



Responses to tough questions about the Build Back Better (BBB) Act

Updated: 1/10/22

How will families be able to participate in the child care program funded by the Build Back Better Act?

- Families earning up to 250% of state median income will ultimately become eligible to receive subsidized care. This is significantly greater than the current eligibility limits for CCDBG.ⁱ
- In addition to family income, eligible children must:
 - be less than 6 years of age, and
 - have not yet entered kindergarten.ⁱⁱ
- Eligibility will phase in between federal fiscal year 2022 and 2025. Presuming an approved state application to the federal government, eligibility will expand as follows:
 - FY22: Children whose family income does not exceed 100% of state median income.
 - FY23: Children whose family income does not exceed 125% of state median income.
 - FY24: Children whose family income does not exceed 150% of state median income.
 - FY25-FY27: Children whose family income does not exceed 250% of state median incomeⁱⁱⁱ
- States will have flexibility to expand benefits to families with incomes exceeding the thresholds specified above (subject to approval by the federal government and not to exceed 250% of SMI) during FY22, FY23, and FY24, in the event that they can document that they have appropriately prioritized services based on family income.^{iv}

How will child care providers be eligible to participate and receive funds under the Build Back Better Act?

- Both center- and family-based child care providers are eligible to participate if they are:
 - licensed to provide child care services under state law, and
 - participating in their states' tiered quality measurement systems no later than four years after their states receives funding.^v
- Separate provisions are made for tribal child care programs. Eligible programs must meet state and local requirements applicable to CCDBG.^{vi}

How will faith-based providers be included in the Build Back Better Act?

- Faith-based child care is a vitally important part of a mixed-delivery child care system. In 2020, approximately 16% of working-parent households enrolled their children in center-based care affiliated with a faith organization.^{vii}
- Under the BBB Act, child care certificates/vouchers used by parents would count as indirect federal financial assistance. This is in keeping with the current approach to subsidies. Parents will have the option to choose faith-based programs for their children to attend.^{viii}
- Programs funded by the government indirectly—or through certificates or vouchers—may include religious content.^{ix}

- The bill does, however, restrict the use of grant funds to construct, permanently improve, or conduct major renovations on buildings or facilities used primarily for sectarian instruction or religious worship.^x
- Even now, many faith-based programs in the child care sector have successfully engaged in quality and licensing systems implemented by the state and external organizations in ways that are fully compatible with their faith.
- Many religious institutions celebrate these stipulations as allowing them to still participate in federal programs without infringing upon the separation of church and state.^{xi}

How will states know how much they will have to contribute to the child care and pre-k programs?

- For both programs, the BBB Act offers important incentives. States won't have any match at all for the first three years of the expanded child care program and they'll get federal funding for 90 percent of direct assistance (to cover the full cost of high quality child care) after the first three years.^{xii}
- For pre-k, states will continue to receive federal funds in the fourth year by putting up a modest 10 percent match that increases to 25 percent and then 40 percent.
- This federal state partnership is similar to how many programs run currently. For example, all 50 states participate in the Child Care and Development Block grant (CCDBG), which requires state match and administrative support. In addition, 45 states have state-funded prekindergarten already.^{xiii}
- States will have to put up some state resources, but they will get back meaningful federal investment in their economies.^{xiv}
- Because state contributions will be based on a new approach to provider payments – using cost estimation not market rate surveys – states will need to begin working on cost estimation models to know the true cost for their individual state. The BBB Act requires that within three years of receiving funds, states set and pay rates for child care assistance that will be sufficient to meet the cost of child care. The rates are based on the approved cost estimation model which is based on individual state's tiered system for measuring quality and includes variations in the cost of child care services by geographic area, type of provider, age of the child, and the additional costs associated with providing inclusive child care services. States must update the cost estimation model at least every 3 years.^{xv}

How will provider licensing work under the Build Back Better Act?

- The BBB Act requires states to develop within 2.5 years of receiving funds, licensing standards for child care providers. They must also develop a pathway to licensure that is available to and appropriate for providers in a variety of settings. This will allow CCDBG-eligible providers a pathway to become eligible providers for the entitlement program while assuring an adequate supply of child care.^{xvi}
- Current CCDBG-eligible providers would be deemed eligible for 3.5 years after their state receives BBB Act funding. States are responsible for ensuring sufficient time and support for these CCDBG-eligible providers to comply with the new and appropriate licensing standards.^{xvii}
- States' child care plans must demonstrate that it consulted or will consult with organizations representing child care directors, teachers, or other staff; early childhood education experts; and families; to develop their licensing standards.^{xviii}

Will the cost of child care go up as a result of the Build Back Better Act?

- The BBB Act would significantly lower the cost of child care for working families. For example, a family making \$130,000 annually could save \$13,000 a year on child care.^{xix}
- A federal-state partnership will invest a sizable amount in child care programs, covering the costs for many more families than have access now, using grants, contracts, and reimbursements that cover the cost of high-quality child care.^{xx}
- With more families supported, and more support per family, programs will be able to increase compensation for educators without the burden falling on parents.^{xxi}
- The BBB Act prioritizes increasing compensation by requiring living wages for all child care staff and pay parity with elementary schools for teachers with similar credentials and experience. But it doesn't put the cost burden for increasing compensation on programs or families. Instead, the public share of funding will increase.
- The BBB Act will usher in a new way of paying for the work of child care in this country. For most families, their costs will be capped. The state will make up the difference, paying the child care provider based on actual operating costs not a percentage of the "market rate," which is the norm now.^{xxii}
- States have three years to implement new payment practices and can utilize grants to support additional investment as needed.

ⁱ https://www.clasp.org/sites/default/files/publications/2021/11/2021_cappingcopaysstate_updated_0.pdf

ⁱⁱ <https://hunt-institute.org/wp-content/uploads/2021/12/Hunt-Institute-Build-Back-Better-Guide-for-Policymakers-12.12.21.pdf>

ⁱⁱⁱ <https://hunt-institute.org/wp-content/uploads/2021/12/Hunt-Institute-Build-Back-Better-Guide-for-Policymakers-12.12.21.pdf>

^{iv} <https://hunt-institute.org/wp-content/uploads/2021/12/Hunt-Institute-Build-Back-Better-Guide-for-Policymakers-12.12.21.pdf>

^v <https://hunt-institute.org/wp-content/uploads/2021/12/Hunt-Institute-Build-Back-Better-Guide-for-Policymakers-12.12.21.pdf>

^{vi} <https://hunt-institute.org/wp-content/uploads/2021/12/Hunt-Institute-Build-Back-Better-Guide-for-Policymakers-12.12.21.pdf>

^{vii} <https://www.americanprogress.org/article/the-build-back-better-act-will-allow-parents-to-choose-faith-based-child-care-and-pre-k/>

^{viii} <https://www.americanprogress.org/article/the-build-back-better-act-will-allow-parents-to-choose-faith-based-child-care-and-pre-k/>

^{ix} Zelman v. Simmons-Harris, 536 U.S. 639, 662 (2002).

^x <https://hunt-institute.org/wp-content/uploads/2021/12/Hunt-Institute-Build-Back-Better-Guide-for-Policymakers-12.12.21.pdf>

^{xi} <https://www.americanprogress.org/article/the-build-back-better-act-will-allow-parents-to-choose-faith-based-child-care-and-pre-k/>

^{xii} <https://clasp-dc.medium.com/states-have-a-major-stake-in-expanding-child-care-and-pre-k-d6fa6e0c2ae7>

^{xiii} <https://clasp-dc.medium.com/states-have-a-major-stake-in-expanding-child-care-and-pre-k-d6fa6e0c2ae7>

^{xiv} <https://clasp-dc.medium.com/states-have-a-major-stake-in-expanding-child-care-and-pre-k-d6fa6e0c2ae7>

^{xv} <https://www.ffyf.org/child-care-and-pre-k-in-the-build-back-better-act-a-look-at-the-legislative-text/>

^{xvi} <https://www.ffyf.org/child-care-and-pre-k-in-the-build-back-better-act-a-look-at-the-legislative-text/>

^{xvii} <https://www.ffyf.org/child-care-and-pre-k-in-the-build-back-better-act-a-look-at-the-legislative-text/>

^{xviii} <https://www.ffyf.org/child-care-and-pre-k-in-the-build-back-better-act-a-look-at-the-legislative-text/>

^{xix} <https://www.americanprogress.org/article/build-back-better-act-greatly-lower-families-child-care-costs/>

^{xx} https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/policy_buildbackbetter_final.pdf

^{xxi} https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/policy_buildbackbetter_final.pdf

^{xxii} https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/policy_buildbackbetter_final.pdf