

**[DISCUSSION DRAFT]**

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R.** \_\_\_\_\_

To promote increased access to paid family and medical leave and affordable child care in America, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M\_\_\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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**A BILL**

To promote increased access to paid family and medical leave and affordable child care in America, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Protecting Worker  
5 Paychecks and Family Choice Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

DIVISION A—EXPANDING ACCESS TO PAID FAMILY AND MEDICAL LEAVE

- Sec. 101. Modifications to employer credit for paid family and medical leave.
- Sec. 102. Family savings accounts.
- Sec. 103. Expand small employer pooling options for paid family and medical leave.
- Sec. 104. Promoting equitable access to paid family leave.
- Sec. 105. Working Families Flexibility Act.

DIVISION B—EXPANDING ACCESS TO AFFORDABLE CHILD CARE

- Sec. 201. Improving the employer-provided child care tax credit.
- Sec. 202. Increasing parent choice and preventing the child care cliff.
- Sec. 203. Targeting child care funds based on poverty.
- Sec. 204. Working Families Child Care Access Act.
- Sec. 205. Modernizing financing of early care and education in America.
- Sec. 206. Child Care Act of 2021.

DIVISION C—CHILD CARE STABILIZATION FUND OPTION

- Sec. 301. Family Child Care Networks Act of 2021.
- Sec. 302. Increasing access to safe child care facilities.
- Sec. 303. Expanding Employer-Sponsored Child Care Grants.
- Sec. 304. Child Care Funds Accountability Act.

1 **DIVISION A—EXPANDING AC-**  
2 **CESS TO PAID FAMILY AND**  
3 **MEDICAL LEAVE**

4 **SEC. 101. MODIFICATIONS TO EMPLOYER CREDIT FOR PAID**  
5 **FAMILY AND MEDICAL LEAVE.**

6 (a) CREDIT MADE PERMANENT AND LIMITED TO  
7 FIRST 5 YEARS AFTER ESTABLISHMENT OF PLAN.—

8 (1) IN GENERAL.—Section 45S(i) of the Inter-  
9 nal Revenue Code of 1986 is amended to read as fol-  
10 lows:

11 (2) PHASE-OUT.—Section 45S of such Code is  
12 amended by adding at the end the following new  
13 subsection:

1       “(i) CREDIT LIMITED TO FIRST 5 YEARS AFTER ES-  
2   TABLISHMENT OF PLAN.—

3           “(1) IN GENERAL.—No credit shall be allowed  
4   under this section with respect to any taxpayer after  
5   the 5-taxable-year period beginning with the taxable  
6   year which includes the date on which the taxpayer  
7   first has in place a policy described in subsection  
8   (c)(1).

9           “(2) PHASE-DOWN OF CREDIT.—The credit de-  
10   termined under this section (without regard to this  
11   subsection) shall be reduced by—

12           “(A) in the case of the fourth taxable year  
13   in the 5-taxable-year period described in para-  
14   graph (1), 25 percent of the amount of such  
15   credit, and

16           “(B) in the case of the fifth taxable year  
17   in such 5-taxable-year period, 50 percent of the  
18   amount of such credit.

19           “(3) TRANSITIONAL RULE.—The 5-taxable-year  
20   period described in paragraph (1) shall not be treat-  
21   ed as beginning before the beginning of the tax-  
22   payer’s first taxable year beginning after December  
23   31, 2022.”.

24       “(b) ENHANCED CREDIT FOR NEW PLANS OF SMALL  
25   EMPLOYERS.—

1           (1) IN GENERAL.—Section 45S of such Code is  
2           amended by adding at the end the following new  
3           subsection:

4           “(j) ENHANCED CREDIT FOR CERTAIN NEW PLANS  
5           OF SMALL EMPLOYERS.—

6           “(1) IN GENERAL.—In the case of an eligible  
7           small employer—

8           “(A) subsection (a)(2) shall be applied—

9           “(i) by substituting ‘25 percent’ for  
10           ‘12.5 percent’, and

11           “(ii) by substituting ‘50 percent’ for  
12           ‘25 percent’ (determined without regard to  
13           the substitution described in clause (i)),

14           “(B) the credit determined under sub-  
15           section (a)(1) for any taxable year shall be in-  
16           creased by the applicable percentage (deter-  
17           mined after application of subparagraph (A)) of  
18           the sum of—

19           “(i) so much of the amounts paid dur-  
20           ing such taxable year as administrative ex-  
21           penses of carrying out the policy described  
22           in subsection (c)(1) (other than any  
23           amounts paid to establish such policy), in-  
24           cluding payments to third-party adminis-  
25           trators and premiums for short-term dis-

1 ability insurance, as do not exceed  
2 \$50,000, plus

3 “(ii) in the case of the taxable year  
4 which includes the date on which the policy  
5 described in subsection (c)(1) takes effect,  
6 so much of the amounts paid to establish  
7 such policy as do not exceed \$1,000.

8 “(2) ELIGIBLE SMALL EMPLOYER.—For pur-  
9 poses of this subsection, the term ‘eligible small em-  
10 ployer’ means, with respect to any taxable year, any  
11 eligible employer—

12 “(A) the gross receipts of which for such  
13 taxable year do not exceed \$25,000,000,

14 “(B) which employed on average 50 or  
15 fewer employees on business days during the  
16 taxable year, and

17 “(C) which did not have a policy described  
18 in subsection (c)(1) in place at any time prior  
19 to the date of the enactment of this Act.”.

20 (2) EFFECTIVE DATE.—The amendment made  
21 by this subsection shall apply to taxable years begin-  
22 ning after the date of the enactment of this Act.

23 (c) EMPLOYER REQUIREMENTS FOR RATE OF PAY-  
24 MENT.—

1           (1) IN GENERAL.—Subsection (c) of section  
2           45S of such Code is amended—

3                   (A) in paragraph (1)(B), by inserting after  
4                   the first sentence the following: “For purposes  
5                   of determining the rate of payment under the  
6                   program, any family and medical leave which is  
7                   paid by a State or local government or required  
8                   by State or local law, determined as a percent-  
9                   age of the wages normally paid to such em-  
10                  ployee for services performed for the employer,  
11                  shall be taken into account.”, and

12                  (B) in paragraph (4)—

13                         (i) by striking “For purposes of this  
14                         section, any” and inserting “Any”, and

15                         (ii) by striking “amount of paid fam-  
16                         ily and medical leave provided by the em-  
17                         ployer” and inserting “wages taken into  
18                         account under subsection (a)”.

19           (2) EFFECTIVE DATE.—The amendments made  
20           by this subsection shall take effect as if included in  
21           section 13403 of Public Law 115–97.

22           (d) TECHNICAL CORRECTIONS.—

23                   (1) IN GENERAL.—Section 45S of such Code is  
24                   amended—

1 (A) in subsection (b)(1), by striking “cred-  
2 it allowed” and inserting “wages taken into ac-  
3 count”,

4 (B) in subsection (c), by striking para-  
5 graph (3) and inserting the following:

6 “(3) AGGREGATION RULE.—

7 “(A) IN GENERAL.—Except as provided in  
8 subparagraph (B), all persons which are treated  
9 as a single employer under subsections (b) and  
10 (c) of section 414 shall be treated as a single  
11 employer.

12 “(B) EXCEPTION.—

13 “(i) IN GENERAL.—Subparagraph (A)  
14 shall not apply to any person who estab-  
15 lishes to the satisfaction of the Secretary  
16 that such person has a substantial and le-  
17 gitimate business reason for failing to pro-  
18 vide a written policy described in para-  
19 graph (1) or (2).

20 “(ii) SUBSTANTIAL AND LEGITIMATE  
21 BUSINESS REASON.—For purposes of  
22 clause (i), the term ‘substantial and legiti-  
23 mate business reason’ shall not include the  
24 operation of a separate line of business,  
25 the rate of wages or category of jobs for

1 employees (or any similar basis), or the ap-  
2 plication of State or local laws relating to  
3 family and medical leave, but may include  
4 the grouping of employees of a common  
5 law employer.”, and

6 (C) in subsection (d)(2), by inserting “, as  
7 determined on an annualized basis (pro-rata for  
8 part-time employees),” after “compensation”.

9 (2) EFFECTIVE DATE.—The amendments made  
10 by this subsection shall take effect as if included in  
11 section 13403 of Public Law 115–97.

12 **SEC. 102. FAMILY SAVINGS ACCOUNTS.**

13 (a) IN GENERAL.—Part VII of subchapter B of chap-  
14 ter 1 of the Internal Revenue Code of 1986 is amended  
15 by redesignating section 224 as section 225 and by insert-  
16 ing after section 223 the following new section:

17 **“SEC. 224. FAMILY SAVINGS ACCOUNTS.**

18 “(a) DEDUCTION ALLOWED.—In the case of any eli-  
19 gible individual, there shall be allowed as a deduction for  
20 such taxable year an amount equal to the aggregate  
21 amount paid in cash during such taxable year by or on  
22 behalf of such individual to a family savings account of  
23 such individual.

24 “(b) LIMITATIONS.—



1           “(1) IN GENERAL.—The amount allowable as a  
2           deduction under subsection (a) to an individual for  
3           the taxable year shall not exceed \$5,000.

4           “(2) DENIAL OF DEDUCTION TO DEPEND-  
5           ENTS.—No deduction shall be allowed under this  
6           section to any individual with respect to whom a de-  
7           duction under section 151 is allowable to another  
8           taxpayer for a taxable year beginning in the cal-  
9           endar year in which such individual’s taxable year  
10          begins.

11          “(3) COORDINATION WITH EXCLUSION OF EM-  
12          PLOYER CONTRIBUTIONS.—No deduction shall be al-  
13          lowed under subsection (a) with respect to any con-  
14          tribution which excludible from gross income under  
15          subsection (g).

16          “(c) FAMILY SAVINGS ACCOUNT.—For purposes of  
17          this section—

18                 “(1) IN GENERAL.—The term ‘family savings  
19                 account’ means a family savings account established  
20                 by the Federal Thrift Investment Board in the Fam-  
21                 ily Savings Account Fund exclusively for the purpose  
22                 of paying the qualified expenses of the account bene-  
23                 ficiary. Such Board shall ensure the following with  
24                 respect to such accounts:

25                         “(A) No contribution will be accepted—

1 “(i) unless it is in cash, or

2 “(ii) to the extent such contribution,  
3 when added to previous contributions to  
4 the trust for the calendar year, exceeds the  
5 dollar amount in effect under subsection  
6 (b)(1).

7 “(B) The interest of an individual in the  
8 balance in such individual’s account is non-  
9 forfeitable.

10 “(2) QUALIFIED EXPENSES.—

11 “(A) IN GENERAL.—The term ‘qualified  
12 expenses’ means, with respect to an account  
13 beneficiary—

14 “(i) amounts paid for child care for  
15 any dependent child of the account bene-  
16 ficiary,

17 “(ii) amounts paid in lieu of paid fam-  
18 ily and medical leave for the account bene-  
19 ficiary,

20 “(iii) qualified education expenses of  
21 the account beneficiary or the account  
22 beneficiary’s spouse or dependents, and

23 “(iv) amounts paid for elder care for  
24 any ancestor of the account beneficiary or  
25 of the account beneficiary’s spouse.

1           “(B) PAID FAMILY AND MEDICAL  
2 LEAVE.—For purposes of subparagraph (A)(ii),  
3 amounts shall be treated as paid in lieu of paid  
4 family and medical leave to the extent that—

5           “(i) the account beneficiary is on fam-  
6 ily and medical leave (as defined in  
7 45S(e)), and

8           “(ii) such amounts do not exceed the  
9 excess (if any) of—

10           “(I) the wages which the account  
11 beneficiary would have been paid if  
12 not on such leave, over

13           “(II) the wages paid to the ac-  
14 count beneficiary while on such leave.

15           “(C) QUALIFIED EDUCATION EXPENSES.—  
16 For purposes of subparagraph (A)(iii), the term  
17 ‘qualified education expenses’ means qualified  
18 higher education expenses (as defined in section  
19 529(e)(3)) and any of the following expenses in  
20 connection with enrollment or attendance at, or  
21 for students enrolled at or attending, an ele-  
22 mentary or secondary public, private, or reli-  
23 gious school:

24           “(i) Tuition.

1 “(ii) Curriculum and curricular mate-  
2 rials.

3 “(iii) Books or other instructional ma-  
4 terials.

5 “(iv) Online educational materials.

6 “(v) Tuition for tutoring or edu-  
7 cational classes outside of the home, in-  
8 cluding at a tutoring facility, but only if  
9 the tutor or instructor is not related to the  
10 student and—

11 “(I) is licensed as a teacher in  
12 any State,

13 “(II) has taught at an eligible  
14 educational institution, or

15 “(III) is a subject matter expert  
16 in the relevant subject.

17 “(vi) Fees for a nationally standard-  
18 ized norm-referenced achievement test, an  
19 advanced placement examination, or any  
20 examinations related to college or univer-  
21 sity admission.

22 “(vii) Fees for dual enrollment in an  
23 institution of higher education.

24 “(viii) Educational therapies for stu-  
25 dents with disabilities provided by a li-

1 censed or accredited practitioner or pro-  
2 vider, including occupational, behavioral,  
3 physical, and speech-language therapies.

4 Such term shall include expenses for the pur-  
5 poses described in clauses (i) through (viii) in  
6 connection with a homeschool (whether treated  
7 as a homeschool or a private school for pur-  
8 poses of applicable State law).

9 “(3) ACCOUNT BENEFICIARY.—The term ‘ac-  
10 count beneficiary’ means the individual on whose be-  
11 half the family savings account was established.

12 “(4) CERTAIN RULES TO APPLY.—Rules similar  
13 to the following rules shall apply for purposes of this  
14 section:

15 “(A) Section 219(d)(2) (relating to no de-  
16 duction for rollovers).

17 “(B) Section 219(f)(3) (relating to time  
18 when contributions deemed made).

19 “(C) Except as provided in section 106(d),  
20 section 219(f)(5) (relating to employer pay-  
21 ments).

22 “(D) Section 408(g) (relating to commu-  
23 nity property laws).

24 “(E) Section 408(h) (relating to custodial  
25 accounts).

1 “(d) TAX TREATMENT OF ACCOUNTS.—

2 “(1) IN GENERAL.—A family savings account is  
3 exempt from taxation under this subtitle unless such  
4 account has ceased to be a family savings account.

5 “(2) ACCOUNT TERMINATIONS.—Rules similar  
6 to the rules of paragraphs (2) and (4) of section  
7 408(e) shall apply to family savings accounts, and  
8 any amount treated as distributed under such rules  
9 shall be treated as not used to pay qualified ex-  
10 penses.

11 “(e) TAX TREATMENT OF DISTRIBUTIONS.—

12 “(1) AMOUNTS USED FOR QUALIFIED EX-  
13 PENSES.—Any amount paid or distributed out of a  
14 family savings account which is used exclusively to  
15 pay qualified expenses of any account beneficiary  
16 shall not be includible in gross income.

17 “(2) INCLUSION OF AMOUNTS NOT USED FOR  
18 QUALIFIED EXPENSES.—Any amount paid or dis-  
19 tributed out of a family savings account which is not  
20 used exclusively to pay the qualified expenses of the  
21 account beneficiary shall be included in the gross in-  
22 come of such beneficiary.

23 “(3) EXCESS CONTRIBUTIONS RETURNED BE-  
24 FORE DUE DATE OF RETURN.—

1           “(A) IN GENERAL.—If any excess con-  
2           tribution is contributed for a taxable year to the  
3           family savings account of an individual, para-  
4           graph (2) shall not apply to distributions from  
5           the family savings account of such individual  
6           (to the extent such distributions do not exceed  
7           the aggregate excess contributions to all such  
8           accounts of such individual for such year) if—

9                   “(i) such distribution is received by  
10                   the individual on or before the last day  
11                   prescribed by law (including extensions of  
12                   time) for filing such individual’s return for  
13                   such taxable year, and

14                   “(ii) such distribution is accompanied  
15                   by the amount of net income attributable  
16                   to such excess contribution.

17           Any net income described in clause (ii) shall be  
18           included in the gross income of the individual  
19           for the taxable year in which it is received.

20           “(B) EXCESS CONTRIBUTION.—For pur-  
21           poses of subparagraph (A), the term ‘excess  
22           contribution’ means any contribution (other  
23           than a rollover contribution described in para-  
24           graph (5) or section 220(f)(5)) which is neither

1           excludable from gross income under subsection  
2           (g) nor deductible under subsection (a).

3           “(4) ADDITIONAL TAX ON DISTRIBUTIONS NOT  
4           USED FOR QUALIFIED EXPENSES.—

5                   “(A) IN GENERAL.—The tax imposed by  
6           this chapter on the account beneficiary for any  
7           taxable year in which there is a payment or dis-  
8           tribution from a family savings account of such  
9           beneficiary which is includible in gross income  
10          under paragraph (2) shall be increased by 20  
11          percent of the amount which is so includible.

12                   “(B) EXCEPTION FOR DISABILITY OR  
13          DEATH.—Subparagraph (A) shall not apply if  
14          the payment or distribution is made after the  
15          account beneficiary becomes disabled within the  
16          meaning of section 72(m)(7) or dies.

17                   “(5) DENIAL OF DOUBLE BENEFIT.—For pur-  
18          poses of determining the amount of any deduction or  
19          credit under this title, any payment or distribution  
20          out of a family savings account for qualified ex-  
21          penses shall not be treated as an expense paid by  
22          the account beneficiary.

23                   “(6) TRANSFER OF ACCOUNT INCIDENT TO DI-  
24          VORCE.—The transfer of an individual’s interest in  
25          a family savings account to an individual’s spouse or



1 former spouse under a divorce or separation instru-  
2 ment described in clause (i) of section 121(d)(3)(C)  
3 shall not be considered a taxable transfer made by  
4 such individual notwithstanding any other provision  
5 of this subtitle, and such interest shall, after such  
6 transfer, be treated as a family savings account with  
7 respect to which such spouse is the account bene-  
8 ficiary.

9 “(7) TREATMENT AFTER DEATH OF ACCOUNT  
10 BENEFICIARY.—

11 “(A) TREATMENT IF DESIGNATED BENE-  
12 FICIARY IS SPOUSE.—If the account bene-  
13 ficiary’s surviving spouse acquires such bene-  
14 ficiary’s interest in a family savings account by  
15 reason of being the designated beneficiary of  
16 such account at the death of the account bene-  
17 ficiary, such family savings account shall be  
18 treated as if the spouse were the account bene-  
19 ficiary.

20 “(B) OTHER CASES.—

21 “(i) IN GENERAL.—If, by reason of  
22 the death of the account beneficiary, any  
23 person acquires the account beneficiary’s  
24 interest in a family savings account in a

1 case to which subparagraph (A) does not  
2 apply—

3 “(I) such account shall cease to  
4 be a family savings account as of the  
5 date of death, and

6 “(II) an amount equal to the fair  
7 market value of the assets in such ac-  
8 count on such date shall be includible  
9 if such person is not the estate of  
10 such beneficiary, in such person’s  
11 gross income for the taxable year  
12 which includes such date, or if such  
13 person is the estate of such bene-  
14 ficiary, in such beneficiary’s gross in-  
15 come for the last taxable year of such  
16 beneficiary.

17 “(ii) SPECIAL RULES.—

18 “(I) REDUCTION OF INCLUSION  
19 FOR PREDEATH EXPENSES.—The  
20 amount includible in gross income  
21 under clause (i) by any person (other  
22 than the estate) shall be reduced by  
23 the amount of qualified expenses  
24 which were incurred by the decedent  
25 before the date of the decedent’s

1 death and paid by such person within  
2 1 year after such date.

3 “(II) DEDUCTION FOR ESTATE  
4 TAXES.—An appropriate deduction  
5 shall be allowed under section 691(c)  
6 to any person (other than the dece-  
7 dent or the decedent’s spouse) with  
8 respect to amounts included in gross  
9 income under clause (i) by such per-  
10 son.

11 “(8) ROLLOVERS TO INDIVIDUAL RETIREMENT  
12 ACCOUNTS.—In the case of an account beneficiary  
13 who has attained age 65—

14 “(A) IN GENERAL.—Paragraph (2) shall  
15 not apply to any amount paid or distributed  
16 from a family savings account to the account  
17 beneficiary to the extent the amount received is  
18 paid into an individual retirement account for  
19 the benefit of the account beneficiary not later  
20 than the 60th day after the day on which the  
21 beneficiary receives the payment or distribution.

22 “(B) LIMITATION.—This paragraph shall  
23 not apply to any amount described in subpara-  
24 graph (A) received by an individual from a fam-  
25 ily savings account if, at any time during the 1-

1           year period ending on the day of such receipt,  
2           such individual received any other amount de-  
3           scribed in subparagraph (A) from a family sav-  
4           ings account which was not includible in the in-  
5           dividual's gross income because of the applica-  
6           tion of this paragraph.

7           “(f) ELIGIBLE INDIVIDUAL.—For purposes of this  
8 section, the term ‘eligible individual’ means, with respect  
9 to any taxable year, any individual who—

10           “(1) has been issued a social security number  
11 by the Social Security Administration, and

12           “(2) has attained the age of 18 as of the close  
13 of such taxable year.

14           “(g) EXCLUSION OF EMPLOYER CONTRIBUTIONS.—  
15 Except as otherwise provided by the Secretary, in the case  
16 of an employee who is an eligible individual, amounts con-  
17 tributed by such employee's employer to any family sav-  
18 ings account of such employee shall be excludible from  
19 gross income under rules similar to the rules of section  
20 106(b).

21           “(h) COST-OF-LIVING ADJUSTMENT.—

22           “(1) IN GENERAL.—In the case of any taxable  
23 year beginning in a calendar year after 2022, the  
24 dollar amount in subsection (b)(1) shall be increased  
25 by an amount equal to—

1 “(A) such dollar amount, multiplied by

2 “(B) the cost-of-living adjustment deter-  
3 mined under section 1(f)(3) for the calendar  
4 year in which such taxable year begins deter-  
5 mined by substituting ‘calendar year 2021’ for  
6 ‘calendar year 2016’ in subparagraph (A)(ii)  
7 thereof.

8 For purposes of this paragraph, section 1(f)(4)  
9 shall be applied by substituting ‘March 31’ for  
10 ‘August 31’, and the Secretary shall publish the  
11 adjusted amounts under subsection (b)(1) for  
12 taxable years beginning in any calendar year no  
13 later than June 1 of the preceding calendar  
14 year.

15 “(2) ROUNDING.—If any increase under para-  
16 graph (1) is not a multiple of \$50, such increase  
17 shall be rounded to the nearest multiple of \$50.

18 “(i) REPORTS.—The Federal Thrift Investment  
19 Board shall make such reports to the Secretary and to  
20 the account beneficiary regarding contributions, distribu-  
21 tions, the return of excess contributions, and such other  
22 matters with respect to family savings accounts as the  
23 Secretary may provide.”.

24 (b) ESTABLISHMENT OF FAMILY SAVINGS ACCOUNT  
25 FUND AND FAMILY SAVINGS ACCOUNTS.—

1           (1) FAMILY SAVINGS ACCOUNT FUND.—There  
2 is established in the Treasury of the United States  
3 a Family Savings Account Fund, consisting of all  
4 contributions made to family savings accounts under  
5 section 224 of the Internal Revenue Code of 1986.

6           (2) FAMILY SAVINGS ACCOUNTS.—In addition  
7 to the responsibilities of the Federal Thrift Invest-  
8 ment Board under subchapters III and VII of chap-  
9 ter 84 of title 5 United States Code, the Board shall  
10 establish a family savings account within the Family  
11 Savings Account Fund for each eligible individual  
12 (as defined in section 224(f) of the Internal Revenue  
13 Code of 1986, without regard to paragraph (2)  
14 thereof) as soon as practicable after the date that  
15 such individual attains age 18. Except as otherwise  
16 provided by the Board, such accounts shall be main-  
17 tained and administered by the Board under rules  
18 similar to the rules which apply to the Thrift Sav-  
19 ings Fund.

20       (c) FEDERAL MATCHING AMOUNTS.—

21           (1) IN GENERAL.—The Secretary of the Treas-  
22 ury shall establish a program under which the Sec-  
23 retary will make annual contributions to family sav-  
24 ings accounts of matching-eligible individuals equal  
25 to the aggregate amount contributed by such indi-

1       vidual to such account during the calendar year (but  
2       not in excess of \$1,000).

3           (2)   MATCHING-ELIGIBLE   INDIVIDUAL.—For  
4       purposes of this subsection, the term “matching-eli-  
5       gible individual” means any eligible individual (as  
6       defined in section 224(f) of the Internal Revenue  
7       Code of 1986) for any calendar year if the adjusted  
8       gross income for such individual’s taxable year which  
9       ends in or with such calendar year does not exceed  
10      \$50,000.

11          (3)   TREATMENT   OF   CONTRIBUTIONS.—For  
12      purposes of section 1324 of title 31, United States  
13      Code, contributions made by the Secretary under  
14      this section shall be treated in the same manner as  
15      a refund due from a credit provision described in  
16      subsection (b)(2) of such section.

17          (d)   TREATMENT   OF   MATCHING   AMOUNTS   UNDER  
18      STATE PROGRAMS.—If a State establishes a program  
19      similar to the program described in subsection (c) for  
20      making contributions to family savings accounts of eligible  
21      individuals, such contributions shall, at the election of  
22      such State, be taken into account either (as provided in  
23      such election) under paragraph (2)(C) of section 418(a)  
24      of the Social Security Act as an expenditure described in  
25      paragraph (1)(A) of such section or as qualified State ex-

1 penditures for purposes of section 409(a)(7) of the Social  
2 Security Act.

3 (e) DEDUCTION ALLOWED WHETHER OR NOT INDI-  
4 VIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
5 of section 62 of such Code is amended by inserting after  
6 paragraph (21) the following new paragraph:

7 “(22) FAMILY SAVINGS ACCOUNTS.—The de-  
8 duction allowed by section 224.”.

9 (f) EMPLOYER CONTRIBUTIONS REQUIRED TO BE  
10 SHOWN ON W-2.—Section 6051(a) of such Code is  
11 amended by striking “and” at the end of paragraph (16),  
12 by striking the period at the end of paragraph (17) and  
13 inserting “, and”, and by inserting after paragraph (17)  
14 the following new paragraph:

15 “(18) the amount contributed to any family  
16 savings account (as defined in section 224(c)) of  
17 such employee.”.

18 (g) PENALTY FOR FAILURE OF EMPLOYER TO MAKE  
19 COMPARABLE FAMILY SAVINGS ACCOUNT CONTRIBU-  
20 TIONS.—Chapter 43 of such Code is amended by adding  
21 after section 4980H the following new section:



1 **“SEC. 4980I. FAILURE OF EMPLOYER TO MAKE COM-**  
2 **PARABLE FAMILY SAVINGS ACCOUNT CON-**  
3 **TRIBUTIONS.**

4 “(a) IN GENERAL.—In the case of an employer who  
5 makes a contribution to the family savings account of any  
6 employee during a calendar year, there is hereby imposed  
7 a tax on the failure of such employer to meet the require-  
8 ments of subsection (b) for such calendar year.

9 “(b) RULES AND REQUIREMENTS.—Except as other-  
10 wise provided by the Secretary, rules and requirements  
11 similar to the rules and requirements of section 4980E  
12 shall apply for purposes of this section.

13 “(c) REGULATIONS.—The Secretary shall issue regu-  
14 lations to carry out the purposes of this section.”.

15 (h) TAX ON EXCESS CONTRIBUTIONS.—Section 4973  
16 of such Code is amended—

17 (1) by striking “or” at the end of subsection  
18 (a)(3), by inserting “or” at the end of subsection  
19 (a)(5), and by inserting after subsection (a)(5) the  
20 following new paragraph:

21 “(6) a family savings account (within the mean-  
22 ing of section 224(c)),”, and

23 (2) by adding at the end the following new sub-  
24 section:

25 “(i) EXCESS CONTRIBUTIONS TO FAMILY SAVINGS  
26 ACCOUNTS.—For purposes of this section, in the case of

1 any family savings account (within the meaning of section  
2 224(e)), the term ‘excess contributions’ means the sum  
3 of—

4 “(1) the aggregate amount contributed for the  
5 taxable year to such account which is neither exclud-  
6 able from gross income under section 224(g) nor al-  
7 lowable as a deduction under section 224(a) for such  
8 year, and

9 “(2) the amount determined under this sub-  
10 section for the preceding taxable year, reduced by  
11 the sum of—

12 “(A) the distributions out of the accounts  
13 which were included in gross income under sec-  
14 tion 224(e)(2), and

15 “(B) the excess (if any) of—

16 “(i) the maximum amount allowable  
17 as a deduction under section 224(b) for  
18 the taxable year, over

19 “(ii) the amount contributed to the  
20 account for the taxable year.

21 For purposes of this subsection, any contribu-  
22 tion which is distributed out of the family sav-  
23 ings account in a distribution to which section  
24 224(e)(3) applies shall be treated as an amount  
25 not contributed.”.

1 (i) TAX ON PROHIBITED TRANSACTIONS.—

2 (1) Section 4975(c) of such Code is amended by  
3 adding at the end the following new paragraph:

4 “(8) SPECIAL RULE FOR FAMILY SAVINGS AC-  
5 COUNTS.—An individual for whose benefit a family  
6 savings account (within the meaning of section  
7 224(c)) is established shall be exempt from the tax  
8 imposed by this section with respect to any trans-  
9 action concerning such account (which would other-  
10 wise be taxable under this section) if, with respect  
11 to such transaction, the account ceases to be a fam-  
12 ily savings account by reason of the application of  
13 section 224(d)(2) to such account.”.

14 (2) Section 4975(e)(1) of such Code is amended  
15 by redesignating subparagraphs (F) and (G) as sub-  
16 subparagraphs (G) and (H), respectively, and by insert-  
17 ing after subparagraph (E) the following new sub-  
18 paragraph:

19 “(E) a family savings account described in  
20 section 224(c),”.

21 (j) FAMILY SAVINGS ACCOUNTS MAY BE OFFERED  
22 UNDER CAFETERIA PLANS.— Section 125(d)(2) of such  
23 Code is amended by adding at the end the following new  
24 subparagraph:

1           “(E) EXCEPTION FOR FAMILY SAVINGS AC-  
2           COUNTS.—Subparagraph (A) shall not apply to  
3           a plan to the extent of amounts which a covered  
4           employee may elect to have the employer pay as  
5           contributions to a family savings account estab-  
6           lished on behalf of the employee.”.

7           (k) CONFORMING AMENDMENTS.—

8           (1) Section 408(a)(1) of such Code is amended  
9           by inserting “224(e)(8),” before “402(c),”.

10          (2) The table of sections for part VII of sub-  
11          chapter B of chapter 1 of such Code is amended by  
12          redesignating the item relating to section 224 as an  
13          item relating to section 225 and by inserting after  
14          the item relating to section 223 the following new  
15          item:

“Sec. 224. Family savings accounts.”.

16          (3) The table of sections for chapter 43 of such  
17          Code is amended by adding after the item relating  
18          to section 4980H the following new item:

“Sec. 4980I. Failure of employer to make comparable family savings account  
contributions.”.

19          (l) EFFECTIVE DATE.—The amendments made by  
20          this section shall apply to taxable years beginning after  
21          December 31, 2021.

1 **SEC. 103. EXPAND SMALL EMPLOYER POOLING OPTIONS**  
2 **FOR PAID FAMILY AND MEDICAL LEAVE.**

3 (a) AMENDMENT TO EMPLOYEE RETIREMENT IN-  
4 COME SECURITY ACT OF 1974.—

5 (1) IN GENERAL.—Section 3(40)(A) of the Em-  
6 ployee Retirement Income Security Act of 1974 (29  
7 U.S.C. 1002(40)(A)) is amended by inserting “,  
8 which, for the purposes of this paragraph, may in-  
9 clude paid family and medical leave benefits,” after  
10 “paragraph (1)”.

11 (2) EFFECTIVE DATE.—The amendment made  
12 by paragraph (1) shall take effect on the date that  
13 is 90 days after the date of enactment of this Act.

14 (3) REGULATIONS.—The Secretary of Labor  
15 shall, in coordination with the issuance of regula-  
16 tions by the Secretary of the Treasury pursuant to  
17 subsection (b)(3), issue regulations to implement  
18 and ensure compliance with the amendment made by  
19 paragraph (1) to ensure consistency and parity in  
20 the treatment of paid family medical leave benefits  
21 across Federal agencies.

22 (b) AMENDMENT TO INTERNAL REVENUE CODE OF  
23 1986.—

24 (1) IN GENERAL.—Section 501(c)(9) of the In-  
25 ternal Revenue Code of 1986 is amended by insert-

1 ing “disability, paid family and medical leave,” after  
2 “life, sick, accident,”.

3 (2) EFFECTIVE DATE.—The amendment made  
4 by paragraph (1) shall apply after the date that is  
5 90 days after the date of enactment of this Act, in  
6 taxable years ending after such date.

7 (3) REGULATIONS.—The Secretary of the  
8 Treasury shall, in coordination with the issuance of  
9 regulations by the Secretary of Labor pursuant to  
10 subsection (a)(3), issue regulations to implement  
11 and ensure compliance with the amendment made by  
12 paragraph (1) to ensure consistency and parity in  
13 the treatment of paid family medical leave benefits  
14 across Federal agencies.

15 (c) REPORT.—Not later than 120 days after the date  
16 of enactment of this Act, the Secretary of Labor and the  
17 Secretary of the Treasury shall jointly submit a report to  
18 the Committee on Education and Labor and the Com-  
19 mittee on Ways and Means of the House of Representa-  
20 tives with recommendations describing—

21 (1) statutory or regulatory changes needed to  
22 facilitate multi-employer and small business pooling  
23 and cost-sharing, such as through multiple employer  
24 welfare arrangements, for the purpose of providing  
25 paid family and medical leave benefits, including

1 through the use of short-term disability insurance,  
2 to the employees of two or more employers; and

3 (2) statutory or regulatory changes necessary to  
4 allow employers to implement the actions described  
5 in paragraph (1) through a tax exempt trust, such  
6 as a voluntary employee benefits association, or  
7 other mechanism.

8 **SEC. 104. PROMOTING EQUITABLE ACCESS TO PAID FAMILY**  
9 **LEAVE.**

10 Section 418 of the Social Security Act (42 U.S.C.  
11 618) is amended—

12 (1) by redesignating subsection (d) as sub-  
13 section (e); and

14 (2) by inserting after subsection (c) the fol-  
15 lowing:

16 “(d) GRANT CONDITION.—

17 “(1) IN GENERAL.—As a condition of receiving  
18 a grant under this section, a State shall provide the  
19 parent of an eligible child the option to receive, in  
20 accordance with this section, a payment, which may  
21 be made on a monthly, biweekly, or weekly basis, for  
22 each month in the parental leave period with respect  
23 to such eligible child, in lieu of receiving any child  
24 care services described in the Child Care and Devel-  
25 opment Block Grant Act of 1990 during the period.

1           “(2) AMOUNT.—The amount of a payment  
2           made pursuant to paragraph (1) with respect to an  
3           eligible child shall be not less than the average sub-  
4           sidy payment in the applicable market area within  
5           the State for the provision of child care services for  
6           infants, across all categories of care.

7           “(3) APPLICATION.—To receive a payment pur-  
8           suant to paragraph (1) with respect to an eligible  
9           child, the parent of the eligible child shall submit an  
10          application to the lead agency, or agency designated  
11          by the lead agency, of the applicable State before the  
12          beginning of the parental leave period with respect  
13          to the eligible child. The application shall include—

14                 “(A) assurances by the applicant—

15                         “(i) that the eligible child will not be  
16                         receiving any child care services described  
17                         in such Act during the period paid for by  
18                         funds made available under this part; and

19                         “(ii) that the applicant will not be re-  
20                         ceiving paid parental leave from any other  
21                         source during the period;

22                 “(B) documentation demonstrating that  
23                 the applicant was working or attending a job  
24                 training or educational program, as defined by



1 the State, for at least 4 consecutive quarters  
2 ending on the date of application; and

3 “(C) any other such assurances or docu-  
4 mentation the State may require.

5 “(4) TRANSITION TO CHILD CARE SERVICES.—  
6 A parent of an eligible child receiving a payment  
7 pursuant to paragraph (1) shall be provided the op-  
8 tion to enroll in child care services provided under  
9 such Act immediately after the end of the parental  
10 leave period with respect to the eligible child.

11 “(5) DEFINITIONS.—In this subsection:

12 “(A) ELIGIBLE CHILD.—The term ‘eligible  
13 child’ has the meaning given the term in section  
14 658P(4) of such Act without regard to subpara-  
15 graph (C).

16 “(B) LEAD AGENCY.—The term ‘lead  
17 agency’ has the meaning given the term with  
18 respect to a State in section 658D of such Act.

19 “(C) PARENTAL LEAVE PERIOD.—The  
20 term ‘parental leave period’ means the 3-month  
21 period beginning on the date of birth or adop-  
22 tion, as applicable, of an eligible child.

23 “(6) CLARIFICATION.—For purposes of sub-  
24 section (b)(2), a payment pursuant to paragraph (1)

1 of this subsection, shall be considered child care as-  
2 sistance.”.

3 **SEC. 105. WORKING FAMILIES FLEXIBILITY ACT.**

4 (a) COMPENSATORY TIME.—Section 7 of the Fair  
5 Labor Standards Act of 1938 (29 U.S.C. 207) is amended  
6 by adding at the end the following:

7 “(t) COMPENSATORY TIME OFF FOR PRIVATE EM-  
8 PLOYEES.—

9 “(1) GENERAL RULE.—An employee may re-  
10 ceive, in accordance with this subsection and in lieu  
11 of monetary overtime compensation, compensatory  
12 time off at a rate not less than one and one-half  
13 hours for each hour of employment for which over-  
14 time compensation is required by this section.

15 “(2) CONDITIONS.—An employer may provide  
16 compensatory time to employees under paragraph  
17 (1) only if such time is provided in accordance  
18 with—

19 “(A) applicable provisions of a collective  
20 bargaining agreement between the employer  
21 and the labor organization that has been cer-  
22 tified or recognized as the representative of the  
23 employees under applicable law; or

24 “(B) in the case of employees who are not  
25 represented by a labor organization that has

1           been certified or recognized as the representa-  
2           tive of such employees under applicable law, an  
3           agreement arrived at between the employer and  
4           employee before the performance of the work  
5           and affirmed by a written or otherwise  
6           verifiable record maintained in accordance with  
7           section 11(c)—

8                   “(i) in which the employer has offered  
9                   and the employee has chosen to receive  
10                  compensatory time in lieu of monetary  
11                  overtime compensation; and

12                   “(ii) entered into knowingly and vol-  
13                  untarily by such employee and not as a  
14                  condition of employment.

15           No employee may receive or agree to receive com-  
16           pensatory time off under this subsection unless the  
17           employee has worked at least 1,000 hours for the  
18           employee’s employer during a period of continuous  
19           employment with the employer in the 12-month pe-  
20           riod before the date of agreement or receipt of com-  
21           pensatory time off.

22                   “(3) HOUR LIMIT.—

23                   “(A) MAXIMUM HOURS.—An employee  
24                  may accrue not more than 160 hours of com-  
25                  pensatory time.

1           “(B) COMPENSATION DATE.—Not later  
2 than January 31 of each calendar year, the em-  
3 ployee’s employer shall provide monetary com-  
4 pensation for any unused compensatory time off  
5 accrued during the preceding calendar year that  
6 was not used prior to December 31 of the pre-  
7 ceding calendar year at the rate prescribed by  
8 paragraph (6). An employer may designate and  
9 communicate to the employer’s employees a 12-  
10 month period other than the calendar year, in  
11 which case such compensation shall be provided  
12 not later than 31 days after the end of such 12-  
13 month period.

14           “(C) EXCESS OF 80 HOURS.—The em-  
15 ployer may provide monetary compensation for  
16 an employee’s unused compensatory time in ex-  
17 cess of 80 hours at any time after giving the  
18 employee at least 30 days notice. Such com-  
19 pensation shall be provided at the rate pre-  
20 scribed by paragraph (6).

21           “(D) POLICY.—Except where a collective  
22 bargaining agreement provides otherwise, an  
23 employer that has adopted a policy offering  
24 compensatory time to employees may, upon giv-  
25 ing employees 30 days notice, discontinue such

1 policy and provide monetary compensation to  
2 each employee with accrued compensatory time  
3 that has not yet been used for all such compen-  
4 satory time. Such compensation shall be pro-  
5 vided at the rate prescribed by paragraph (6).

6 “(E) WRITTEN REQUEST.—An employee  
7 may withdraw an agreement described in para-  
8 graph (2)(B) at any time. An employee may  
9 also request in writing that monetary com-  
10 pensation be provided, at any time, for all com-  
11 pensatory time accrued that has not yet been  
12 used. Within 30 days of receiving the written  
13 request, the employer shall provide the em-  
14 ployee the monetary compensation due in ac-  
15 cordance with paragraph (6).

16 “(4) PRIVATE EMPLOYER ACTIONS.—An em-  
17 ployer that provides compensatory time under para-  
18 graph (1) to employees shall not directly or indi-  
19 rectly intimidate, threaten, or coerce or attempt to  
20 intimidate, threaten, or coerce any employee for the  
21 purpose of—

22 “(A) interfering with such employee’s  
23 rights under this subsection to request or not  
24 request compensatory time off in lieu of pay-

1           ment of monetary overtime compensation for  
2           overtime hours; or

3           “(B) requiring any employee to use such  
4           compensatory time.

5           “(5) TERMINATION OF EMPLOYMENT.—An em-  
6           ployee who has accrued compensatory time off au-  
7           thorized to be provided under paragraph (1) shall,  
8           upon the voluntary or involuntary termination of  
9           employment, be paid for the unused compensatory  
10          time in accordance with paragraph (6).

11          “(6) RATE OF COMPENSATION.—

12           “(A) GENERAL RULE.—If compensation is  
13           to be paid to an employee for accrued compen-  
14           satory time off, such compensation shall be paid  
15           at a rate of compensation not less than—

16           “(i) the regular rate received by such  
17           employee when the compensatory time was  
18           earned; or

19           “(ii) the final regular rate received by  
20           such employee,  
21          whichever is higher.

22          “(B) CONSIDERATION OF PAYMENT.—Any  
23          payment owed to an employee under this sub-  
24          section for unused compensatory time shall be  
25          considered unpaid overtime compensation.

1           “(7) USE OF TIME.—An employee—

2                   “(A) who has accrued compensatory time  
3           off authorized to be provided under paragraph  
4           (1); and

5                   “(B) who has requested the use of such  
6           compensatory time,

7           shall be permitted by the employee’s employer to use  
8           such time within a reasonable period after making  
9           the request if the use of the compensatory time does  
10          not unduly disrupt the operations of the employer.

11          “(8) DEFINITIONS.—For purposes of this sub-  
12          section—

13                   “(A) the term ‘employee’ does not include  
14           an employee of a public agency; and

15                   “(B) the terms ‘overtime compensation’,  
16           ‘compensatory time’, and ‘compensatory time  
17           off’ shall have the meanings given such terms  
18           by subsection (o)(7).”.

19          (b) REMEDIES.—Section 16 of the Fair Labor Stand-  
20          ards Act of 1938 (29 U.S.C. 216) is amended—

21                   (1) in subsection (b), in the first sentence, by  
22           striking “(b) Any employer” and inserting “(b) Ex-  
23           cept as provided in subsection (f), any employer”;  
24           and

25                   (2) by adding at the end the following:

1           “(f) An employer that violates section 7(t)(4) shall  
2 be liable to the employee affected in the amount of the  
3 rate of compensation (determined in accordance with sec-  
4 tion 7(t)(6)(A)) for each hour of compensatory time ac-  
5 crued by the employee and in an additional equal amount  
6 as liquidated damages reduced by the amount of such rate  
7 of compensation for each hour of compensatory time used  
8 by such employee.”.

9           (c) NOTICE TO EMPLOYEES.—Not later than 30 days  
10 after the date of enactment of this Act, the Secretary of  
11 Labor shall revise the materials the Secretary provides,  
12 under regulations published in section 516.4 of title 29,  
13 Code of Federal Regulations (or any corresponding similar  
14 regulation or ruling), to employers for purposes of a notice  
15 explaining the Fair Labor Standards Act of 1938 (29  
16 U.S.C. 201 et seq.) to employees so that such notice re-  
17 flects the amendments made to such Act by this section.

18           (d) GAO REPORT.—Beginning 2 years after the date  
19 of enactment of this Act and each of the 3 years there-  
20 after, the Comptroller General shall submit a report to  
21 Congress providing, with respect to the reporting period  
22 immediately prior to each such report—

23                   (1) data concerning the extent to which employ-  
24           ers provide compensatory time pursuant to section  
25           7(t) of the Fair Labor Standards Act of 1938, as



1 added by this Act, and the extent to which employ-  
2 ees opt to receive compensatory time;

3 (2) the number of complaints alleging a viola-  
4 tion of such section filed by any employee with the  
5 Secretary of Labor;

6 (3) the number of enforcement actions com-  
7 menced by the Secretary or commenced by the Sec-  
8 retary on behalf of any employee for alleged viola-  
9 tions of such section;

10 (4) the disposition or status of such complaints  
11 and actions described in paragraphs (2) and (3); and

12 (5) an account of any unpaid wages, damages,  
13 penalties, injunctive relief, or other remedies ob-  
14 tained or sought by the Secretary in connection with  
15 such actions described in paragraph (3).

16 (e) SUNSET.—This section and the amendments  
17 made by this section shall expire 5 years after the date  
18 of enactment of this Act.

19 **DIVISION B—EXPANDING AC-**  
20 **CESS TO AFFORDABLE CHILD**  
21 **CARE**

22 **SEC. 201. IMPROVING THE EMPLOYER-PROVIDED CHILD**  
23 **CARE TAX CREDIT.**

24 (a) CREDIT ALLOWED FOR REIMBURSEMENT OF EM-  
25 PLOYEE CHILD CARE EXPENSES.—Section 45F(c)(1)(A)

1 of the Internal Revenue Code of 1986 is amended by strik-  
2 ing “or” at the end of clause (ii), by striking the period  
3 at the end of clause (iii) and inserting “, or”, and by add-  
4 ing at the end the following new clause:

5 “(iv) to reimburse an employee for  
6 child care costs necessary for the employ-  
7 ee’s employment.”.

8 (b) CREDIT NOT RESTRICTED TO CHILD CARE FA-  
9 CILITIES PROVIDING EMPLOYER-PROVIDED CHILD  
10 CARE.—

11 (1) IN GENERAL.—Section 45F(c)(2)(B) of  
12 such Code is amended in clause (i) by inserting  
13 “and” after the comma, by striking clause (ii), and  
14 by redesignating clause (iii) as clause (ii).

15 (2) CONFORMING AMENDMENTS.—

16 (A) The heading for section 45F of such  
17 Code is amended to read as follows:

18 **“SEC. 45F CHILD CARE BUSINESS CREDIT.”.**

19 (B) The table of sections for subpart D of  
20 part IV of subchapter A of chapter 1 of subtitle  
21 A of such Code is amended by striking the item  
22 relating to section 45F and inserting the fol-  
23 lowing new item:

“45F. Child care business credit.”.

1 (c) CREDIT PERCENTAGE FOR SMALL EMPLOY-  
2 ERS.—Section 45F(e) of such Code is amended by adding  
3 at the end the following new paragraph:

4 “(4) CREDIT PERCENTAGE FOR SMALL EM-  
5 PLOYERS.—

6 “(A) IN GENERAL.—With respect to a  
7 small employer, subsection (a)(1) shall be ap-  
8 plied by substituting ‘50 percent’ for ‘25 per-  
9 cent’.

10 “(B) SMALL EMPLOYER.—For the pur-  
11 poses of this paragraph, the term ‘small em-  
12 ployer’ means, with respect to any taxable year,  
13 any employer if—

14 “(i) the average number of employees  
15 of such employer on business days during  
16 such taxable year does not exceed 50, and

17 “(ii) the gross receipts of such em-  
18 ployer during such taxable year do not ex-  
19 ceed \$25,000,000.”.

20 (d) STUDY OF IMPACT OF TAX CREDIT FOR EM-  
21 PLOYER-PROVIDED CHILD CARE.—

22 (1) IN GENERAL.—Not later than 18 months  
23 after the date of the enactment of this Act, the  
24 Comptroller General of the United States, in con-

1           sultation with the Secretary of the Treasury and the  
2           Secretary of Labor, shall—

3                   (A) complete a study that examines the tax  
4                   credit for employer-provided child care author-  
5                   ized under section 45F of the Internal Revenue  
6                   Code of 1986 by considering such metrics as—

7                           (i) the characteristics of employers  
8                           that take the credit, including the size of  
9                           such employer, whether such employer is in  
10                           a rural or urban location, and whether  
11                           such employer also offers a dependent care  
12                           assistance program described in section  
13                           129 of such Code,

14                           (ii) the characteristics of employers  
15                           that do not take the credit,

16                           (iii) the extent to which employees  
17                           benefit when employers provide child care  
18                           and take the credit,

19                           (iv) any challenges identified by em-  
20                           ployers that do not take the credit, and

21                           (v) any explanations from employers  
22                           as to why they do or do not take the cred-  
23                           it, and

24                   (B) prepare and submit a report to the  
25                   Committee on Finance of the Senate and the

1           Committee on Ways and Means of the House of  
2           Representatives setting forth the conclusions of  
3           the study conducted under subparagraph (A) in  
4           such a manner that the recommendations in-  
5           cluded in the report can inform future legisla-  
6           tive action. Such report shall also be made pub-  
7           licly available on the website of the Government  
8           Accountability Office.

9           (2) PROHIBITION.—In carrying out the require-  
10          ments of this section, the Comptroller General of the  
11          United States may request qualitative and quan-  
12          titative information from employers claiming the  
13          credit under section 45F of the Internal Revenue  
14          Code of 1986, but nothing in this section shall be  
15          construed as mandating additional reporting require-  
16          ments for such employers beyond what is already re-  
17          quired by law.

18          (e) EFFECTIVE DATE.—The amendments made by  
19          this section shall apply to taxable years beginning after  
20          the date of enactment of this Act.

21       **SEC. 202. INCREASING PARENT CHOICE AND PREVENTING**  
22                               **THE CHILD CARE CLIFF.**

23          (a) PREVENTING THE CHILD CARE CLIFF.—Section  
24          418 of the Social Security Act (42 U.S.C. 618), as amend-  
25          ed by section 104 of this Act, is amended by redesignating

1 subsection (e) as subsection (f) and inserting after sub-  
2 section (d) the following:

3 “(e) GRANT CONDITION.—As a condition of receiving  
4 a grant under this subsection, a State shall have policies  
5 and procedures in place to provide a graduated phase-out  
6 of child care assistance for parents—

7 “(1) who are working or attending a job train-  
8 ing or educational program; and

9 “(2) whose family income exceeds the income  
10 limit established by the State for initial qualification  
11 for child care assistance and does not exceed 85 per-  
12 cent of the State median income for a family of the  
13 same size.”.

14 (b) INCREASING PARENT CHOICE FOR LOW-INCOME  
15 FAMILIES.—With respect to each of fiscal years 2022 and  
16 2023, the percentage set forth in section 418(b)(2) of the  
17 Social Security Act is deemed to be 100 percent.

18 **SEC. 203. TARGETING CHILD CARE FUNDS BASED ON POV-**  
19 **ERTY.**

20 Section 418(a)(2)(B) of the Social Security Act (42  
21 U.S.C. 618(a)(2)(B)) is amended—

22 (1) by striking all that precedes “total” and in-  
23 serting the following:

24 “(B) ALLOTMENTS TO STATES.—

1                   “(i) IN GENERAL.—Except as pro-  
2                   vided in clause (ii), the”;

3                   (2) by adding after and below the end the fol-  
4                   lowing:

5                   “(ii) SPECIAL RULE.—To the extent  
6                   that the total amount referred to in clause  
7                   (i) for fiscal year 2022 or for any suc-  
8                   ceeding fiscal year exceeds the total  
9                   amount so referred to for fiscal year 2020,  
10                  the excess shall be allotted among the  
11                  States based on the share of each State of  
12                  the number of children in poverty who  
13                  have not attained 13 years of age.”.

14 **SEC. 204. WORKING FAMILIES CHILD CARE ACCESS ACT.**

15                  (a) **ADDITIONAL EXPENSES INCLUDED IN DEPEND-**  
16 **ENT CARE ASSISTANCE PROGRAMS.—**

17                  (1) **IN GENERAL.—**Section 129(e) of the Inter-  
18                  nal Revenue Code of 1986 is amended—

19                         (A) in paragraph (1), by striking “or pro-  
20                         vision of, those” and inserting “or provision of,  
21                         qualified adoption expenses (within the meaning  
22                         of section 137(d)), qualified sports expenses,  
23                         qualified tutoring expenses, qualifying art ex-  
24                         penses, or those”, and

1 (B) by adding at the end the following new  
2 paragraphs:

3 “(10) QUALIFIED SPORTS EXPENSES.—The  
4 term ‘qualified sports expenses’ means expenses paid  
5 or incurred for the participation or instruction of a  
6 dependent in a program of physical exercise or phys-  
7 ical activity.

8 “(11) QUALIFIED TUTORING EXPENSES.—The  
9 term ‘qualified tutoring expenses’ means expenses  
10 paid or incurred for the participation or instruction  
11 of a dependent in virtual or in-person—

12 “(A) individual academic tutoring, or

13 “(B) small-group academic tutoring in a  
14 group of four students or fewer.

15 “(12) QUALIFIED ART EXPENSES.—The term  
16 ‘qualified art expenses’ means expenses paid or in-  
17 curred for the participation or instruction of a de-  
18 pendent in a program of music or art.”.

19 (2) EFFECTIVE DATE.—The amendments made  
20 by this subsection shall apply to taxable years begin-  
21 ning after December 31, 2021.

22 (b) DEPENDENT CARE EXPENSES ALLOWED FOR  
23 CHILDREN AND DEPENDENTS UP TO AGE 15.—



1           (1) IN GENERAL.—Section 129(e)(1) of the In-  
2           ternal Revenue Code of 1986, as amended by sub-  
3           section (a), is amended—

4                   (A) by striking “or provision of, qualified  
5                   adoption expenses” and inserting “or provision  
6                   of, with respect to a qualifying individual, quali-  
7                   fied adoption expenses”,

8                   (B) by striking “The term” and inserting  
9                   the following:

10                   “(A) IN GENERAL.—The term”, and

11                   (C) by adding at the end the following:

12                   “(B) SPECIAL RULE.—For purposes of  
13                   subparagraph (A), the term ‘qualifying indi-  
14                   vidual’ has the meaning given in paragraph (1)  
15                   of section 21(b), except such paragraph shall be  
16                   applied by substituting ‘age 15’ for ‘age 13’.”.

17           (2) EFFECTIVE DATE.—The amendments made  
18           by this subsection shall apply to taxable years begin-  
19           ning after December 31, 2021.

20           (c) CARRY FORWARD OF UNUSED BENEFITS.—

21                   (1) IN GENERAL.—Section 129(d) of the Inter-  
22                   nal Revenue Code of 1986 is amended by adding at  
23                   the end the following new paragraph:

24                   “(10) BENEFIT CARRY FORWARD RULES.—

1           “(A) IN GENERAL.—A plan meets the re-  
2           quirements of this paragraph if it provides for  
3           the automatic carry forward from the close of  
4           a plan year to the succeeding plan year of any  
5           aggregate unused contributions totaling \$20 or  
6           greater.

7           “(B) SMALL BALANCES.—For purposes of  
8           subparagraph (A), if an eligible employee car-  
9           ries a balance of less than \$20 at the end of a  
10          plan year, such employee may elect to carry for-  
11          ward such balance to the next plan year or, if  
12          such employee makes no election, such balance  
13          may be forfeited.

14          “(C) EXCLUSION FROM GROSS INCOME.—  
15          No amount shall be included in gross income  
16          under this chapter by reason of any carry for-  
17          ward under this paragraph.

18          “(D) COORDINATION LIMITS.—The max-  
19          imum amount which may be contributed to a  
20          dependent care assistance flexible spending ar-  
21          rangement for any year to which an unused  
22          amount is carried under this paragraph shall  
23          not be reduced by such unused amount.”.

1           (2) CONFORMING AMENDMENT.—Section  
2           125(d)(2) of such Code is amended by adding at the  
3           end the following new subparagraph:

4                   “(E) EXCEPTION FOR DEPENDENT CARE  
5                   ASSISTANCE FLEXIBLE SPENDING ARRANGE-  
6                   MENTS.—Subparagraph (A) shall not apply to a  
7                   dependent care assistance flexible spending ar-  
8                   rangement which conforms to the benefit carry  
9                   forward rules of section 129(d)(10).”.

10           (3) EFFECTIVE DATE.—The amendment made  
11           by this subsection shall apply to taxable years begin-  
12           ning after December 31, 2021.

13           (d) INCREASE OF BENEFITS FOR DEPENDENT CARE  
14           ASSISTANCE PROGRAMS.—

15                   (1) IN GENERAL.—Section 129(a)(2)(A) of the  
16                   Internal Revenue Code of 1986 is amended by strik-  
17                   ing “\$5,000 (\$2,500” and inserting “\$15,000  
18                   (\$7,500”.

19                   (2) EFFECTIVE DATE.—The amendment made  
20                   by this subsection shall apply to taxable years begin-  
21                   ning after December 31, 2021.

22           **SEC. 205. MODERNIZING FINANCING OF EARLY CARE AND**  
23   **EDUCATION IN AMERICA.**

24                   (a) PURPOSE AND OBJECTIVES.—The purpose of this  
25           section is to establish a commission to make recommenda-

1 tions for modernizing Federal financing of early care and  
2 education programs in order to promote—

3 (1) access to high quality child care and early  
4 education settings that support healthy development  
5 and well-being of young children;

6 (2) affordability of high quality early learning  
7 and education opportunities for children living in  
8 poverty and in disadvantaged communities;

9 (3) parent choice and flexibility that respects  
10 the role parents play in choosing child care that is  
11 best suited to fit their child’s needs; and

12 (4) a more streamlined, equitable, and sustain-  
13 able Federal financing framework to support the  
14 success of future generations.

15 (b) BIPARTISAN COMMISSION ON EARLY CHILDHOOD  
16 EDUCATION FINANCING.—

17 (1) ESTABLISHMENT.—There is established a  
18 commission to be known as the Bipartisan Commis-  
19 sion on Early Childhood Education Financing (in  
20 this subsection referred to as the “Commission”).

21 (2) MEMBERSHIP.—

22 (A) QUALIFICATIONS.—The Commission  
23 members shall be knowledgeable in federally  
24 and state-funded early care and education pro-  
25 grams, including individuals representing State

1           and local governments and organizations knowl-  
2           edgeable in public regulatory and funding mech-  
3           anisms for early care and education programs,  
4           and shall be balanced by area of expertise and  
5           balanced geographically to the extent consistent  
6           with maintaining the highest level of expertise  
7           on the Commission.

8           (B) NUMBER; APPOINTMENT.—The Com-  
9           mission shall be composed of 12 members ap-  
10          pointed, within 90 days after the effective date  
11          of this Act, from among individuals who meet  
12          the requirements of subparagraph (A), as fol-  
13          lows:

14                   (i) 1 member shall be appointed by  
15                   the Majority Leader of the Senate.

16                   (ii) 1 member shall be appointed by  
17                   the Minority Leader of the Senate.

18                   (iii) 1 member shall be appointed by  
19                   the Speaker of the House of Representa-  
20                   tives.

21                   (iv) 1 member shall be appointed by  
22                   the Minority Leader of the House of Rep-  
23                   resentatives.

1 (v) 1 member shall be appointed by  
2 the Chairman of the Committee on Fi-  
3 nance of the Senate.

4 (vi) 1 member shall be appointed by  
5 the ranking minority member of the Com-  
6 mittee on Finance of the Senate.

7 (vii) 1 member shall be appointed by  
8 the Chairman of the Committee on Ways  
9 and Means of the House of Representa-  
10 tives.

11 (viii) 1 member shall be appointed by  
12 the ranking minority member of the Com-  
13 mittee on Ways and Means of the House  
14 of Representatives.

15 (ix) 1 member shall be appointed by  
16 the Chairman of the Committee on Health,  
17 Education, Labor and Pensions of the Sen-  
18 ate.

19 (x) 1 member shall be appointed by  
20 the ranking minority member of the Com-  
21 mittee on Health, Education, Labor and  
22 Pensions of the Senate.

23 (xi) 1 member shall be appointed by  
24 the Chairman of the Committee on Edu-

1 cation and Labor of the House of Rep-  
2 resentatives.

3 (xii) 1 member shall be appointed by  
4 the ranking minority member of the Com-  
5 mittee on Education and Labor of the  
6 House of Representatives.

7 (C) VACANCIES.—A vacancy on the Com-  
8 mission shall be filled in the same manner in  
9 which the vacating member was appointed.

10 (3) POWERS.—In carrying out the functions of  
11 the Commission under this subsection, the Commis-  
12 sion—

13 (A) may secure directly from any Federal  
14 agency or department any information the  
15 Commission deems necessary to carry out the  
16 functions, and, on the request of the Commis-  
17 sion, each such agency or department may co-  
18 operate with the Commission and, to the extent  
19 permitted by law, furnish the information to the  
20 Commission; and

21 (B) may enter into contracts, subject to  
22 the availability of appropriations, and employ  
23 such staff experts and consultants as may be  
24 necessary to carry out the duties of the Com-

1 mission, subject to section 3109 of title 5,  
2 United States Code.

3 (4) STAFF.—The Commission may, without re-  
4 gard to the civil service laws and regulations, ap-  
5 point and terminate an Executive Director and such  
6 other additional personnel as may be necessary for  
7 the Commission to perform the duties of the Com-  
8 mission. The Executive Director shall be com-  
9 pensated at a rate not to exceed the rate payable for  
10 Level V of the Executive Schedule under section  
11 5136 of title 5, United States Code. The employ-  
12 ment and termination of an Executive Director shall  
13 be subject to confirmation by a majority of the mem-  
14 bers of the Commission.

15 (5) MEETINGS.—

16 (A) IN GENERAL.—All meetings of the  
17 Commission shall be open to the public. The  
18 Commission shall permit interested persons to  
19 appear at Commission meetings and present  
20 oral or written statements on the subject matter  
21 of the meeting.

22 (B) ADVANCE PUBLIC NOTICE.—The Com-  
23 mission shall provide timely notice, in advance,  
24 in the Federal Register, of the time, place, and  
25 subject of each Commission meeting.



1           (C) DOCUMENTATION.—The Commission  
2 shall keep minutes of each Commission meet-  
3 ing, which shall contain a record of the people  
4 present, a description of the discussion that oc-  
5 curred, and copies of all statements filed. Sub-  
6 ject to section 552 of title 5, United States  
7 Code, the minutes and records of all meetings  
8 and other documents that were made available  
9 to, or prepared for, the Commission shall be  
10 available for public inspection and copying at a  
11 single location in the offices of the Commission.

12           (D) INITIAL MEETING.—The Commission  
13 shall hold its first meeting within 30 days after  
14 all Commission members are appointed.

15           (6) REPORT.—

16           (A) IN GENERAL.—Within 18 months after  
17 the date of the enactment of this subsection,  
18 the Commission shall prepare a report of its  
19 findings and recommendations regarding mod-  
20 ernizing Federal financing of early care and  
21 education programs to streamline and reduce  
22 duplicate funding streams.

23           (B) CONTENTS.—The report required by  
24 subparagraph (A) shall include the following:

1 (i) An inventory and accounting of the  
2 total amount of Federal funds available for  
3 early care and education programs, includ-  
4 ing—

5 (I) programs under the Child  
6 Care and Development Block Grant  
7 Act of 1990 (42 U.S.C. 9858 et seq.);

8 (II) the child care stabilization  
9 grant program under section 2202 of  
10 the American Rescue Plan Act of  
11 2021 (42 U.S.C. 9858 note);

12 (III) the child care entitlement  
13 program under section 418 of the So-  
14 cial Security Act (42 U.S.C. 618);

15 (IV) programs under the Head  
16 Start Act (42 U.S.C. 9801 et seq.);

17 (V) the program of block grants  
18 to States for temporary assistance for  
19 needy families under part A of title IV  
20 of the Social Security Act (42 U.S.C.  
21 601-619);

22 (VI) the Preschool Development  
23 Grants program under section 9212  
24 of the Every Student Succeeds Act  
25 (42 U.S.C. 9831 note);

1 (VII) the Child Care Access  
2 Means Parents in School program  
3 under section 419N of the Higher  
4 Education Act of 1965 (20 U.S.C.  
5 1070e); and

6 (VIII) and any other early care  
7 or education program identified by the  
8 Commission.

9 (ii) A comprehensive review and as-  
10 sessment of the funding structure and allo-  
11 cation formula used to finance each pro-  
12 gram referred to in clause (i), including a  
13 bifurcation of programs indicating whether  
14 Federal funds are provided directly to  
15 States or to other grantees, and how that  
16 affects the coordination of programs at the  
17 State and local levels and the delivery of  
18 services to families.

19 (iii) A description of congressional ju-  
20 risdiction over, and Federal agency admin-  
21 istration of, each such program.

22 (iv) An explanation of how each such  
23 program interacts with State and local  
24 public funding and financing for early care  
25 and education, including publicly-funded

1 pre-kindergarten, which shall include an  
2 accounting of the total amount of State  
3 and local funds available for such pur-  
4 poses.

5 (v) An identification of barriers in the  
6 governance and funding structures of pro-  
7 grams that limit the most efficient use of  
8 local, State, and Federal resources.

9 (C) MATTERS REQUIRED TO BE AD-  
10 DRESSED IN THE REPORT TO THE CONGRESS.—  
11 In the report to the Congress, the Commission  
12 shall make specific recommendations, including  
13 delineation of specific statutory and regulatory  
14 changes, to address each of the following:

15 (i) How to modernize and more effec-  
16 tively use Federal funds to strengthen the  
17 delivery of child care and early education,  
18 and improve the financing framework and  
19 governance structure at the Federal level  
20 to improve access for families and account-  
21 ability for taxpayer dollars.

22 (ii) The pros and cons of streamlining  
23 or combining Federal programs and fund-  
24 ing streams in order to improve the overall  
25 participation of children in a mixed deliv-

1           ery system, while maintaining availability  
2           of high quality services, expanding parental  
3           choice, and enhancing access for children  
4           from low-income communities.

5                   (iii) Options for Federal alternative fi-  
6           nancing framework or governance models  
7           that better leverage the Federal investment  
8           in child care and early education funding,  
9           including ideas that are outside the current  
10          framework or that re-envision existing pro-  
11          grams.

12                   (iv) Options for expanding the use of  
13          public and private partnerships to help  
14          maximize the Federal investment in early  
15          care and education.

16                   (D) DISTRIBUTION.—The Commission  
17          shall make the report publicly available, and  
18          shall submit a copy of the report to the Chair-  
19          man and ranking minority member of each of  
20          the Committees on Finance and on Health,  
21          Education, Labor and Pensions of the Senate,  
22          and the Committees on Ways and Means and  
23          on Education and Labor of the House of Rep-  
24          resentatives, and to the President.

1           (7) TERMINATION.—The Commission shall ter-  
2           minate 60 days after the Commission submits the  
3           report required by paragraph (6).

4   **SEC. 206. CHILD CARE ACT OF 2021.**

5           (a) REPORT.—Not later than 3 years after the date  
6           of the enactment of this Act, the Secretary of Health and  
7           Human Services, acting through the Administration for  
8           Children and Families, shall submit to the Congress a re-  
9           port that contains the following information:

10           (1) The list of child care regulations in each  
11           State by State.

12           (2) Whether each regulation is best described  
13           as related to—

14                   (A) child safety,

15                   (B) quality of child care,

16                   (C) both child safety and quality of care,

17                   or

18                   (D) neither.

19           (3) An analysis of any effect of State regula-  
20           tions categorized as “quality of child care” regula-  
21           tions on the cost of child care and the supply of  
22           child care.

23           (4) The average cost of child care in each State.

1           (5) The number of child care providers per  
2           100,000 children in each State, disaggregated by  
3           type (home-based or center-based).

4           (6) A ranking of States by the number of qual-  
5           ity regulations.

6           (b) DEFINITION.—For purposes of this section, the  
7           term “State” means any of the several States, the District  
8           of Columbia, or Puerto Rico.

9           **DIVISION C—CHILD CARE**  
10          **STABILIZATION FUND OPTION**

11          **SEC. 301. FAMILY CHILD CARE NETWORKS ACT OF 2021.**

12          Section 2202 of the American Rescue Plan Act of  
13          2021 (Public Law 117-2; March 11, 2021) is amended—

14               (1) in subsection (e) by striking “such a  
15               subgrant” and inserting “a subgrant under sub-  
16               section (d)”,

17               (2) by redesignating subsection (f) as sub-  
18               section (j), and

19               (3) by inserting after subsection (e) the fol-  
20               lowing:

21               “(f) SUBGRANTS TO FAMILY CHILD CARE NET-  
22               WORKS.—

23               “(1) IN GENERAL.—Notwithstanding subsection  
24               (d)(2)(A) and with the authorization of the State  
25               under paragraph (6), the lead agency may use the

1 remainder of grant funds awarded pursuant to sub-  
2 section (c) to make subgrants to be obligated before  
3 October 1, 2024, and expended before October 1,  
4 2025, to eligible entities to support the creation or  
5 enhancement of family child care networks to pro-  
6 vide core services to family child care providers for  
7 the purpose of expanding the availability of family  
8 child care services.

9 “(2) PRIORITY.—In making subgrants under  
10 this subsection, the lead agency shall give priority to  
11 eligible entities that will offer core services to family  
12 childcare providers in geographical areas identified  
13 by the State as having high needs, based on a com-  
14 prehensive needs assessment of under-served areas  
15 and rural areas.

16 “(3) DEFINITIONS.—

17 “(A) CORE SERVICES.—Services provided  
18 to family child care providers that include the  
19 following:

20 “(i) Consolidated business practices or  
21 administrative support.

22 “(ii) Startup support for new family  
23 child care providers to reimburse the costs,  
24 not to exceed \$10,000 per provider, to  
25 make facility improvements or modifica-



1           tions to meet health and safety require-  
2           ments, to form a small business, to sup-  
3           port initial marketing and communications,  
4           to purchase technology and supplies, and  
5           to participate in professional development.

6           “(iii) Professional development of new  
7           family child care providers, including sup-  
8           port to obtain the advanced skills and cer-  
9           tifications necessary to operate as a family  
10          child care provider.

11          “(iv) Technical assistance, and health  
12          and safety compliance assistance to sup-  
13          port providers who seek to obtain a license;  
14          or to support providers who seeking to pro-  
15          vide services for which assistance is pro-  
16          vided under the Child Care and Develop-  
17          ment Block Grant Act of 1990 (42 U.S.C.  
18          9857 et seq.) and the child and adult care  
19          food program under section 17 of the  
20          Richard B. Russell National School Lunch  
21          Act (42 U.S.C. 1766).

22          “(B) ELIGIBLE ENTITIES.—Entities quali-  
23          fied to receive a subgrant under this subsection  
24          include community-based organizations, private  
25          or public nonprofit organization, and workforce

1 development boards that will offer not fewer  
2 than 2 of the core services.

3 “(C) FAMILY CHILD CARE PROVIDER.—  
4 The term ‘family child care provider’ has the  
5 meaning given such term in section 658P of the  
6 Child Care and Development Block Grant Act  
7 of 1990 (42 U.S.C. 9858n).

8 “(4) USE OF FUNDS.—An eligible entity that  
9 receives funds through such a subgrant shall use  
10 funds to provide at least 2 of the core services de-  
11 scribed under paragraph (3) to family child care  
12 providers and may use funds to provide additional  
13 services, including—

14 “(A) monitoring support and improvement  
15 activities;

16 “(B) peer networking and support activi-  
17 ties;

18 “(C) recruitment of new family child care  
19 providers;

20 “(D) technical assistance to increase fam-  
21 ily child care services to support specialized  
22 populations, including non-traditional hour  
23 care, children with disabilities, dual-language  
24 learners, infants, and toddlers;

1           “(E) community outreach to families and  
2           employers to increase awareness of family child  
3           care opportunities; and

4           “(F) collaborative purchasing of supplies  
5           and technology to increase cost savings.

6           “(5) REIMBURSEMENTS FOR PROVIDERS.—Any  
7           family child care provider seeking reimbursement for  
8           start-up expenses allowed pursuant to paragraph  
9           (3)(A)(ii) shall provide the following documentation  
10          to the eligible entity:

11           “(A) Invoices of each expense for which  
12           the provider is seeking reimbursement.

13           “(B) An assurance such expenses are nec-  
14           essary, one-time expenses to operate a family  
15           child care center in accordance with local health  
16           and safety requirements.

17           “(C) An assurance the provider cannot pay  
18           for the work without assistance and that there  
19           is not access to other Federal or State funding  
20           to help with the costs.

21           “(6) AMENDED PLAN AND REPORT.—If a State  
22           elects to authorize the lead agency to provide sub-  
23           grants to eligible entities under this subsection the  
24           State shall amend the State plan submitted under

1 section 658E of the Child Care and Development  
2 Block Grant Act of 1990 to specify—

3 “(A) the goals and outcomes the State in-  
4 tends to achieve to improve the availability of  
5 services provided by family child care providers;

6 “(B) how the State will measure and  
7 evaluate family child care networks in relation  
8 to these goals;

9 “(C) how the State will continue to sup-  
10 port family child care networks that are suc-  
11 cessful at achieving such goals after the expend-  
12 iture of such subgrants, including support of  
13 such networks under of the Child Care and De-  
14 velopment Block Grant Act of 1990 (42 U.S.C.  
15 9857); and

16 “(D) after the expenditure of such sub-  
17 grants by such networks, the State shall submit  
18 to the Secretary of Health and Human Services  
19 a report that measures with respect to each  
20 supported eligible entity—

21 “(i) the amount of the subgrant re-  
22 ceived by such entity;

23 “(ii) the period of time during which  
24 such subgrant was expended by such enti-  
25 ty;

1 “(iii) which core services were offered  
2 by such entity during such period;

3 “(iv) the number of family childcare  
4 providers who received core services de-  
5 scribed in subparagraphs provided by such  
6 entity during such period;

7 “(v) the number of children who re-  
8 ceived services during such period from the  
9 supported family child care providers;

10 “(vi) the increase or decrease in the  
11 number of family child care providers in  
12 the geographical area served by such entity  
13 during such period;

14 “(vii) the extent to which such goals  
15 and outcomes improved the quality and  
16 availability of services provided by family  
17 child care providers served by such net-  
18 work.

19 “(g) TECHNICAL ASSISTANCE.—The Secretary of  
20 Health and Human Services, acting through the National  
21 Center on Early Childhood Quality Assurance of the Of-  
22 fice of Child Care, shall disseminate best practices infor-  
23 mation and offer technical assistance to States, Terri-  
24 tories, Indian Tribes, and eligible entities to help imple-  
25 ment family child care networks and to support family

1 child care providers, to carry out the purposes and meet  
2 requirements of subsection (f). Information and technical  
3 assistance provided under this subsection—

4 “(1) shall include supporting family child care  
5 networks in offering the core services described in  
6 subsection (f)(3)(A);

7 “(2) may include supporting family child care  
8 networks to offer additional services described in  
9 subsection (f)(4); and

10 “(3) may include any other topic the Secretary  
11 identifies as important or necessary to fulfil the  
12 goals of subsection (f), including topics requested by  
13 States, family child care networks, and family child  
14 care providers.”.

15 **SEC. 302. INCREASING ACCESS TO SAFE CHILD CARE FA-**  
16 **CILITIES.**

17 Section 2202 of the American Rescue Plan Act of  
18 2021 (Public Law 117-2; March 11, 2021) is further  
19 amended by inserting after subsection (g) (as added by  
20 section 301 of this Act) the following:

21 “(h) SUBGRANTS FOR SAFE CHILD CARE FACILI-  
22 TIES.—

23 “(1) IN GENERAL.—Notwithstanding para-  
24 graphs (1) and (2)(A) of subsection (d), and with  
25 the authorization of the State under subparagraph

1 (6), the lead agency may use any unobligated grant  
2 funds awarded pursuant to subsection (c) (including  
3 unobligated funds otherwise reserved under sub-  
4 section (d)(1)) to make subgrants to eligible entities  
5 to improve and increase the availability of safe child  
6 care facilities. Any fund used for subgrants under  
7 this subsection shall be obligated before October 1,  
8 2024, and expended before October 1, 2025.

9 “(2) SELECTION OF SUBGRANTEES.—In mak-  
10 ing subgrants under this subsection, the lead agency  
11 shall select subgrantees based on demonstrated need.  
12 In making such selection, the lead agency shall—

13 “(A) give priority to eligible entities that—

14 “(i) are new child care providers de-  
15 scribed in paragraph (3)(C) who agree to  
16 serve children receiving assistance under  
17 the Child Care and Development Block  
18 Grant Act of 1990 (42 U.S.C. 9857); or

19 “(ii) serve rural areas; and

20 “(B) give highest priority to eligible enti-  
21 ties that are new child care providers described  
22 in paragraph (3)(C) who—

23 “(i) agree to serve children receiving  
24 assistance under the Child Care and Devel-

1                   opment Block Grant Act of 1990 (42  
2                   U.S.C. 9857); and

3                   “(ii) serve rural areas.

4                   “(3) ELIGIBLE ENTITY.—In this section, the  
5                   term ‘eligible entity’ means—

6                   “(A) an eligible child care provider, as de-  
7                   fined in section 658P(6)(A) of the Child Care  
8                   and Development Block Grant Act of 1990 (42  
9                   U.S.C. 9858n(6)(A));

10                  “(B) a child care provider that—

11                   “(i) is license-exempt and operating  
12                   legally in the State;

13                   “(ii) is not providing child care serv-  
14                   ices to relatives; and

15                   “(iii) satisfies State and local require-  
16                   ments, including those referenced in sec-  
17                   tion 658E(c)(2)(I) of the Child Care and  
18                   Development Block Grant Act of 1990  
19                   ((42 U.S.C. 9858c)(c)(2)(I)); or

20                  “(C) a new child care provider that, on or  
21                  before the date such provider begins to provide  
22                  child care services, will—

23                   “(i) be licensed, regulated, or reg-  
24                   istered in the State, territory, or Indian  
25                   Tribe; and



1                   “(ii) meet applicable State and local  
2                   health and safety requirements.

3                   “(4) USE OF FUNDS.—An eligible entity that  
4                   receives funds through a subgrant authorized under  
5                   this subsection shall use such funds to modify, ren-  
6                   ovate, upgrade, maintain, or repair a child care facil-  
7                   ity to—

8                   “(A) meet applicable State and local health  
9                   and safety requirements; or

10                  “(B) increase the capacity of the provider  
11                  to offer child care services, including modifica-  
12                  tions, renovations, upgrades, maintenance, or  
13                  repairs necessary to—

14                  “(i) offer child care during nontradi-  
15                  tional hours; and

16                  “(ii) provide services to more children  
17                  or specific populations of children, includ-  
18                  ing infants and toddlers, and children with  
19                  disabilities.

20                  “(5) PROHIBITED USE.—Funds received  
21                  through a subgrant authorized under this subsection  
22                  may not be used for the erection of a facility that  
23                  does not currently exist.

24                  “(6) AMENDED PLAN AND REPORT.—If a State  
25                  elects to authorize the lead agency to provide sub-

1 grants to eligible entities under this subsection, the  
2 State shall amend the State plan submitted under  
3 section 658E of the Child Care and Development  
4 Block Grant Act of 1990 (42 U.S.C. 9859c) to  
5 specify—

6 “(A) the goals and outcomes the State in-  
7 tends to achieve to improve and increase the  
8 availability of safe child care facilities;

9 “(B) how the State will measure and  
10 evaluate eligible entities in relation to these  
11 goals;

12 “(C) after the expenditure of such sub-  
13 grants by such eligible entities, the State shall  
14 submit to the Secretary of Health and Human  
15 Services a report that measures, with respect to  
16 each such eligible entity—

17 “(i) the amount of the subgrant re-  
18 ceived by such entity;

19 “(ii) a list and description of the  
20 modifications, renovations, upgrades, main-  
21 tenance, and repairs carried out by such  
22 entity during such period; and

23 “(iii) using the metrics described in  
24 subparagraphs (A) and (B), the extent to  
25 which the State improved or increased the

1 availability of safe child care facilities, in-  
2 cluding—

3 “(I) in rural areas;

4 “(II) for children receiving sub-  
5 sidies under the Child Care and De-  
6 velopment Block Grant Act of 1990  
7 (42 U.S.C. 9857);

8 “(III) offering care during non-  
9 traditional hours; and

10 “(IV) providing services to more  
11 children or specific populations of  
12 children.”.

13 **SEC. 303. EXPANDING EMPLOYER-SPONSORED CHILD CARE**  
14 **GRANTS.**

15 (a) **PURPOSE.**—The purpose of this section is to sup-  
16 port the recovery and stability of the United States econ-  
17 omy by providing grants to businesses to aid in opening  
18 child care programs, establishing partnerships with exist-  
19 ing providers, or expanding existing child care services to  
20 meet the demand for child care for working parents.

21 (b) **AMENDMENTS.**—Section 2202 of the American  
22 Rescue Plan Act of 2021 (Public Law 117-2; March 11,  
23 2021) is further amended by inserting after subsection (h)  
24 (as added by section 302 of this Act) the following:

1       “(i) SUBGRANTS FOR BUSINESSES TO PROVIDE  
2 CHILD CARE SERVICES.—

3           “(1) IN GENERAL.—Notwithstanding para-  
4 graphs (1) and (2)(A) of subsection (d), and with  
5 the authorization of the State under paragraph (5),  
6 the lead agency may use any unobligated grant  
7 funds awarded pursuant to subsection (c) (including  
8 any such funds otherwise reserved under subsection  
9 (d)(1)) to make subgrants to eligible businesses to  
10 assist in paying for the establishment and operation  
11 or expansion of child care services for a transition  
12 period of not more than 9 months, so that working  
13 parents have a safe place for their children to receive  
14 child care. Any fund used for subgrants under this  
15 subsection shall be obligated before October 1, 2024,  
16 and expended before October 1, 2025. Subgrants  
17 made under this subsection shall be known as ‘Ex-  
18 panding Employer-Sponsored Child Care subgrants’.

19           “(2) DEFINITIONS.—In this subsection:

20           “(A) ELIGIBLE BUSINESS.—The term ‘eli-  
21 gible business’ means a business that seeks to  
22 provide or expand child care services for the  
23 children of such business’ employees or to part-  
24 ner with an eligible child care provider for such  
25 services.

1                   “(B) ELIGIBLE CHILD CARE PROVIDER.—  
2                   Notwithstanding subsection (a)(2), the term ‘el-  
3                   igible child care provider’ means—

4                   “(i) an eligible child care provider, as  
5                   defined in section 658P(6)(A) of the Child  
6                   Care and Development Block Grant Act of  
7                   1990 (42 U.S.C. 9858n(6)(A));

8                   “(ii) a child care provider that—

9                   “(I) is license-exempt and oper-  
10                  ating legally in the State;

11                  “(II) is not providing child care  
12                  services to relatives; and

13                  “(III) satisfies State and local re-  
14                  quirements, including those referenced  
15                  in section 658E(c)(2)(I) of the Child  
16                  Care and Development Block Grant  
17                  Act of 1990 ((42 U.S.C.  
18                  9858e)(c)(2)(I)); or

19                  “(iii) a new child care provider that,  
20                  on or before the date such provider begins  
21                  to provide child care services, will—

22                  “(I) be licensed, regulated, or  
23                  registered in the State, territory, or  
24                  Indian Tribe; and

1                   “(II) meet applicable State and  
2                   local health and safety requirements.

3                   “(3) REQUIREMENTS OF LEAD AGENCY.—In  
4                   carrying out this subsection, a lead agency shall—

5                   “(A) require as a condition of receiving a  
6                   subgrant under this subsection that each eligi-  
7                   ble business applying for such a subgrant—

8                   “(i)(I) will use subgrant funds for the  
9                   sole purpose of establishing or expanding a  
10                  child care program and providing child  
11                  care services for the children of such busi-  
12                  ness’ employees; or

13                  “(II) will operate in partnership with  
14                  an eligible child care provider to provide  
15                  child care services for the children of such  
16                  business’ employees;

17                  “(ii) agree to follow all applicable  
18                  State, local, and Tribal health and safety  
19                  requirements and, if applicable, enhanced  
20                  protocols for child care services related to  
21                  COVID–19 or another health or safety  
22                  condition;

23                  “(iii) agree to comply with any report-  
24                  ing requirements the lead agency deter-

1 mines are necessary for the agency to com-  
2 ply with paragraph (6); and

3 “(iv) certify in good faith that the  
4 child care program of the business will re-  
5 main open for not less than 1 year after  
6 receiving such a subgrant unless such pro-  
7 gram is closed due to extraordinary cir-  
8 cumstances, including a state of emergency  
9 declared by the Governor or a major dis-  
10 aster or emergency declared by the Presi-  
11 dent under section 401 or 501, respec-  
12 tively, of the Robert T. Stafford Disaster  
13 Relief and Emergency Assistance Act (42  
14 U.S.C. 5170, 5191);

15 “(B) ensure eligible businesses in urban,  
16 suburban, and rural areas can readily apply for  
17 and access funding under this section, which  
18 shall include the provision of technical assist-  
19 ance either directly or through resource and re-  
20 ferral agencies;

21 “(C) give priority for subgrant awards ac-  
22 cording to geographically based child care serv-  
23 ice needs across the State or Tribal community,  
24 with special consideration given to rural areas;  
25 and

1           “(D) make available to the public, which  
2 shall include, at a minimum, posting to an  
3 internet website of the lead agency—

4           “(i) notice of funding availability  
5 through subgrants for eligible businesses  
6 under this section; and

7           “(ii) the criteria for awarding sub-  
8 grants for eligible businesses.

9           “(4) SUBGRANTS TO BUSINESSES.—

10           “(A) USE OF FUNDS.—An eligible business  
11 that receives funds through a subgrant author-  
12 ized under this subsection shall use such funds  
13 to carry out activities related to establishing a  
14 child care program, expanding a child care pro-  
15 gram, or contracting with an eligible child care  
16 provider to offer child care services for the em-  
17 ployees of such business.

18           “(B) SUBGRANT APPLICATION.—To be eli-  
19 gible to receive a subgrant under this para-  
20 graph, an eligible business shall submit an ap-  
21 plication to the lead agency in such form and  
22 containing such information as the lead agency  
23 may reasonably require, including—

24           “(i) a plan for offering access or ex-  
25 panding access to child care services for



1 the employees of such business that in-  
2 cludes—

3 “(I) information describing how  
4 the eligible business will use the  
5 subgrant funds to cover slots for the  
6 children of their employees;

7 “(II) if applicable, the amount of  
8 tuition or copayments employees will  
9 be expected to pay;

10 “(III) child care enrollment and  
11 attendance projections or, if applica-  
12 ble, how funds used for expansion will  
13 increase the enrollment and attend-  
14 ance projections; and

15 “(IV) a demonstration of how the  
16 eligible business will sustain its oper-  
17 ations after the cessation of funding  
18 under this section;

19 “(ii) assurances that the eligible busi-  
20 ness will—

21 “(I) report to the lead agency  
22 data on current average enrollment  
23 and attendance;

24 “(II) provide any documentation  
25 to the lead agency that the agency de-

1 termines is necessary to comply with  
2 paragraph (6), including providing  
3 documentation of expenditures of  
4 subgrant funds; and

5 “(III) implement all applicable  
6 State, local, and Tribal health and  
7 safety requirements and, if applicable,  
8 enhanced protocols for child care serv-  
9 ices and related to COVID–19 or an-  
10 other health or safety condition; and

11 “(iii) a certification in good faith that  
12 the child care program will remain open  
13 for not less than 1 year after receiving a  
14 subgrant under this subsection unless such  
15 program is closed due to extraordinary cir-  
16 cumstances described in paragraph  
17 (3)(A)(iv).

18 “(C) REPAYMENT OF SUBGRANT FUNDS.—  
19 An eligible business that receives a subgrant  
20 under this paragraph shall be required to repay  
21 the subgrant funds if the lead agency deter-  
22 mines that the business fails to provide the as-  
23 surances described in subparagraph (B)(ii), or  
24 to comply with such an assurance.

1           “(5) AMENDED PLAN AND REPORT.—If a State  
2           elects to authorize the lead agency to provide sub-  
3           grants to eligible businesses under this subsection,  
4           the State shall amend the State plan submitted  
5           under section 658E of the Child Care and Develop-  
6           ment Block Grant Act of 1990 (42 U.S.C. 9858c)  
7           to specify—

8                   “(A) how the lead agency plans to award  
9                   subgrants to eligible businesses;

10                   “(B) how the lead agency will consider pri-  
11                   orities for subgrants related to geographically-  
12                   based child care service needs across the State  
13                   or Tribal community and in rural areas; and

14                   “(C) any goals regarding increase in access  
15                   to child care, such as—

16                           “(i) the number or type of eligible  
17                           businesses that will receive a subgrant  
18                           under this subsection; or

19                           “(ii) the increase in the number of  
20                           children served State-wide.

21           “(6) REPORTING REQUIREMENTS.—

22                   “(A) LEAD AGENCY REPORT.—A lead  
23                   agency that makes subgrants under this sub-  
24                   section shall, not later than January 1, 2026,  
25                   submit a report on such subgrants to the Sec-

1           retary that includes, for the State or Tribal  
2           community involved—

3                   “(i) a description of how the lead  
4                   agency determined—

5                           “(I) the criteria for awarding  
6                           subgrants for eligible businesses, in-  
7                           cluding the methodology the lead  
8                           agency used to determine and dis-  
9                           burse funds to such businesses; and

10                                   “(II) the types of eligible busi-  
11                                   nesses that received priority for the  
12                                   subgrants, including considerations re-  
13                                   lated to geographically-based child  
14                                   care service needs across the State or  
15                                   Tribal community and in rural areas;

16                                   “(ii) the number of eligible businesses  
17                                   that received a subgrant under this sub-  
18                                   section, disaggregated by age of children  
19                                   served, geography, region, the average and  
20                                   range of the amounts of the subgrants  
21                                   awarded, and whether such businesses  
22                                   were operating their own child care pro-  
23                                   gram or partnering with an eligible child  
24                                   care provider; and

1                   “(iii) information concerning how eli-  
2                   gible businesses receiving subgrants under  
3                   this subsection used the subgrant funding  
4                   received.

5                   “(B) REPORT TO CONGRESS.—Not later  
6                   than 90 days after receiving the lead agency re-  
7                   ports required under subclause (A), the Sec-  
8                   retary shall make publicly available and provide  
9                   to the Committee on Finance and the Com-  
10                  mittee on Health, Education, Labor, and Pen-  
11                  sions of the Senate and the Committee on Edu-  
12                  cation and Labor and the Committee on Ways  
13                  and Means of the House of Representatives a  
14                  report summarizing the findings of the lead  
15                  agency reports.”.

16 **SEC. 304. CHILD CARE FUNDS ACCOUNTABILITY ACT.**

17                  Section 2201 of the American Rescue Plan Act of  
18                  2021 ((Public Law 117–2; March 11, 2021) is amended  
19                  by adding at the end the following:

20                  “(d) MONITORING COMPLIANCE.—

21                         “(1) IN GENERAL.—The Secretary shall dedi-  
22                         cate such portion of the amounts made available by  
23                         subsection (b) for Federal administrative costs in  
24                         carrying out this section as the Secretary determines  
25                         necessary to monitor compliance with the require-

1       ments relating to all uses of funds made available  
2       under section 2202 for stabilization grants and  
3       under this section for the child care and develop-  
4       ment block grant program to ensure the integrity of  
5       the program, including—

6               “(A) compliance with the requirements  
7               under subsection (c) and under section 2202(j),  
8               and

9               “(B) to ensure that there is no duplication  
10              with loans under the Paycheck Protection Pro-  
11              gram received by child care providers.

12             “(2) REPORT TO CONGRESS.—Not later than  
13             January 1, 2026, the Secretary shall make publicly  
14             available and provide to the Committee on Finance  
15             and the Committee on Health, Education, Labor,  
16             and Pensions of the Senate, and the Committee on  
17             Education and Labor and the Committee on Ways  
18             and Means of the House of Representatives a report  
19             summarizing the findings of compliance reviews  
20             under this section.”.