

RICHARD E. NEAL
MASSACHUSETTS,
CHAIRMAN

Congress of the United States

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING

(202) 225-3625

Washington, D.C. 20515-0348

<http://waysandmeans.house.gov>

KEVIN BRADY
TEXAS,
RANKING MEMBER

DEVIN NUNES, CALIFORNIA
VERN BUCHANAN, FLORIDA
ADRIAN SMITH, NEBRASKA
TOM REED, NEW YORK
MIKE KELLY, PENNSYLVANIA
JASON SMITH, MISSOURI
TOM RICE, SOUTH CAROLINA
DAVID SCHWEIKERT, ARIZONA
JACKIE WALORSKI, INDIANA
DARIN LAHOOD, ILLINOIS
BRAD R. WENSTRUP, OHIO
JODEY ARRINGTON, TEXAS
DREW FERGUSON, GEORGIA
RON ESTES, KANSAS
LLOYD SMUCKER,
PENNSYLVANIA
KEVIN HERN, OKLAHOMA
CAROL MILLER, WEST
VIRGINIA

GARY ANDRES,
MINORITY STAFF DIRECTOR

LLOYD DOGGETT, TEXAS
MIKE THOMPSON, CALIFORNIA
JOHN B. LARSON, CONNECTICUT
EARL BLUMENAUER, OREGON
RON KIND, WISCONSIN
BILL PASCRELL JR., NEW JERSEY
DANNY K. DAVIS, ILLINOIS
LINDA T. SANCHEZ, CALIFORNIA
BRIAN HIGGINS, NEW YORK
TERRI A. SEWELL, ALABAMA
SUZAN DELBENE, WASHINGTON
JUDY CHU, CALIFORNIA
GWEN MOORE, WISCONSIN
DAN KILDEE, MICHIGAN
BRENDAN BOYLE, PENNSYLVANIA
DON BEYER, VIRGINIA
DWIGHT EVANS, PENNSYLVANIA
BRAD SCHNEIDER, ILLINOIS
TOM SUOZZI, NEW YORK
JIMMY PANETTA, CALIFORNIA
STEPHANIE MURPHY, FLORIDA
JIMMY GOMEZ, CALIFORNIA
STEVEN HORSFORD, NEVADA
STACEY PLASKETT, VIRGIN ISLANDS

BRANDON CASEY,
MAJORITY STAFF DIRECTOR

September 17, 2021

DISSENTING VIEWS ON SUBTITLE C. BUDGET RECONCILIATION LEGISLATIVE RECOMMENDATIONS RELATING TO CHILD CARE ACCESS AND EQUITY

Committee Republicans oppose Subtitle C. Republicans agree that access to affordable, high-quality child care is key to making America's recovery stronger. But we oppose Democrats' unserious claim that we need to spend more money for a new "child care guarantee" for families. Congress just approved \$53 billion in new funding for child care since the start of the pandemic. That's more than the entire revenue of the child care industry in 2019. The majority of that money is still sitting in state coffers waiting to be distributed to providers and families.

To justify new spending on child care, Democrats are bending over backwards to push a narrative that lack of child care is keeping workers home and creating a labor shortage. This is simply not the case. A study by the former Chair of President' Obama's Council of Economic Advisers found that the impact of child care challenges on the labor market are not a driver of continuing low employment levels, and quote: "differential job loss among parents, or even mothers specifically, accounts for a negligible share of aggregate job loss." In fact, the overall, employment rates of parents of young children have declined by 4.5 percent as compared with 5.2 percent among people who are not parents of young children.¹

In the past, Republicans and Democrats have worked together to increase access to child care to support working families. Over the five-year period prior to the pandemic, Congress doubled funding for the child care block grant, and increased funding for Head Start and preschool development grants. In response to COVID-19, Congress took bipartisan action in the CARES Act (P.L. 116-136) to provide \$3.5 billion in dedicated emergency resources to assist child care providers and first responders. In December 2020, the bipartisan Consolidated Appropriations Act (P.L. 116-260) included an additional \$10 billion in emergency funding to help child care providers safely reopen. In March of 2021, Democrats went it alone and provided another \$40 billion in emergency child care funding for states in the American Rescue Plan Act (P.L. 117-2), including a permanent increase of \$633 million in the child care entitlement. All told, in 2020 and 2021, Congress has provided more than \$53 billion in new funding for child care.

In Subtitle C, Committee Democrats propose yet another major new child care investment. The bill would create four new programs with an estimated cost of \$27 billion. This is in addition to

¹ Peterson Institute for International Economics, "How much have childcare challenges slowed the US jobs market recovery?" Jason Furman, Melissa Kearney and Wilson Powell III, May 17, 2021.

funding included in Subtitle D of the Education and Labor Committee’s reconciliation print, which establishes two new programs – a birth through five child care and early learning entitlement and a universal pre-kindergarten program – at a cost of \$400 billion. This would bring funding for child care up to a staggering \$489 billion over ten years. (See Figure A)

At no point during the markup did the Majority speak to the prior child care funding provided on a bipartisan basis in response to COVID. Yet, Democrats would scold Republicans for opposing Subtitle C.

It’s time to put the brakes on. States are floating in child care money and additional funds will not solve the new problem states face in child care: namely that they have more child care money than they know how to spend, and most child care providers still haven’t seen a dime of what Congress passed in March. According to the Department of Health and Human Services (HHS), less than 2 percent of the \$24 billion in child care stabilization funds provided by the American Rescue Plan Act have been outlaid by states.

An [amendment](#) was offered by Committee Republicans to delay the effective date of new child care funding made available by this bill until all states have provided a certification to the Secretary of HHS that at least half of their child care stabilization funds have been obligated. The amendment was unanimously rejected by Committee Democrats.

Figure A. Current and Proposed Federal Funding for Child Care

<u>Pre-COVID Federal Funding for Child Care (FY 2020)</u>	
Child Care and Development Block Grant	\$5.8 billion
Child Care Entitlement	\$2.9 billion
Head Start	\$10.6 billion
TOTAL	\$19.3 BILLION
<u>Emergency Funding for Child Care in Response to COVID</u>	
CARES Act (3/27/2020)	\$3.5 billion
Consolidated Appropriations Act (12/21/2020)	\$10 billion
American Rescue Plan Act: (3/11/2021)	
<i>Child Care Stabilization Funds</i>	\$24 billion
<i>Increase in Child Care Development Block Grant</i>	\$15 billion
<i>Increase in Child Care Entitlement (permanent)</i>	+\$633 million
<i>HHS Administration</i>	\$35 million
TOTAL	\$53.5 BILLION
<u>Ways and Means Subtitle C: “Child Care Access and Equity”</u>	
Child Care Information Network (start-up)	\$400 million
Child Care Information Network (matching funds)	<i>Such sums</i>
Infrastructure Grants for Child Care	\$15 billion
Tribal Child Care Access, Growth, Innovation	\$1 billion
Child Care Wages Grants for Small Businesses	<i>Such sums</i>
HHS Administrative and Technical Assistance	\$537 million

TOTAL NEW FUNDING (CBO 10yr est.)	\$27 billion
<u>Education & Labor Subtitle D: “Child Care and Pre-Kindergarten”</u>	
Child Care and Early Learning Entitlement	\$200 billion
Universal Pre-Kindergarten	\$200 billion
TOTAL NEW FUNDING (CBO 10yr est.)	\$400 billion
<i>Total current and proposed child care funding = \$489 billion</i>	

Subtitle C is also particularly concerning because of an apparent lack of coordination between Democrats on the Ways and Means and the Education and Labor Committee. Federal funding for child care and early education in the United States already involves multiple programs, with different eligibility requirements, governance structures, and quality standards. This creates challenges for families and communities in navigating services, and can lead to overlap, gaps in services and wasteful spending. Instead of working to modernize and streamline existing federal programs in order to improve the overall quality of a mixed-delivery system, Democrats are proposing six additional child care programs.

There is no indication that Ways and Means and Education and Labor Democrats considered how these new and existing programs would actually work together as a comprehensive early learning system or if, in their rush to claim jurisdictional domain, there would be unnecessary duplication and redundancy that would breed more bureaucracy and headaches for parents.

In May, Ways and Means Committee Republicans worked with our Republican colleagues on the Education and Labor Committee to put forward a joint package to expand access to affordable child care in the “[Protecting Worker Paychecks and Family Choice Act](#).” This bill focused on leveraging existing funding and increasing family flexibility and parent choice. Republican child care proposals included:

- Expanding and improving the employer-provided child care tax credit;
- Increasing parent choice and preventing the child care cliff by requiring states to implement a graduated phase-out period and expanding access to child care vouchers;
- Better targeting child care funds by allocating to states based on the number of children in poverty;
- Improving dependent care flexible spending accounts by tripling contribution limits, allowing funds to roll over at the end of the year without penalty, and expanding eligible expenses;
- Establishing a bipartisan Commission to make recommendations to Congress on streamlining and reducing duplication in financing of early care and education programs;
- Requiring the Secretary of Health and Human Services (HHS) to report to Congress on state and local child care regulations, including overburdensome regulations that increase the cost of child care;
- Allowing states that cannot obligate 50 percent of their Child Care Stabilization Funds by December the option of repurposing unobligated funds aimed at:
 - increasing the supply of child care and emphasizing long-term stability in the sector;
 - supporting creation of family child care networks designed to increase or improve the quality of child care provided by family child care providers;

- supporting making improvements to child care facilities to meet health and safety standards and to expand child care services; and
- offering start-up grants to employers to establish and expand child care programs for employees.
- Finally, the bill would require HHS to use a portion of the \$35 million designated for child care administration included in the American Rescue Plan Act to monitor compliance with requirements and ensure program integrity.

Ten child care bills were introduced by Republican members of this Committee in the last three months. Many of them with members of the Education and Labor Committee, reflecting the ideas put forward in the “Protecting Worker Paychecks and Family Choice Act.” Not one of these proposals received consideration by Committee Democrats when developing Subtitle C, despite continued lip service about bipartisanship.

To ensure the Majority is fully aware of the missed opportunity to work with Republicans, an [amendment](#) was offered to strike and replace Subtitle C with the child care proposals in Divisions B and C of the “Protecting Worker Paychecks and Family Choice Act.” The amendment was unanimously rejected by Committee Democrats.

Subtitle C authorizes new funding for infrastructure improvements for child care facilities grants to improve child safety. In this section, the Majority went out of their way to expressly prohibit religious child care providers from receiving infrastructure improvement grants. An [amendment](#) was offered to strike the prohibition and allow all high-quality child care providers to be eligible for grants to acquire, construct, renovate, or otherwise physically improve the infrastructure of their child care facilities, including faith-based providers. The amendment to preserve family choice of faith-based child care providers was unanimously rejected by Committee Democrats.

This subtitle authorizes four new child care programs and a whopping \$537 million in new administrative dollars for HHS. Committee Republicans offered an [amendment](#) to re-direct some of this funding to better use by growing the supply of women and minority-owned child care providers. According to Department of Labor:

- half of child care businesses are minority-owned;
- 93% of child care workers are women; and
- 45% are minorities.

Recognizing the reality of who provides child care in this country, the amendment would redirect administrative money from HHS bureaucrats and instead support the growth and development of women and minority-owned businesses. The amendment was unanimously rejected by Committee Democrats.

Subtitle C would provide \$27 billion in new child care spending, even though 98% of funds from the last \$40 billion spending package remain unspent. This doesn’t count the additional \$400 billion in new child care and “universal pre-k” that the Education and Labor Committee is considering. There are more immediate needs to deal with first. An [amendment](#) was offered to increase child care availability for tribal communities and lawfully admitted Afghan special immigrant visa holders. The amendment was unanimously rejected by Committee Democrats.

As we continue to deal with this public health and economic emergency, Democrats and Republicans should be working together to ensure the availability of safe, affordable child care for hard working Americans. Subtitle C includes new child care programs that are duplicative and redundant of existing and proposed funding, with no consideration given to the tremendous investment in child care made by Congress in response to the COVID-19 pandemic. Subtitle C is a reckless use of American taxpayer dollars that duplicates existing programs and layers additional mandates on states and providers, at exactly the wrong time.

A handwritten signature in black ink that reads "KEVIN BRADY". The signature is stylized with a large, sweeping initial "K" and a long horizontal line underneath the name.

Kevin Brady
Republican Leader
Committee on Ways and Means