

Executive Summary: Understanding the Child Care and Pre-K Provisions in the Build Back Better Act

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The Build Back Better Act (BBB) will provide significant transformative funding to support the fragile child care and pre-kindergarten (pre-K) sectors and more equitably serve America’s children, families, and child care workers. The BBB Act will provide significant, critical investments to make high-quality child care available and affordable for eligible families and secure free universal pre-K (or preschool) for all three- and four-year-old children. In addition, the measure will improve pay, job quality, and increase professional development and career advancement opportunities for early educators to promote a sustainable future for the child care and early education sector.

In **Understanding the Child Care and Pre-K Provisions in the Build Back Better Act**, the Center for Law and Social Policy (CLASP) outlines these provisions in detail (BBB Act Section 23001, Birth Through Five Child Care and Early Learning Entitlement; and Section 23002, Universal Preschool). Using a question-and-answer format, the brief reviews specific funding levels and mechanisms; how states, tribes, territories, providers, and families can access these transformative investments; and other important provisions.

Historic federal investments will help states strengthen and expand child care and pre-K programs.

Beginning in FY 2022, and over much of the next decade, \$390 billion in funding will be provided to states, tribes, territories, and other entities from the U.S. Department of Health and Human Services (HHS). These investments will be used to improve access, build the supply, and increase the quality of child care and early education programs. This includes funding to provide affordable child care for most children from birth to age five and provide access to free universal preschool for all three- and four-year-old children.

1. **Child Care.** In the first three years, FY 2022-FY 2024, \$100 billion will be available for child care for states, tribes, and U.S. territories, without any state contributions. Beginning in FY 2025, the federal funding shifts to an entitlement structure where funds are made available, depending on the population of eligible children and families, with required federal-state cost sharing or a state match. In addition, beginning in FY 2023, \$3.8 billion each year will be available to local entities—including Early Head Start agencies and localities—in states that are not participating in the program.
2. **Universal Preschool.** In the first three years, FY 2022-FY 2024, \$18 billion will be available for universal preschool for states, tribes, U.S. territories, and families engaging in migrant and seasonal agricultural labor—without any match requirements. Beginning in FY 2025, the funding structure will shift, and funds will be allotted to states based on the number of children receiving services—with a required state match that increases for states each year. In addition, \$3.8 billion in universal preschool grants will be made available beginning in FY 2023 to local

entities—including Head Start agencies and local governments—in states that have not applied for and received federal funding to implement the program.

Child care and pre-K will become more affordable for more families under the BBB Act.

The BBB Act will ensure that eligible families will not pay more than 7 percent of their annual income toward child care, regardless of how many children they have. Based on a sliding scale copayment structure, families making less than 75 percent of state median income (SMI) will pay no monthly copayment, and families with incomes up to 250 percent SMI will pay no more than 7 percent of their annual income toward child care costs, with many paying much less.

A family who has children from birth through age five and resides in a state that receives funding will be eligible based on the parent's or parents' income; their employment or education status; or if they are receiving certain health services. A family will also be eligible if their child is in a group that has been identified as underserved, including those experiencing homelessness; infants and toddlers; dual language learners; children with disabilities; or children receiving care during nontraditional hours.

For pre-K, a family with children who are three or four years old and who lives in a state that receives funding, is eligible.

This legislation will improve the availability and quality of child care and pre-K programs.

The BBB Act will expand the number of available child care and preschool slots through investments in supply building and in the quality of available programs, providers, early educators, and facilities. States are required to prioritize expanding slots for underserved children and providers serving large populations of children and families identified as underserved.

Supports and resources provided through the BBB Act will be available to eligible child care and preschool providers—operating within states receiving funding—to improve the quality of programs through:

- Technical assistance, materials, equipment, and facilities improvements.
- Awards for providers of preschool program that serve high populations of children with low incomes to offer comprehensive services including health and developmental screenings.
- Supply-extension grants to help child care providers acquire licensure; to meet health and safety standards; and to progress toward or sustain higher quality standards within a state's system of quality measures.
- Increased (living) wages and professional development and training, to include supporting early educators and staff in child care and preschool settings in attaining degrees and credentialing.

Eligible child care providers are those who are licensed by the state to provide child care services; who participate in the state's tiered system of measuring quality; **and** who satisfy the local requirements for providers under the Child Care and Development Block Grant. Eligible preschool providers include local education agencies (LEAs); Head Start agencies; licensed center-based child care, family child care, community, or neighborhood-based networks of licensed family child care providers; or a consortium of these providers and agencies.

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