

Congress of the United States

Washington, D.C. 20515

April 14, 2021

The Honorable Xavier Becerra
Secretary
U.S. Department of Health & Human Services
200 Independence Ave SW
Washington, D.C., DC 20201

We write to request an update from the U.S. Department of Health and Human Services (HHS) on its administration of supplemental funds to support child care. At the start of the 117th Congress, the *American Rescue Plan* (ARP) provided approximately \$40 billion for HHS administered child care programs, which included approximately \$15 billion for the Child Care and Development Block Grant (CCDBG) and approximately \$24 billion targeted for a new Child Care Stabilization Fund (CCSF). Further, the ARP included a permanent annual increase of \$633 million in mandatory funding for the Child Care Entitlement to States (CCES), the base funding for the Child Care and Development Fund (CCDF). The ARP supplementary funds were in addition to the \$13.5 billion¹ provided to the child care industry in March and December 2020. Additionally, CCDBG received another increase during the regular Fiscal Year (FY) 2021 appropriations process, which came after a nearly 50 percent increase in CCDF funding just a few years prior.

In the last 12 months, States have received an unprecedented influx of new federal child care funds. States now face the daunting challenge of obligating and spending these one-time funds in a manner that sustainably stabilizes the child care sector without creating a massive future funding cliff for providers and families. For states to use ARP funding effectively and efficiently, it is critical HHS issue clear guidance that is focused on stabilizing the market in a fiscally responsible manner. Neither this one-time influx of funding nor the guidance should support a spending spree that is unsustainable and that creates an artificial funding cliff.

To ensure HHS meets its statutory requirements for the oversight of these unprecedented taxpayer funds appropriated for child care over the last 12 months, please provide answers to the following questions within two weeks of receipt of this letter.

1. When will HHS issue new guidance on the ARP child care emergency relief funds? What questions will the guidance address? How will the release of guidance be timed in coordination with the release of funds to states?

¹ \$3.5 billion in the *Coronavirus Aid, Relief, and Economic Security* (CARES) Act and \$10 billion in the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA)

2. With the largest influx of federal child care dollars in the agency's history, the Administration for Children and Families (ACF) currently has acting leadership for all major positions with oversight of these unprecedented federal funds. When does HHS expect to have child care leadership in place at the ACF?
3. Through CARES, CRRSAA, and ARP States will have received numerous allotments of child care money, each with varying requirements for use and deadlines. How will HHS advise states and child care providers to consider and prioritize the various allotments? When will HHS be able to report to Congress state-by-state obligation and spend-down rates of these various appropriations?
4. Due to the flexibilities provided by law, states and providers have many ways to use the recently appropriated child care funds to help providers, children, and families. How is HHS encouraging the use of money to the greatest benefit of children, families, and providers most in need?
5. How does HHS plan to monitor states' use of funds to ensure they are spent in accordance with the law? For example, how will HHS assess whether funds were used to supplement, not supplant, state investments in child care as the law requires?
6. The CCSF in the ARP is the largest pot of recently appropriated child care funds, greater than the CCDBG funds from the *Coronavirus Aid, Relief, and Economic Security* (CARES) Act, the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA), and the FY 2021 appropriations combined.
 - The language included in the ARP that guides the spending of these funds left broad discretion to the states. How will HHS ensure the use of funds for administrative costs benefit the providers and families, and not government bureaucracies?
 - Under the CCSF, child care providers that are licensed, regulated, or registered in the state are eligible regardless of their eligibility for CCDF funds and regardless of their current operating status. How will HHS ensure that all providers benefit from child care funds to support a robust mixed delivery system that best meets the unique needs and choices of individual families?
 - Subgrants under the ARP can be used for a broad range of expenses, outlined in six general categories. What information does HHS plan to share with states regarding proper and improper uses of subgrant funds?
 - States are required to process applications on a rolling basis and pay providers in advance of expenditures, with some exceptions. How will HHS guide states to balance thoughtfully the short and longer-term needs of the child care sector? Given the sudden, significant increase in federal funding for child care, has HHS accounted for the possibility that states may not use the entirety of their funds in the given timeframe?

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7. Acting Deputy Assistant Secretary Hamm was recently featured at an event for state child care administrators titled “Spend Every Dime: How \$40 Billion Can Change Child Care.”² This event included representatives of child care advocacy groups, child care providers, Democrat Congressional staff, and other participants. In the absence of any public guidance from HHS, we are interested to learn what information was shared regarding how states and child care programs should spend their money. The event title suggests states were urged to spend all relief money as quickly as possible. Part of the event’s described purpose was “to ensure that child care relief dollars are spent quickly.”³ Additionally, the event’s description explored how taxpayer funds from ARP can be used “in ways that lay the groundwork for substantial, sustainable change.”⁴ Given Acting Deputy Assistant Secretary Hamm’s participation at this event, please provide a detailed summary of the agency’s position regarding the concept of spending funds quickly as a means to justify increased future appropriations. Further, please confirm how the agency is ensuring taxpayer funds are properly respected and protected against fraud and abuse and please provide a detailed description of the agency’s plan for state oversight of these new federal funds for child care.

Please contact Mandy Schaumburg (mandy.schaumburg@mail.house.gov) and Kristin Spiridon (Kristin_Spiridon@help.senate.gov) should you have any questions about this request.

Sincerely,



Virginia Foxx
Ranking Member
U.S. House Committee on Education
and Labor



Richard Burr
Ranking Member
U.S. Senate Committee on Health,
Education, Labor, and Pensions

² <https://www.youtube.com/watch?v=Tp8tQc9CzXs>

³ https://zoom.us/webinar/register/WN_b-Fs31IPRAOFLnpuiGTomg

⁴ https://zoom.us/webinar/register/WN_b-Fs31IPRAOFLnpuiGTomg