



May 14, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi, Minority Leader McCarthy,

Child care is a cornerstone of our economy and a prerequisite for parents to participate in the workforce or search for a job. As Congress deliberates how to address the economic and societal impacts of the COVID-19 crisis, it must provide significant financial support for the child care industry. While considering how to best promote the resilience of communities, businesses, and families, child care must be prioritized as an essential industry that will help our states reopen, keep our economy going, and get people back to work.

The Bipartisan Policy Center is [carefully monitoring](#) how states are spending the \$3.5 billion provided under the Child Care and Development Block Grant included in the CARES Act. Although a necessary down payment, these funds are insufficient in meeting the needs of child care providers and working families amidst our changing economy. Without an additional infusion of funding into CCDBG, our economy faces a subdued ability to rebound as many child care businesses will permanently close.

In fact, a [recent survey conducted by Morning Consult and the Bipartisan Policy Center](#) found 60% of child care programs have closed for the foreseeable future, and a separate survey found many [might not survive](#) long-term closures. Over a third of the child care workforce [lost their job](#) between March to April. If Congress does not support the long-term viability of child care businesses, a direct and indisputable consequence will be a subdued ability for the economy to rebound. As America gets back to work, access to child care is critical.

In the next recovery package, Congress should consider the following dedicated supports that will help child care providers remain in business, ensure parents can rely on child care in order to work, and help our economy rebound as quickly as possible. These supports should be added to the existing CCDBG program to promote quality of programs, health and safety of children, and effective and efficient governance and oversight of federal investments. Specific funding levels associated with the needs described below are attached to this letter.

1. **Reopening Recovery Grants.** As child care programs consider reopening, they will incur enhanced costs associated with doing so safely and in accordance with necessary health and safety guidance. Providers lack the budgets to make these adjustments to their facilities and practices, and need financial assistance in order to do so. Congress has a strong history of promoting the health and safety of our children and could continue to do so by establishing recovery grants for providers as they look to reopen for working families.
2. **Child Care Stabilization Fund.** Child care programs, as noted, operate on razor-thin margins in normal circumstances, but during this time of little to no revenue, programs are burning through reserves and many may permanently close. Congress has an interest in ensuring the child care market remains a viable resource to other areas of the economy in this emergency. A stabilization fund is needed for child care business to help balance their budgets for at least the next year, and certainly through the duration of the crisis.
3. **Emergency Contingency Funds for High Impact States.** Because of the varying impacts of the pandemic across states, different communities have a greater proportion of child care providers that are at risk of permanently closing, and parents who need child care assistance. Contingency funds should be provided to these more impacted areas, through CCDBG as a competitive and expedited process based on a community's need. This funding should not be structured as broad support, but instead should be given as supplemental assistance to help areas with extraordinary needs.
4. **Recognize Child Care is an Essential Workforce.** As Congress looks at supporting essential and frontline workers, it must recognize the contribution of child care staff who are putting themselves at greater risk to ensure that other working parents can stay at work, and return to their jobs once restrictions on movement are lifted. States have successfully supported child care assistance for frontline workers through CARES Act funding for CCDBG, but more is needed for the remainder of this pandemic. Additionally, the child care workforce should be referenced as an essential workforce throughout future legislation to promote recruitment and retention of these critical workers.

We appreciate the many needs facing the country and the choices Congress must make in addressing these priorities, but the survivability of the child care industry is foundational to restoring public and economic health. Both the funding already provided in the CARES Act and the current House HEROS Act proposal do not go far enough to ensure the viability of this essential market. As far as economic recovery goes, Congress would be hard-pressed to find a better investment than the child care market.

Sincerely,

Linda Smith
Director, Early Childhood Initiative

CC: Chairman Neal, Ranking Member Brady, Chairman Grassley, Ranking Member Wyden, Chairman Scott, Ranking Member Foxx Chairman Alexander, Ranking Member Murray

Concepts for Child Care Recovery and Stabilization Support

May 14, 2020

New Child Care Temporary Transition and Recovery Support title (or section) of the Child Care and Development Block Grant

Many child care programs around the country have closed due to COVID-19. Over 33 million Americans are currently unemployed and the unemployment rate is at levels unparalleled since the Great Depression of the 1930s. Although governors are beginning re-opening state economies, it is likely that over the next year, there will be a need to provide transition assistance to support the supply of child care to meet the needs of essential personnel as well as parents with young children who are returning to work. Until a vaccine or treatment for COVID-19 is developed and broadly available, the economic model for child care is likely to require additional federal funding with flexibility for states to target stabilization support based on community need.

Recovery Grants For Restarting

- a. **Centers.** \$12,000 for start-up grants to re-open child care centers. These are one-time grants for costs related to health & safety for staff and the children in their care.ⁱ It is assumed that 60% of child care centers are currently closed.ⁱⁱ During the next 12 months, there may not be a need for all centers to re-open or for re-opening to happen at the same time due to: the high level of unemployment overall, the likelihood that parents returning to work may vary greatly based on the impact of COVID-19 and the job market within individual communities, and parent preferences could change related to group care settings until a vaccine or treatment is widely available. For example, nationwide polling shows that 78% of parents in urban areas, 75% of parents in suburban areas, and 68% of parents in rural areas are concerned that their child and family will be exposed to COVID-19.ⁱⁱⁱ For these reasons, the estimate assumes 50% of centers will re-open in the next year. Cost: \$271.1 million
- b. **Family Child Care Homes.** \$1,500 for start-up grants to family child care homes. These are one-time grants. It is assumed that 48% of family child care homes are currently closed.^{iv} There may not be a need for all to re-open or for re-opening to happen at the same time. Since the provision of home-based care generally increases during times of high unemployment and surveys show that about 14% of family child care providers are over age 60^v (a group at higher risk of serious complications from COVID-19), the estimate assumes 75% of family child care providers will re-open in the next year. Cost: \$323.4 million
- c. **Total cost for one-time grants: \$594.6 million**

Temporary Transition Stabilization Funding for reduced enrollment

- a. **Concept:** Temporary support through grants or contracts for reduced enrollment caused either by government imposed restrictions on the number of children and staff in a classroom and/or slow ramp-up in demand based on high unemployment levels. Assistance is intended for immediate support in the next year. States are to prioritize transition stabilization support funding:
 - i. based on community need (demand for paid child care)
 - ii. based on quality programs
 - iii. States cannot reduce spending on child care below FY19 expenditures including any TANF funds (federal, state, or MOE) spent on child care or transferred to CCDBG

- iv. Transition stabilization assistance by states should reflect the gap of: enrollment and revenue on March 1, 2020 compared to current enrollment and revenue for stabilization assistance. Such assistance is to phase down as enrollment and revenue increase.
- b. **Centers.** Assumes 50% of centers are open, at half revenue, with a temporary monthly support cost of \$795.8 million.
- c. **Family Child Care Homes.** Assumes 75% of family child care homes are open, at half revenue, with a temporary monthly support cost of \$281.2 million.
- d. **Total 1 month cost: \$1.1 billion (plus one-time re-start grants of \$594.6 million)**

Emergency Contingency Fund for COVID-19 High Impact States

- a. **Concept:** Provide funds for extraordinary support to stabilize the child care market in states with high impact from COVID-19. Funds would be available through a competitive expedited application process based on community need for child care (without regard to family income) and impact of COVID-19 on the private child care market. This funding is not intended to be spread thinly across a large number of states, but instead is to provide supplemental support to help states with extraordinary needs related to market stability.
- b. HHS is directed to develop criteria based on impact of COVID-19, the number of child care centers, number of family child care homes, high cost of child care, and such other factors related to supporting states with extraordinary needs. Such criteria is to be developed within 30 days of enactment. Contingency funding is to be awarded to states with extraordinary needs within 30 days from the development of criteria.
- c. **Total Cost: \$500 million per month; \$6 billion for 1 year**

Basic rules for temporary transition stabilization funding under CCDBG:

- Assistance under this title is in addition to FY20 CCDBG funding as well as the supplemental funding provided through the CARES Act
- HHS is directed to allocate funding to states within 15 days for Temporary Transition Stabilization funding and Recovery Re-Start grants
- Funds for tribes and U.S. territories are set aside at the same rates that apply under the regular CCDBG funding allocation
- Funds are to be obligated by states within 12 months from enactment (the intention is for immediate market support)
- No state plan approval or waiver is needed
- All providers who are eligible under CCDBG Section 658P(6)(A) that provide child care services for compensation are eligible to receive funding (not restricted to providers that serve children on subsidy)
- Funding is provided without regard to requirements in sections 658E(c)(3)(D)–(E) (*requirement for 70% spent on slots*) or 658G of the Child Care and Development Block Grant Act (*quality set-aside*)
- Funding is provided without regard to the income eligibility requirements of section 658P(4) (*whose family income does not exceed 85 percent of the State median income*)
- States are required to use grants or contracts to support market-based providers
- States must publicly post (in an easy to locate manner) their plans related to the manner in which transition assistance will be provided

- States must report to HHS on a quarterly basis with regard to the obligation, expenditure, and manner in which the funds under this title are spent and publicly post such report (in an easy to locate manner)
- HHS shall aggregate such state reports on a quarterly basis and send reports to Congress within 90 days from receipt of such state reports
- Assistance under this title ends 12 months after enactment

Estimates detailed below

Sources

Committee for Economic Development (CED) of The Conference Board, Child Care in State Economies Report: 2019 Update. Available at: <https://www.ced.org/childcareimpact>

U.S. Census Bureau, Current Population Survey, Children in Paid Care, Figure 5. Share of U.S. Children in Paid Child Care by Age, CED Child Care in State Economies 2019 Report, Page 13. Available at: <https://www.ced.org/assets/reports/childcareimpact/181104%20CCSE%20Report%20Jan30.pdf>

U.S. Bureau of Labor Statistics, Occupational Codes, Health Care Occupations, Public Safety, Grocery Stores/Food Processing and Related Occupations (May 2018)
SOC code: Standard Occupational Classification code. Available at: <http://www.bls.gov/soc/home.htm>
<https://data.bls.gov/oes/#/geoOcc/Multiple%20occupations%20for%20one%20geographical%20area>

Includes: 2.9 million workers in grocery stores (cashiers, stock clerks, etc.). Available at: <https://datausa.io/profile/naics/grocery-stores>

Child Care Aware of America, Average Annual Cost of Child Care, 2019. Available at: <https://www.childcareaware.org/our-issues/research/the-us-and-the-high-price-of-child-care-2019/>

Child Care Recovery and Stabilization Support	Baseline Assumptions	Cost for 1 month	Cost for 6 months	Cost for 12 months
Recovery Re-Start Support (One Time Grants)				
Total Centers Reporting Revenue Pre-COVID-19	75,314			
Assume 60% closed (BPC parent survey)	45,188			
Assume 1 time \$12,000 start-up (re-open grants - 50% will re-open)	\$271,130,400	\$271,130,400		
Total Family Child Care Homes Reporting Revenue Pre-COVID-19	599,018			
Assume 48% closed (BPC parent survey)	287,529			
Assume \$1,500 start-up grants (re-open - 75% will re-open)	\$323,469,720	\$323,469,720		
Subtotal Recovery Re-Start Support (One Time Grants)	\$594,600,120	\$594,600,120		
Temporary Transition Stabilization (funding for reduced enrollment)				
Base overall revenue from child care centers	\$38,200,000,000			
Assume 50% open	\$19,100,000,000			
Monthly	\$1,591,666,667			
50% temporary support	\$795,833,333	\$795,833,333		
Base overall revenue, family child care homes	\$9,000,000,000			
Assume 75% open	\$6,750,000,000			
Monthly	\$562,500,000			
50% temporary support	\$281,250,000	\$281,250,000		
Subtotal Temporary Transition Stabilization for centers and homes	\$1,077,083,333	\$1,077,083,333	\$6,462,500,000	\$12,925,000,000
Emergency Contingency Fund (for COVID-19 High Impact States)				
Contingency fund for extraordinary support to stabilize child care market	\$500,000,000	\$500,000,000	\$3,000,000,000	\$6,000,000,000
Child Care for Essential Personnel				
	Baseline Assumptions	Cost for 1 month	Cost for 6 months	Cost for 12 months
Estimate of essential personnel	29,092,950	29,092,950	29,092,950	29,092,950
Assumes 20% have children 0-13	20%	20%	20%	20%
Essential individuals with children 0-13	5,818,590	5,818,590	5,818,590	5,818,590
In good times, 24.1% of children 0-13 are in paid care (assumes 12% now)	12%	12%	12%	12%
Estimate based on 12% in emergency related paid care, assuming 1 child each	698,231	698,231	698,231	698,231
Average annual cost per child	\$10,000	\$10,000	\$10,000	\$10,000
Cost of child care at monthly intervals	\$833	\$833	\$5,000	\$10,000
Cost estimate of subsidy support for emergency essential personnel	\$581,859,000	\$581,859,000	\$3,491,154,000	\$6,982,308,000
Total Investment		\$2,753,542,453	\$12,953,654,000	\$26,501,908,120

**One-time recovery support reflected in one-month and one-year totals*