Senate Eyes July for Negotiations on Next Phase of COVID Relief

Congress has not passed any additional COVID-19 relief legislation since the initial series of packages in March and April that enacted roughly $3 trillion in emergency spending. Last month the House did pass the HEROES ACT (see LIIF’s May 2020 Policy Update for more detailed information on the HEROES Act) but the Republican-controlled Senate has not yet considered the package. We now expect the Senate to begin negotiations in earnest following the July 4th congressional recess, although Senate leadership has signaled their appetite for a much smaller relief package than has been proposed in the House, meaning that a final deal will likely be significantly more limited than the HEROES Act.

LIIF continues to emphasize the need for investments that support the community development sector and the communities we serve, including:

- $1 billion for the CDFI Fund
- Emergency relief for the child care sector that includes dedicated resources for facilities
- Emergency rental assistance, including support for affordable housing owners and operators
- Broad and flexible state and local fiscal relief

Democratic Lawmakers Introduce Series of Child Care Bills, Including Resources for CDFIs

Democratic lawmakers in both the House and Senate have introduced a series of bills over the last several weeks that would dramatically increase the resources available to the child care sector. These bills include:

- **The Childcare is Essential Act** (H.R. 7027 and S. 3874), introduced at the end of May by Representatives Rosa DeLauro (D-CT) and Bobby Scott (D-VA) and Senator Patty Murray (D-WA). This bill would create a **$50 billion Child Care Stabilization Fund** within the Child Care Development Block Grant (CCDBG) program.

- **The Child Care is Infrastructure Act** (H.R. 7201), introduced in mid-June by Representative Katherine Clark (D-MA), would provide a **$10 billion investment in our nation’s child care infrastructure over the next 5 years** and provide dedicated technical assistance resources through experienced intermediaries like CDFIs. This proposal is based on the Bipartisan Policy Center’s Congressional Recommendations, which LIIF helped to draft in 2019.

- **The Child Care for Economic Recovery Act** (H.R. 7327), introduced last week by Democratic leadership on the House Ways and Means Committee and Appropriations Committee, would enact a series of investments in the child care sector, including $10 billion a year in mandatory child care funding for each of the next four years, as well as
the $10 billion infrastructure proposal included in Rep. Clark’s Child Care is Infrastructure Act bill.

This series of child care bills and the inclusion of dedicated resources for child care facilities is a fantastic display of support. LIIF strongly supports these bold pieces of child care legislation and looks forward to elevating the importance of investments that strengthen all key components of the child care sector alongside our partners in the National Children’s Facilities Network (NCFN).

House Democrats Release Large Infrastructure Proposal that Includes Investments in Housing, Child Care

Last week House Democrats released the Moving Forward Act (H.R. 2), a $1.5 trillion package of bold infrastructure investments that includes several of LIIF’s priorities:

- **More than $100 billion in housing resources:**
  - $70 billion for the Public Housing Operating Fund
  - $10 billion for the Community Development Block Grant (CDBG) Program
  - $5 billion for the HOME Program
  - $5 billion for the Housing Trust Fund
  - $2.5 billion for the Capital Magnet Fund (CMF)

- **Several provisions to strengthen and expand the Low Income Housing Tax Credit:**
  - Permanently increasing Housing Credit allocation authority by more than 60% over current levels
  - Setting a minimum 4 percent Housing Credit rate
  - Fixing the qualified contract option
  - See more detailed provisions in the ACTION Campaign’s blog

- **The Child Care is Infrastructure Act (H.R. 7201),** recent legislation sponsored by Rep. Katherine Clark (D-MA)

- **Making the NMTC permanent and increasing annual allocation authority**

The House is expected to pass the Moving Forward Act (H.R. 2) this week before departing for the July 4th recess. However, the Senate is not expected to take up an infrastructure package at any point in the near future, although it is possible that congressional Republicans and the White House will be interested in negotiating an infrastructure package later this fall or next year. In the meantime, the House’s proposal serves as an exceptionally strong opening bid that centers community development as a core component of our nation’s infrastructure.

California Budget Protects Subsidized Child Care Providers, Cuts Facilities Money

After a month of intense negotiations, California Governor Gavin Newsom and the state Legislature reached a final budget agreement last week. In order to avoid significant cuts to health, education, and social services, including early care and education (ECE) programs, they decided to rely on the rainy-day fund. In alignment with the administration’s commitment to applying an equity lens to their decision-making and in response to demands from the field, budget allocations for many items related to ECE will continue at the 2019-20 level for the
upcoming fiscal year, including reimbursement rates and contract amounts for state-subsidized child care providers.

Unfortunately, the state is eliminating the $263 million investment previously planned for the new Early Learning and Care Infrastructure Grant Program. The framework for the program has remained, making it easier for lawmakers to allocate resources to fund the grants in the future. More information about ECE in the state budget is available on the last Build Up California Policy Update.

For more information about ECE advocacy in California, please reach out to Ericka Erickson, LIIF Policy and Program Officer, Early Care and Education.

Federal Reserve and FDIC Diverge from OCC on CRA Regulations

Last month the Office of the Comptroller of the Currency (OCC) published a final rule on changes to Community Reinvestment Act (CRA) regulations despite widespread oppositions from advocates, banks, community development professionals, congressional Democrats, and more stakeholders. This month the Federal Deposit Insurance Corporation (FDIC) announced that it would not be joining the OCC’s rule, solidifying the agency’s decision last month not to move forward with the OCC. Also this month Federal Reserve Chairman Jerome Powell told Congress that the Federal Reserve will continue to work on developing its own proposed rule, likely setting up another public comment period similar to the one recently conducted by the OCC. LIIF strongly opposes the rule changes implemented by the OCC and we will continue to work with the regulators to develop a productive framework for CRA regulations moving forward.

For questions or comments, please contact:

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