CCDBG) to increase funds to all states.** Tripling funding for the existing system enables states to efficiently provide child care subsidies to more low-income working families and raise child care subsidy payment rates to support provider stability and higher wages for staff. This would provide \$72 billion in new funding over 6 years.
- **Uses CCDBG to fund Supply and Compensation Grants to all states to expand child care supply, improve facilities, and raise compensation for early childhood educators.** Provides dedicated funding within CCDBG to provide grants to open new child care providers, support increased compensation for early childhood educators, and ensure child care facilities are safe and developmentally appropriate for children. Prioritizes grants for providers in underserved communities, such as rural communities. As part of the \$72 billion in new CCDBG funding, a portion would go to provide \$18 billion in dedicated funding over 6 years for supply and compensation.
- **Pilots a Child Care and Development Expansion program for 6 years.** Pilots a program to complement CCDBG, where participating states can offer child care assistance to families earning up to 250 percent of SMI and cap families' child care expenses at 7 percent of income on a sliding scale for children ages 0-5. Creates a

federal-state cost sharing mechanism, where the federal government covers 90 percent of the cost of high-quality child care services for eligible families. The size of the new program is dial-able and would be structured to fit within the final allocation.

- **Invests in High-Quality Preschool Grants.** Provides grants to states to establish and expand high quality preschool programs for 3- and 4- year olds. This would provide \$18 billion in new funding over 6 years.
- **Invests in raising wages for Head Start teachers.** Provides dedicated funding to raise wages for Head Start teachers and staff. This would provide \$12 billion in new funding over 6 years.