



The Build Back Better Act's Child Care and Universal Prekindergarten Provisions

December 2021



THE BUILD BACK BETTER ACT

- › **\$1.75 trillion**
 - 4 weeks of Paid Family Leave
 - 1 year extension of the \$3,600 ARPA child tax credit
 - Universal pre-kindergarten for 3- and 4-year-old children
 - Significant expansion of child care subsidy funding
- › Social Infrastructure vs. Physical Infrastructure
- › Passed the House on November 19, 2021. Expected debate in the Senate before winter holidays.



CHILD CARE

- › Significant expansion of child care subsidy to families up to 250% of state median income (SMI).
- › Creates a copayment system similar to that used in health insurance.
- › Copayments on a sliding fee scale, based on income level.
- › Eligibility phased in over a 4-year timeline, beginning in FFY2022 with families making 100% or less of SMI.



Eligibility Phase In for Expanded Subsidy

ELIGIBILITY YEAR	STATE MEDIAN INCOME	COPAYMENT
FY2022	Under 75% SMI	No copay
FY2022	75% - 100% SMI	Copay between \$1 and 2% of annual family income
FY2023	100% - 125% SMI	Copay between 2% and 4% of annual family income
FY2024	125% - 150% SMI	Copay between 4% and 7% of annual family income
FY2025	150% - 250% SMI	Copay of 7% of annual family income



New York Example

Average cost of infant care:
\$15,394 or \$1,283 per month

Average cost of 4-year-old care:
\$12,358 or \$1,030 per month

For a family of 4:

INCOME	COPAYMENT
\$83,291	No copay (75% SMI)
\$111,054	Monthly copay of \$1 - \$185 (100% SMI)
\$138,818	Monthly copay of \$231 - \$463 (125% SMI)
\$166,581	Monthly copay of \$555 - \$972 (150% SMI)
\$277,635	Monthly copay of \$1,620 (250% SMI)

*Note that copayment would cover all children under 6 in household



Implemented by states in two phases:

3-Year transitional application

Fully funded via CCDBG formula

3-Year “full state plan”

90% federal/10% state split on subsidy costs

- Projected NY Funding: **FFY22 \$1.11B | FFY23 \$1.56B | FFY24 \$1.95B | Total \$4.6B**
- FFY25 and beyond: Entitlement funding with **10% non-federal match**.
- Governor will designate a **lead agency**.
- As part of full plan (FFY2025) states will be required to implement a **tiered quality measurement system** and have a plan to make care available to all children at the highest level.
- **Cost modeling** to include **living wages** for all child care staff and pay parity with elementary schools for teachers with similar credentials and experience.
- Grant funding to **improve quality and increase supply** during transition phase.



UNIVERSAL PRE-KINDERGARTEN FOR 3- AND 4-YEAR-OLD CHILDREN



Partnership between federal and state governments.



Expand access to – rather than replace – existing state pre-kindergarten programs (as applicable).

MIXED-DELIVERY MODEL

- Incorporating public schools, private providers, family child care, and Head Start.
- States must develop plans to ensure equitable distribution and attest that the pre-K plan will not endanger access to infant-toddler care.

ELIGIBILITY

- 3- and 4-year-old children will be eligible, independent of income. Must have turned **3 or 4 by cutoff date** established by states for kindergarten entry.



UNIVERSAL PRE-KINDERGARTEN FOR 3- AND 4-YEAR-OLD CHILDREN

FUNDING



Formula funding based on population of children under 6.



States will split **\$4 billion**, **\$6 billion**, and **\$8 billion** annually over the **3-year transition period** and give priority to high-risk communities and students.



Effective FFY2025, this will become an entitlement to states with funding as needed to cover all eligible children.



No state match during first 3 years. Afterward ramps up gradually to a **60% federal – 40% state** split.



ADDITIONAL DETAILS:

- › **1,020 hours** per year minimum.
- › States will attest that they have developed **rigorous, developmentally appropriate program standards.**
- › Governor will designate a **lead agency.**
- › By the end of 6 years, **teachers will be required to hold a bachelor’s degree in early childhood,** with provisions to “grandfather” in teachers who have taught pre-K for 3 of 5 years prior to enactment.
- › **Pay parity** with elementary school teachers.
- › Additional funds for programs providing **comprehensive services.**



CAN STATES OPT OUT?

Yes and no. In the event a state elects not to apply for these opportunities, provisions in the Act exist that would allow localities to apply directly and for the expansion of Head Start and Early Head Start grants.

That said, as currently configured, it is unlikely the funds held in reserve for this purpose would be sufficient to fully cover the need if a large number of states elected not to participate.

Funds unobligated by a state may be recouped for use by other states.