

Early Learning and Care in FY21 Budget Reconciliation Package – March 6, 2021

Recognizing the essential role of child care -- its proven benefits to a child's learning and healthy development and its support of America's labor market and economy by allowing parents to work or attend school -- the federal response to the COVID-19 pandemic has included assistance to young children, their families, and the child care providers who care for them. For example, Phase 1, the Coronavirus Preparedness and Response Supplemental Appropriations Act, included \$20 million in additional Small Business Administration (SBA) Disaster Loans and provided immediate funding for the domestic and global response to COVID-19. Phase 2, the Families First Coronavirus Response Act (FFCRA), required employers with fewer than 500 employees to provide paid sick and family leave. In return, employers and self-employed individuals were eligible for a refundable tax credit to offset the costs of such leave. Phase 2 also expanded unemployment benefits and food assistance.

On March 27, 2020, Congress passed Phase 3, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided substantial support to various sectors of the economy, including to small businesses and direct financial assistance to Americans. While the CARES Act included significant support for small businesses, including the new Paycheck Protection Program (PPP), the funds to support small businesses were depleted by April 16th. Acknowledging the importance of small businesses, on April 23, 2020, Congress passed Phase 3.5, the Paycheck Protection Program and Health Care Enhancement Act. This legislation changed some rules for the PPP as well as providing additional funding for the PPP, emergency disaster grants, and the health care sector while leaving much of the CARES Act unchanged.

The most recent relief legislation passed December 21, 2020, as part of a package of bills that also included annual government appropriations and the extension of certain programs, including the Temporary Assistance for Needy Families (TANF) program, through the end of FY2021. Among other provisions, the Coronavirus Response and Relief Supplemental Appropriations Act included \$10 billion in funding to stabilize the child care industry, as well as funding for Head Start, K-12 and higher education, and direct financial assistance to families; provided additional funding for small business loans; and revised and enhanced paid leave and unemployment benefits first enacted in the FFCRA and the CARES Act.

In the 117th Congress, the House and Senate are pursuing additional relief through the reconciliation process and have adopted a <u>concurrent resolution</u> on the FY2021 budget. The resolution directs certain House and Senate committees to submit changes in laws within their jurisdictions that will increase the deficit over FY2021-FY2030 by no more than the amount specified for each committee. Committees must submit the legislation to their respective budget committees by February 16, 2021. In accordance with these instructions, the House Committee on Education and Labor and House Committee on Ways and Means considered and passed legislation within their jurisdictions, which includes programs that support young children, their families, and child care providers. Those provisions were incorporated into H.R. 1319, the American Rescue Plan Act of 2021, which the House passed February 27, 2021. The Senate will soon vote on its substitute text of the bill. This resource summarizes the December relief legislation, as well as the House and Senate reconciliation proposals.

Areas of Interest	<u>H.R. 1319 - American Rescue Plan Act</u> <u>of 2021</u>	<u>Senate Substitute - American Rescue Plan Act</u> <u>of 2021</u>
	TITLE II—Committee on Education and Labor	TITLE II—Committee on Health, Education, Labor, and Pensions
	Subtitle C—Human Services and Community Supports	Subtitle C—Human Services and Community Supports
	Sec. 2203. Provides: \$14,990,000,000 for the Child Care and Development Block Grant (CCDBG), which lead agencies may obligate during the current and succeeding 2 fiscal years and use to provide child care assistance to essential workers regardless of income; \$23,975,000,000 for child care stabilization (see section 2204).	Sec. 2201. Provides: \$14,990,000,000 for the Child Care and Development Block Grant (CCDBG), which lead agencies may obligate during the current and succeeding 2 fiscal years and use to provide child care assistance to essential workers regardless of income;
	\$35,000,000 for federal administrative costs, including technical assistance and research, to carry out child care stabilization and implement the additional funding for CCDBG.	\$35,000,000 for federal administrative costs, including technical assistance and research, to carry out child care stabilization and implement the additional funding for CCDBG.
Child Care	Sec. 2204. Creates child care stabilization grants to be allocated pursuant to the CCDBG Act. A lead agency may reserve up to 10% of grant funds for administrative and technical assistance costs; the remainder of funds must be used to award subgrants to qualified child care providers that were, on the date of submission of the application for the subgrant, either open and available to provide child care services or closed due to COVID-19. Subgrant amounts must be based on the child care provider's stated current operating expenses and may be used for personnel expenses, rent or mortgage payments and utilities, personal protective equipment and cleaning supplies or services, and mental health supports. The lead agency must notify the Secretary of Health and Human services if it is unable to obligate at least 50% of funds within 9 months of enactment.	Sec. 2202. Provides \$23,975,000,000 for child care stabilization grants to be allocated pursuant to the CCDBG Act. A lead agency may reserve up to 10% of grant funds for administrative and technical assistance costs; the remainder of funds must be used to award subgrants to qualified child care providers that were, on the date of submission of the application for the subgrant, either open and available to provide child care services or closed due to COVID-19. Subgrant amounts must be based on the child care provider's stated current operating expenses and may be used for personnel expenses, rent or mortgage payments and utilities, personal protective equipment and cleaning supplies or services, and mental health supports. The lead agency must notify the Secretary of Health and Human services if it is unable to obligate at least 50% of funds within 9 months of enactment.
	A subgrantee must certify that for the duration of the subgrant, the provider will: Implement policies in line with guidance from State, Tribal, and local authorities, and to the greatest extent possible, the Centers for Disease Control and Prevention; Pay employees no less than the full compensation they received when the application was submitted; and Provide relief from copayments and tuition payments to families enrolled in the provider's program, to the greatest extent possible, prioritizing families struggling to make either type of payment.	A subgrantee must certify that for the duration of the subgrant, the provider will: Implement policies in line with guidance from State, Tribal, and local authorities, and to the greatest extent possible, the Centers for Disease Control and Prevention; Pay employees no less than the full compensation they received when the application was submitted; and Provide relief from copayments and tuition payments to families enrolled in the provider's program, to the greatest extent possible, prioritizing families struggling to make either type of payment.

	TITLE IX—Committee on Ways and Means	TITLE IX—Committee on Finance
	Subtitle I - Child Care for Workers	Subtitle I - Child Care for Workers
	Sec. 9801. Increases annual funding for the Child Care Entitlement to States (CCES) from \$2,917,000,000 to \$3,550,000,000 per year (an increase of \$633 million), of which \$3,375,000,000 is for the states and Washington DC, \$100,000,000 is for American Indian tribes and tribal organizations, and \$75,000,000 is for U.S. territories. Additionally, waives the required state match on new funding for FY2021 and 2022.	Sec. 9801. Increases annual funding for the Child Care Entitlement to States (CCES) from \$2,917,000,000 to \$3,047,000,000 per year (an increase of \$130 million), revises how funds are distributed to territories, and waives the required state match on new funding for FY2021 and 2022.
ť	TITLE II—Committee on Education and Labor	TITLE II—Committee on Health, Education, Labor, and Pensions
Head Start	Subtitle C—Human Services and Community Supports	Subtitle C—Human Services and Community Supports
Неа	Sec. 2205. Provides \$1 billion for Head Start programs, allocated based on agency enrollment, to carry out the Head Start Act. Funds remain available through Sept. 30, 2022.	Sec. 2203. Provides \$1 billion for Head Start programs, allocated based on agency enrollment, to carry out the Head Start Act. Funds remain available through Sept. 30, 2022.
	TITLE II—Committee on Education and Labor	TITLE II—Committee on Health, Education, Labor, and Pensions
	TITLE II—Committee on Education and Labor Subtitle A—Education Matters	TITLE II—Committee on Health, Education, Labor, and Pensions Subtitle A—Education Matters
Education Stabilization		

	allocations and IHEs receiving allocations due to the exclusive enrollment of online students must spend 100% of allocations on student aid. IHEs will determine which students receive emergency financial aid grants and must use a portion of the institutional share to implement evidence-based practices to mitigate COVID-19 and conduct outreach to students regarding the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or other changes in financial circumstances. Sec. 2010. Provides \$100 million to the Institute of Education Sciences to study learning loss.	 Sec. 2003. Provides \$39,584,570,000 for the Higher Education Emergency Relief Fund (HEERF) for grants to institutions of higher education (IHEs). Funds must be used to monitor and suppress COVID-19; conduct outreach to students regarding the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or other changes in financial circumstances; at least 50% for emergency financial aid grants to students. Sec. 2010. Provides \$100 million to the Institute of Education Sciences to study learning loss.
	TITLE IX—Committee on Ways and Means	TITLE IX—Committee on Finance
	Subtitle G—Promoting Economic Security	Subtitle G—Promoting Economic Security
Tax Code	Sec. 9611. For 2021, makes the Child Tax Credit (CTC) fully refundable; increases the amount to \$3,000 for children ages 6-17 and to \$3,600 for a child under age 6); and reduces the additional \$1,000/\$1,600 per child (existing credit is \$2,000 per child) by \$50 for every \$1,000 a taxpayer's modified adjusted gross income (AGI) exceeds \$75,000, (\$150,000 for joint returns and \$112,500 for head of household). The credit plateaus at \$2,000, and then phases out at the present law levels established in the Tax Cuts and Jobs Act (\$200,000 or \$400,000 for joint returns).	Sec. 9611. For 2021, makes the Child Tax Credit (CTC) fully refundable; increases the amount to \$3,000 for children ages 6-17 and to \$3,600 for a child under age 6); and reduces the additional \$1,000/\$1,600 per child (existing credit is \$2,000 per child) by \$50 for every \$1,000 a taxpayer's modified adjusted gross income (AGI) exceeds \$75,000, (\$150,000 for joint returns and \$112,500 for head of household). The credit plateaus at \$2,000, and then phases out at the present law levels established in the Tax Cuts and Jobs Act (\$200,000 or \$400,000 for joint returns).
	Directs the Secretary of the Treasury to issue monthly advance payments of the CTC and to establish an online portal to allow taxpayers to opt-out of receiving advance payments and provide information regarding changes in income, marital status, and number of qualifying children for purposes of determining each taxpayer's maximum eligible credit. The advance payments begin July 1, 2021, and will comprise half of the CTC for which the taxpayer is otherwise entitled to for 2021 with the remaining half claimed on the 2021 tax return. (The taxpayer's CTC claimed on the 2021 tax return is reduced by the aggregate of any advance payments.)	Directs the Secretary of the Treasury to issue monthly advance payments of the CTC and to establish an online portal to allow taxpayers to opt-out of receiving advance payments and provide information regarding changes in income, marital status, and number of qualifying children for purposes of determining each taxpayer's maximum eligible credit. The advance payments begin July 1, 2021, and will comprise half of the CTC for which the taxpayer is otherwise entitled to for 2021 with the remaining half claimed on the 2021 tax return. (The taxpayer's CTC claimed on the 2021 tax return is reduced by the aggregate of any advance payments.)
	Sec. 9631. For 2021, makes the Child and Dependent Care Tax Credit (CDCTC) fully refundable; increases the maximum credit rate to 50%; increases the phaseout threshold from \$15,000 to \$125,000; increases the amount of eligible expenses to \$8,000 for one	Sec. 9631. For 2021, makes the Child and Dependent Care Tax Credit (CDCTC) fully refundable; increases the maximum credit rate to 50%; increases the phaseout threshold from \$15,000 to \$125,000; increases the amount of eligible expenses to \$8,000 for one

	qualifying individual (\$16,000 for 2 or more qualifying individuals); and adds a phaseout for taxpayers with AGI in excess of \$400,000.	qualifying individual (\$16,000 for 2 or more qualifying individuals); and adds a phaseout for taxpayers with AGI in excess of \$400,000.
	Sec. 9632. For 2021, Increases the exclusion for employer-provided dependent care assistance from \$5,000 to \$10,500 (from \$2,500 to \$5,250 in the case of a separate return filed by a married individual).	Sec. 9632. For 2021, Increases the exclusion for employer-provided dependent care assistance from \$5,000 to \$10,500 (from \$2,500 to \$5,250 in the case of a separate return filed by a married individual).
	TITLE IX—Committee on Ways and Means	TITLE IX—Committee on Finance
	Subtitle G—Promoting Economic Security	Subtitle G—Promoting Economic Security
	Sec. 9641. Extends the Families First Coronavirus Response Act paid sick time and paid family leave credits through Sept. 30, 2021.	Sec. 9641. Adds to the tax code paid sick time and paid family leave payroll tax credits similar to those enacted in the Families First Coronavirus Response Act (FFCRA) applicable to wages paid from April 1, 2021 through Sept. 30, 2021. (These new sections effectively
	Sec. 9642. Increases the amount of wages for which an employer may claim the paid family leave credit in a year from \$10,000 to \$12,000 per employee and increases the number of days for which self-employed individuals can claim the credit from 50 to 60.	reset the clock for paid leave allowed under the FFCRA.) Among other amendments to those credits, the bill expands the paid sick time and paid family leave credits to include leave taken to obtain a COVID-19 vaccine or to recover from an injury, disability, illness, or condition related to a COVID-19 immunization and prevents employers from claiming the
Paid Leave	Sec. 9643. Expands the paid family leave credit to allow employers to claim the credit for leave provided for the reasons included under the previous employer mandate for paid sick time.	credit if they make leave available in a manner that discriminates in favor of highly- compensated or full-time employees, or based on employee tenure.
Paic	Sec. 9644. Expands the paid sick time and paid family leave credits to include leave taken to obtain a COVID-19 vaccine or to recover from an injury, disability, illness, or condition related to a COVID-19 immunization.	Specific to the paid family leave credit, increases the amount of wages for which an employer may claim the paid family leave credit in a year from \$10,000 to \$12,000. Secs. 9642-9643. For self-employed individuals, from April 1, 2021 through Sept. 30, 2021
	Sec. 9645. Prevents employers from claiming the credit if they make leave available in a manner that discriminates in favor of highly- compensated or full-time employees, or based on employee tenure.	expands the paid sick time and paid family leave credits to include leave taken to obtain a COVID-19 vaccine or to recover from an injury, disability, illness, or condition related to a COVID-19 immunization, among other changes. (These new sections effectively reset the clock for paid leave allowed under the FFCRA.)
	Sec. 9646. Beginning Mar. 31, 2021, resets the 10-day limit on the number of days for which an employer can claim the paid sick leave credit with respect to wages paid to an employee. For self-employed individuals, the ten-day limit resets on Jan. 1, 2021.	

	 Sec. 9647. Beginning Mar. 31, 2021, the credits for paid family and medical leave will be structured as a refundable payroll tax credit against the hospital insurance tax. Sec. 9648. Allows state and local governments as well as Federal governmental instrumentalities that are tax-exempt 501(c)(1) organizations to access the paid sick time and paid family leave credits. Sec. 9649. Increases the value of the credits by the amount equal to the OASDI and HI employer-share tax imposed on qualified paid family and medical leave wages for purposes of this credit. 	
a	TITLE IX—Committee on Ways and Means	TITLE IX—Committee on Ways and Means
nanci ance	Subtitle G—Promoting Economic Security	Subtitle G—Promoting Economic Security
Direct Financial Assistance	Sec. 9601. Provides a recovery rebate of \$1,400 for a single taxpayer (\$2,800 for joint filers) and \$1,400 per dependent. The credit phases out between \$75,000 and \$100,000 of adjusted gross income (AGI) (\$112,500 and \$150,000 for head of household filers; \$150,000 and \$200,000 for joint filers).	Sec. 9601. Provides a recovery rebate of \$1,400 for a single taxpayer (\$2,800 for joint filers) and \$1,400 per dependent. The credit phases out between \$75,000 and \$80,000 of adjusted gross income (AGI) (\$112,500 and \$120,000 for head of household filers; \$150,000 and \$160,000 for joint filers).
	TITLE IX—Committee on Ways and Means	TITLE IX—Committee on Ways and Means
	Subtitle A—Crisis Support for Unemployed Workers	Subtitle A—Crisis Support for Unemployed Workers
Unemployment	Sec. 9011. Extends the Pandemic Unemployment Assistance program through Aug. 29, 2021; increases the total number of weeks of benefits available to individuals who are not able to return to work safely from 50 to 74; and provides guidance to states on coordinating with other unemployment benefits when needed.	Sec. 9011. Extends the Pandemic Unemployment Assistance program through Aug. 29, 2021; increases the total number of weeks of benefits available to individuals who are not able to return to work safely from 50 to 74; and provides guidance to states on coordinating with other unemployment benefits when needed.
Unen	Sec. 9012. Extends CARES provision providing a 50% subsidy for costs incurred by employers who provide unemployment benefits on a reimbursable basis, rather than via tax contributions, through Aug. 29, 2021 and increases the percentage to 75%.	Sec. 9012. Extends CARES provision providing a 50% subsidy for costs incurred by employers who provide unemployment benefits on a reimbursable basis, rather than via tax contributions, through Aug. 29, 2021 and increases the percentage to 75%.
	Sec. 9013. Extends the federal supplemental unemployment benefit (FPUC) through Aug. 29, 2021; increases the FPUC amount from \$300 to \$400 for weeks ending after Mar. 14	Sec. 9013. Extends the federal supplemental unemployment benefit (FPUC) through Aug. 29, 2021 and increases the FPUC amount from \$300 to \$400 for weeks ending after Mar. 14

	and before Aug. 29, 2021; and clarifies that mixed-earner supplement is treated the same way as the FPUC in determining eligibility for Medicaid and the Children's Health Insurance Program.	and before Aug. 29, 2021.
	Sec. 9014. Restores full reimbursement for state costs related to waiving the waiting week beginning Dec. 31, 2020, and continues it through Aug. 29, 2021.	Sec. 9014. Restores full reimbursement for state costs related to waiving the waiting week beginning Dec. 31, 2020, and continues it through Aug. 29, 2021.
	Sec. 9015 . Extends temporary exceptions to state unemployment insurance staffing restrictions from the CARES Act through Aug. 29, 2021.	Sec. 9015 . Extends temporary exceptions to state unemployment insurance staffing restrictions from the CARES Act through Aug. 29, 2021.
	Sec. 9016 . Increases the number of weeks of benefits an individual may receive Pandemic Emergency Unemployment Compensation (PEUC) from 24 to 48; extends the period of time in which workers can receive PEUC benefits if they exhaust regular state UI benefits to Aug. 29, 2021; and includes rules for the order in which various types of unemployment benefits should be paid.	Sec. 9016 . Increases the number of weeks of benefits an individual may receive Pandemic Emergency Unemployment Compensation (PEUC) from 24 to 48; extends the period of time in which workers can receive PEUC benefits if they exhaust regular state UI benefits to Aug. 29, 2021; and includes rules for the order in which various types of unemployment benefits should be paid.
	Sec. 9017. Extends full federal financing of benefits provided in Short-Time Compensation programs for states with laws establishing such programs through Aug. 29, 2021.	Sec. 9017. Extends full federal financing of benefits provided in Short-Time Compensation programs for states with laws establishing such programs through Aug. 29, 2021.
	Sec. 9018. Extends a 50% subsidy for non-statutory, temporary state Short-Time Compensation programs through Aug. 29, 2021.	Sec. 9018. Extends a 50% subsidy for non-statutory, temporary state Short-Time Compensation programs through Aug. 29, 2021.
	Sec. 9022. Extends the Families First Coronavirus Response Act provision that provided temporary full federal financing of Extended Benefits (EB) for high-unemployment states through Aug. 29, 2021.	Sec. 9022. Extends the Families First Coronavirus Response Act provision that provided temporary full federal financing of Extended Benefits (EB) for high-unemployment states through Aug. 29, 2021.
orts	TITLE II—Committee on Education and Labor	TITLE II—Committee on Agriculture, Nutrition, and Forestry
ddn	Subtitle D: Child Nutrition & Related Programs	Subtitle B: Nutrition
Nutrition Supports	Sec. 2301. Provides the Secretary of Agriculture with authority and \$490 million to temporarily boost the value of the Cash Value Voucher (CVV) in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) up to \$35 per month for women and children for a 4-month period during the COVID-19 pandemic.	Sec. 1105. Provides the Secretary of Agriculture with authority and \$490 million to temporarily boost the value of the Cash Value Voucher (CVV) in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) up to \$35 per month for women and children for a 4-month period during the COVID-19 pandemic.

	Sec. 2302. Provides \$390 million for outreach, innovation, and program modernization efforts to improve participation and benefit redemption in the WIC program.	Sec. 1106. Provides \$390 million for outreach, innovation, and program modernization efforts to improve participation and benefit redemption in the WIC program.
	Sec. 2304. Allows the Pandemic Electronic Benefit Transfer (P-EBT) program to be implemented for any school year in which the COVID-19 public health emergency designation is in effect and allows for P-EBT benefits to be extended to the summer.	Sec. 1107. Allows the Pandemic Electronic Benefit Transfer (P-EBT) program to be implemented for any school year in which the COVID-19 public health emergency designation is in effect and allows for P-EBT benefits to be extended to the summer.
	TITLE IX—Committee on Ways and Means	TITLE IX—Committee on Finance
	Subtitle B—Emergency Assistance to Families Through Home Visiting Program	Subtitle B—Emergency Assistance to Families Through Home Visiting Program
Home Visiting	Sec. 9101. Provides \$150 million for the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program to remain available through the end of FY2022. To receive funding, MIECHV programs must agree to amend their existing grants or contracts, to not reduce staffing levels during the pandemic, and, if they choose to provide diapering supplies during the emergency, to coordinate with diaper banks operating in their service areas. Funds may be used for home visits, whether in person or virtually; staff costs associated with home visits (including hazard pay); training on virtual home visits, emergency preparedness, and domestic violence; helping enrolled families acquire technology needed for virtual home visits; emergency supplies for enrolled families including reimbursing diaper banks when used to provide emergency supplies); and prepaid grocery cards for eligible families.	Sec. 9101. Provides \$150 million for the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program to remain available through the end of FY2022. To receive funding, MIECHV programs must agree to amend their existing grants or contracts, to not reduce staffing levels during the pandemic, and, if they choose to provide diapering supplies during the emergency, to coordinate with diaper banks operating in their service areas. Funds may be used for home visits, whether in person or virtually; staff costs associated with home visits (including hazard pay); training on virtual home visits, emergency preparedness, and domestic violence; helping enrolled families acquire technology needed for virtual home visits; emergency supplies for enrolled families including reimbursing diaper banks when used to provide emergency supplies); and prepaid grocery cards for eligible families.