



## Build Back Better Summary of Child Care and Pre-K Titles

The most significant expansion of early childhood education our nation has ever seen is directly influenced by the 56-year history of Head Start and its focus on quality, opportunity, and equity.

On October 28, 2021, the Build Back Better Act (H.R. 5376) was introduced in the House of Representatives. The bill provides \$400 billion for universal pre-K for three- and four-year olds as well as a major expansion of child care subsidies and quality enhancement. Pre-K would be offered at no cost, while child care for children ages 0 to 5 would cost nothing for families earning less than 75% of State Median Income and no more than 7% of income for 90% of families. ***Please note this bill has not passed Congress yet, so all of what is detailed below is subject to change.***

## Five Key Take-Aways

While many details need to be ironed out through regulation and state-level advocacy, the key take-aways of the bill are outlined below. Please keep in mind: this is not the last word. Even when the bill is signed into law, we will be looking to NHSA members to weigh in on additional, clarifying guidance by HHS and effective mixed-delivery implementation at the state level.

1. **Preserves direct federal-to-local funding for Head Start, administered through the Office of Head Start.** And the bill includes a “full utilization” requirement in which states must ensure Head Start slots are filled before expanding pre-K.
2. **Provides workforce compensation increases totaling \$15 billion over six years for existing Head Start and Early Head Start staff.** This is dedicated funding separate from other compensation. When coupled with pay equity provisions in the universal pre-K and child care titles, the goal is to elevate the early childhood workforce by adjusting wages to reflect the training and expertise of those who work in the field. Pay provisions apply to all staff (and all federally funded Head Start and Early Head Start grantees) not just teachers.
3. **Envisions a robust mixed delivery system in which all community-based providers that meet child care or universal pre-K program criteria are welcome to participate.** This presents new opportunities for locally-driven collaboration and the potential for growth of Head Start and Early Head Start through a new wave of more mixed-income and diverse Head Start classrooms.

4. **Builds upon a foundation of equity.** The bill requires initial expansion in high-needs communities first. It authorizes enhanced payments to serve children from at-risk backgrounds in order to provide comprehensive services as defined in the Head Start Act, including “health, educational, nutritional, social, and other services,” based on family needs assessments.
5. **Directly funds Head Start if a state declines to participate in either title.** In states that decline to participate in the universal pre-K program, localities (which include Head Start programs) can apply directly to HHS for funding and an additional \$1.9 billion per year is available for Head Start to fill coverage gaps. For child care, expansion of Head Start and Early Head Start is funded at \$2.85 billion per year to fill gaps in coverage as identified by HHS.

## Birth Through Five Child Care and Early Learning Entitlement

The Build Back Better Act makes a historic investment to lower the cost of child care for working families, expand the availability of high-quality child care, and raise wages for child care workers.

### Access

**Eligible children:** Children under age six who are not yet in kindergarten, with family income limits beginning at 100% of State Median Income (SMI) in FY 2022 and scaling up to 250% SMI beginning in FY 2025. An eligible child must also meet one of the following criteria:

- is residing with a parent participating in an eligible activity (e.g. working or attending school);
- is in a population of vulnerable children which, at a minimum, includes those experiencing homelessness, in foster care or kinship care, those with disabilities, or those receiving or needing to receive child protective services; or
- is residing with a parent who is more than 65 years old.

**Eligible child care providers:** A center-based provider, family child care provider, or other provider that is licensed by the state, participates in the Quality Rating and Improvement System, and meets requirements in the Child Care and Development Block Grant Act, such as background checks.

**Focus on underserved populations:** State child care programs must include policies to support access for underserved populations including, at a minimum, low-income children, children in underserved areas, infants and toddlers, children with disabilities, dual language learners, children experiencing homelessness, those in foster care or kinship care, and those receiving care during nontraditional hours.

**Costs to families:** There are no copayments for those below 75% of State Median Income. For those in higher income brackets, families up to 250% SMI would pay no more than 7% of their income on child care. Providers are precluded from charging families more than the copayment.

## Workforce

All state programs must include payment rates to providers that are sufficient to meet the cost of child care as estimated using a statistically valid model.

Providers must, at a minimum, provide a living wage for all staff with wages equivalent to those for elementary educators with similar credentials.

## Funding

Funding is administered through HHS, which will award grants to states. There is a three year transition period for states to establish this program. During that time, funding to states totals \$24 billion in FY22, \$34 billion in FY23, and \$42 billion in FY24.

Beginning in FY 2025, states shall be reimbursed for 90% of expenditures for child care subsidies, and at the Federal Medical Assistance Percentage (FMAP) rate for activities to improve the quality and supply of child care.

As part of their quality child care expenditures, states must provide support, including through awarding facilities grants, for remodeling, renovation, or repair of a building or facility.

**In cases where a state does not intend to apply for funds,** eligible local governments may apply instead. They are funded at a total of \$950 million per year for FY 2023-27. Priority will be given to localities with underserved populations. Also in such states, Head Start expansion is funded at \$2.85 billion per year to provide services in areas with coverage gaps.

## Quality

States must utilize a tiered system for measuring child care quality and whose highest tier includes a set of standards at least equivalent to Head Start's Early Learning Outcomes Framework.

Within three years, states must have policies and financing practices that will ensure all families can choose for their children to attend child care at the highest quality tier within six years after enactment of the legislation.

# Universal Pre-K for Three- and Four-Year Olds

The bill creates an entitlement to pre-K for all three- and four-year olds, setting up a framework for a system run by states in close partnership with Head Start programs. It includes a provision that Head Start slots must be filled before those in any newly expanded program.

## Funding

- Creates universal pre-K for three- and four-year olds through a federal-state partnership.
- States are reimbursed at 100% of expenses during the transition period, up to \$4 billion for fiscal year (FY) 2022, \$6 billion for FY 2023, and \$8 billion for FY 2024, before gradually dropping to 60% in FY 2027. Administrative costs are reimbursed at 50%. Fully 100% of current state pre-k spending will count towards the state match.
- A total of \$2.5 billion is set aside for tribes, \$1 billion for territories, and \$300 million for migrant and seasonal workers and their families, for FY 2022-27.
- If states decline to participate, HHS will directly award \$1.9 billion per year in funds to localities, which include Head Start agencies, local education agencies, and local governments. An additional \$1.9 billion per year is available for direct expansion of Head Start in communities that are not well-covered, as determined by HHS.
- On the program level, programs that serve high need communities will be granted enhanced payments to provide comprehensive services, as defined by the Head Start Act.

## Mixed Delivery

- Sets up a framework for a state universal pre-K system that partners closely with Head Start, including a provision that Head Start slots must be filled before any universal Pre-K expansion takes place.
- States must distribute pre-K seats equitably among community-based providers, including child care, Head Start, and schools within the state. They must consult with State Advisory Councils in the development of the state plan, and ensure that the state program does not disrupt the stability of infant and toddler care.
- Eligible providers include any local education agency, a Head Start agency, a licensed center-based child care provider or community-based provider, or a consortium of the above.

## Target Populations

- Services would be prioritized to children who are from low-income backgrounds or highest in need (e.g. disability, foster care, or experiencing homelessness or housing instability).
- States must prioritize high-needs communities as identified using a research-based methodology.

- State activities include “providing age-appropriate transportation services for children, which at a minimum shall include transportation services for children experiencing homelessness and children in foster care.”

## Workforce

- \$2.5 billion per year for FY 2022-2027 is allocated to OHS to improve compensation of Head Start staff (\$15 billion total). This funding is not contingent on the annual appropriations process.
- Requires pay equivalent to elementary school teachers for pre-K staff and a living wage for other staff.
- Lead teachers must have a bachelor’s degree by no later than six years after enactment of the legislation *unless* that teacher has been employed by an eligible child care or early education program for three of the past five years *and* has the necessary content, knowledge, and skills as determined by the state.

## Equity and Quality

- At a minimum, states must meet or exceed standards as outlined in the Head Start [Early Learning Outcomes Framework](#) including language and literacy, cognitive, social-emotional, and developmental standards.
- States can create a “comprehensive services” option in line with the Head Start Program Performance Standards to provide health, family support, and other intensive services based on family needs assessments.
- States must conduct outreach to and provide expedited enrollment to homeless, foster care, kinship care, migrant and seasonal, disabled and DLL children.
- States must offer programming that meets duration requirements of at least 1,020 hours annually.
- States must align their existing pre-K programs to meet the standards set forth in this bill.

## Maintenance of Effort

- If a state reduces its spending on the state pre-K program or through state supplemental assistance funds for Head Start, its funding under this title will be reduced by an equivalent amount.