



# COVID-19: Child Care Grants in H.R. 7027 and H.R. 7327

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The Coronavirus Disease 2019 (COVID-19) pandemic has raised questions related to the [fragility](#) of the [child care market](#) and the [child care needs](#) of [working families](#). Monthly data from the Bureau of Labor Statistics suggest that the number of child care workers dropped by [roughly one-third](#) between March and April 2020, with the number of workers still down by [about 22%](#) in June. According to [one survey](#) fielded from March 31 to April 4, a majority of parents reported their child care provider had closed or was limiting hours or spaces due to COVID-19. [Nearly half](#) of respondents were somewhat or very concerned their provider would not re-open. Other [estimates suggest](#) that demand for child care among essential workers may exceed supply.

Congress and the President have already enacted several child care-related provisions as part of the federal COVID-19 response. In addition, Congress has continued to [debate](#) the need for [further legislation](#) to provide [more or different](#) federal support, introducing a [number of bills](#) that touch on these issues. On July 17, the [House Rules Committee](#) ordered reported a special rule (H.Res. 1053) to provide for House floor consideration of two such bills (H.R. 7027 and H.R. 7327).

## Previously Enacted Legislation

The Coronavirus Aid, Relief, and Economic Security Act (CARES, P.L. 116-136) and the Families First Coronavirus Response Act (FFCRA, P.L. 116-127) each included child care-related provisions.

The CARES Act appropriated \$3.5 billion in supplemental discretionary funding for the [Child Care and Development Block Grant](#) (CCDBG). These funds were in addition to FY2020 annual appropriations of \$5.8 billion. The CCDBG provides formula grants to states, territories, and tribes to subsidize the cost of child care for low-income working families, as well as for other activities (e.g., improving the quality and availability of care). The CARES Act waived some underlying requirements of the Child Care and Development Block Grant Act, such as specifying that funds may be used to provide child care assistance to essential workers regardless of their income. (Federal law typically limits eligibility to those with incomes at or below 85% of the state median income, though most states set limits below the federal threshold.)

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The FFCRA included a provision that [effectively decreased](#) by 6.2 percentage points the amount of matching funds a state must contribute to claim its full federal match allotment from the [Child Care Entitlement to States](#) (CCES). The CCES is a capped entitlement, currently funded at \$2.9 billion for FY2020. At the state level, CCES funds are generally integrated with funds from the CCDBG and spent according to CCDBG Act rules.

Additionally, child care providers and families may benefit from other broad-based provisions in enacted COVID-19 response bills (e.g., [Paycheck Protection Program](#), [Paid Family and Medical Leave](#)).

## Child Care Is Essential Act (H.R. 7027)

This bill would provide \$50 billion in supplemental discretionary CCDBG funding for states, territories, and tribes to provide “stabilization grants” to child care providers. Child care providers could use these funds to cover various costs necessary to maintain or resume operations. If enacted, this would represent an increase of 536% from the \$9.3 billion in discretionary FY2020 CCDBG funding provided thus far (\$5.8 billion regular, plus \$3.5 billion supplemental).

The funds would generally be allotted via the statutory CCDBG formula, then used to make subgrants to qualified child care providers to “support the stability of the child care sector during and after the COVID-19 public health emergency.” The subgrant amounts would be based on the provider’s average operating expenses prior to the pandemic. At a minimum, the subgrants are intended to cover operating expenses for the grant period, with adjustments for costs associated with COVID-19 (e.g., social distancing, sanitization) and other payments received from the CCDBG, [Head Start](#), or the [Paycheck Protection Program](#).

To receive a subgrant, a child care provider would have to be [eligible for the CCDBG](#). In addition, the provider must have been in operation on or before March 1, 2020. Providers would be required to certify that their operations had been affected by COVID-19 and offer assurances related to program operations.

Providers could use these funds for costs such as employee benefits and salaries (including premium pay), rent or mortgages, utilities, insurance, sanitization and cleaning, personal protective equipment, training in health and safety practices, service modifications related to COVID-19 (e.g., limiting group sizes, adjusting staff-to-child ratios), mental health services, and other necessary goods and services.

## Child Care for Economic Recovery Act (H.R. 7327)

This bill would provide a one-time mandatory appropriation of \$850 million to support family care for essential workers. These funds could be used for child care, adult care, or adult protective services needed by dependents or household members of essential workers. These funds would be provided through the [Social Services Block Grant](#) (SSBG), a flexible funding stream providing formula grants to states and territories. The bill would temporarily raise the SSBG funding cap to accommodate these funds.

In addition, the bill would increase mandatory appropriations for the CCES from \$2.9 billion to \$10 billion for each of FY2020 through FY2024. These funds would be distributed to states and tribes, consistent with current law. For FY2020 and FY2021, the bill would effectively waive the state match requirement for the new funds (i.e., amounts beyond \$2.9 billion) for states that contributed the necessary matching funds to receive their maximum federal allotments from the initial \$2.9 billion.

The bill would provide a one-time discretionary appropriation of \$10 billion to the CCES for infrastructure grants to improve child care safety. The funds would remain available over a five-year period (FY2020-FY2024), supporting immediate and long-term needs assessments, as well as facility grants to states, territories, and tribes. The funds could be used to acquire, construct, renovate, or improve child care facilities, including adapting facilities to respond to COVID-19.

The bill also includes several child care-related tax provisions that are beyond the scope of this Insight.

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