

Amendment to the Amendment in the Nature of a Substitute to Subtitle C: Childcare Access and Equity offered by Ms. Walorski of Indiana.

The amendment would strike and replace title with child care policies in Division B of the "Protecting Worker Paychecks and Family Choice Act". (Defending Worker Paychecks & Family Choice Amendment).

**SUBSTITUTE FOR THE AMENDMENT IN THE NA-
TURE OF A SUBSTITUTE TO BUDGET REC-
ONCILIATION LEGISLATIVE RECOMMENDA-
TIONS RELATING TO CHILD CARE ACCESS
AND EQUITY
OFFERED BY MRS. WALORSKI OF INDIANA**

Strike all and insert the following:

1 **Subtitle C—Child Care Access and**
2 **Equity**

3 **PART 1—EXPANDING ACCESS TO AFFORDABLE**
4 **CHILD CARE**

5 **SEC. 132001. IMPROVING THE EMPLOYER-PROVIDED CHILD**
6 **CARE TAX CREDIT.**

7 (a) CREDIT ALLOWED FOR REIMBURSEMENT OF EM-
8 PLOYEE CHILD CARE EXPENSES.—Section 45F(c)(1)(A)
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing “or” at the end of clause (ii), by striking the period
11 at the end of clause (iii) and inserting “, or”, and by add-
12 ing at the end the following new clause:

13 “(iv) to reimburse an employee for
14 child care costs necessary for the employ-
15 ee’s employment.”.

1 (b) CREDIT NOT RESTRICTED TO CHILD CARE FA-
2 CILITIES PROVIDING EMPLOYER-PROVIDED CHILD
3 CARE.—

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

8 (2) CONFORMING AMENDMENTS.—

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

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

12 (B) The table of sections for subpart D of
13 part IV of subchapter A of chapter 1 of subtitle
14 A of such Code is amended by striking the item
15 relating to section 45F and inserting the fol-
16 lowing new item:

“45F. Child care business credit.”.

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

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

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

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

5 “(i) the average number of employees
6 of such employer on business days during
7 such taxable year does not exceed 50, and

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

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

13 (1) IN GENERAL.—Not later than 18 months
14 after the date of the enactment of this Act, the
15 Comptroller General of the United States, in con-
16 sultation with the Secretary of the Treasury and the
17 Secretary of Labor, shall—

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

22 (i) the characteristics of employers
23 that take the credit, including the size of
24 such employer, whether such employer is in
25 a rural or urban location, and whether

1 such employer also offers a dependent care
2 assistance program described in section
3 129 of such Code,

4 (ii) the characteristics of employers
5 that do not take the credit,

6 (iii) the extent to which employees
7 benefit when employers provide child care
8 and take the credit,

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

11 (v) any explanations from employers
12 as to why they do or do not take the cred-
13 it, and

14 (B) prepare and submit a report to the
15 Committee on Finance of the Senate and the
16 Committee on Ways and Means of the House of
17 Representatives setting forth the conclusions of
18 the study conducted under subparagraph (A) in
19 such a manner that the recommendations in-
20 cluded in the report can inform future legisla-
21 tive action. Such report shall also be made pub-
22 licly available on the website of the Government
23 Accountability Office.

24 (2) PROHIBITION.—In carrying out the require-
25 ments of this section, the Comptroller General of the

1 United States may request qualitative and quan-
2 titative information from employers claiming the
3 credit under section 45F of the Internal Revenue
4 Code of 1986, but nothing in this section shall be
5 construed as mandating additional reporting require-
6 ments for such employers beyond what is already re-
7 quired by law.

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

11 **SEC. 132002. INCREASING PARENT CHOICE AND PRE-**
12 **VENTING THE CHILD CARE CLIFF.**

13 (a) PREVENTING THE CHILD CARE CLIFF.—Section
14 418 of the Social Security Act (42 U.S.C. 618) is amended
15 by redesignating subsection (d) as subsection (e) and in-
16 serting after subsection (c) the following:

17 “(d) GRANT CONDITION.—As a condition of receiving
18 a grant under this subsection, a State shall have policies
19 and procedures in place to provide a graduated phase-out
20 of child care assistance for parents—

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

23 “(2) whose family income exceeds the income
24 limit established by the State for initial qualification
25 for child care assistance and does not exceed 85 per-

1 cent of the State median income for a family of the
2 same size.”.

3 (b) INCREASING PARENT CHOICE FOR LOW-INCOME
4 FAMILIES.—With respect to each of fiscal years 2022 and
5 2023, the percentage set forth in section 418(b)(2) of the
6 Social Security Act is deemed to be 100 percent.

7 **SEC. 132003. TARGETING CHILD CARE FUNDS BASED ON**
8 **POVERTY.**

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

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

13 “(B) ALLOTMENTS TO STATES.—

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

16 (2) by adding after and below the end the fol-
17 lowing:

18 “(ii) SPECIAL RULE.—To the extent
19 that the total amount referred to in clause
20 (i) for fiscal year 2022 or for any suc-
21 ceeding fiscal year exceeds the total
22 amount so referred to for fiscal year 2020,
23 the excess shall be allotted among the
24 States based on the share of each State of

1 the number of children in poverty who
2 have not attained 13 years of age.”.

3 **SEC. 132004. WORKING FAMILIES CHILD CARE ACCESS ACT.**

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

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

8 (A) in paragraph (1), by striking “or pro-
9 vision of, those” and inserting “or provision of,
10 qualified adoption expenses (within the meaning
11 of section 137(d)), qualified sports expenses,
12 qualified tutoring expenses, qualifying art ex-
13 penses, or those”, and

14 (B) by adding at the end the following new
15 paragraphs:

16 “(10) **QUALIFIED SPORTS EXPENSES.—**The
17 term ‘qualified sports expenses’ means expenses paid
18 or incurred for the participation or instruction of a
19 dependent in a program of physical exercise or phys-
20 ical activity.

21 “(11) **QUALIFIED TUTORING EXPENSES.—**The
22 term ‘qualified tutoring expenses’ means expenses
23 paid or incurred for the participation or instruction
24 of a dependent in virtual or in-person—

25 “(A) individual academic tutoring, or

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

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

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

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

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

15 (A) by striking “or provision of, qualified
16 adoption expenses” and inserting “or provision
17 of, with respect to a qualifying individual, quali-
18 fied adoption expenses”,

19 (B) by striking “The term” and inserting
20 the following:

21 “(A) IN GENERAL.—The term”, and

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

23 “(B) SPECIAL RULE.—For purposes of
24 subparagraph (A), the term ‘qualifying indi-
25 vidual’ has the meaning given in paragraph (1)

1 of section 21(b), except such paragraph shall be
2 applied by substituting ‘age 15’ for ‘age 13’.”.

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

6 (c) CARRY FORWARD OF UNUSED BENEFITS.—

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

10 “(10) BENEFIT CARRY FORWARD RULES.—

11 “(A) IN GENERAL.—A plan meets the re-
12 quirements of this paragraph if it provides for
13 the automatic carry forward from the close of
14 a plan year to the succeeding plan year of any
15 aggregate unused contributions totaling \$20 or
16 greater.

17 “(B) SMALL BALANCES.—For purposes of
18 subparagraph (A), if an eligible employee car-
19 ries a balance of less than \$20 at the end of a
20 plan year, such employee may elect to carry for-
21 ward such balance to the next plan year or, if
22 such employee makes no election, such balance
23 may be forfeited.

24 “(C) EXCLUSION FROM GROSS INCOME.—
25 No amount shall be included in gross income

1 under this chapter by reason of any carry for-
2 ward under this paragraph.

3 “(D) COORDINATION LIMITS.—The max-
4 imum amount which may be contributed to a
5 dependent care assistance flexible spending ar-
6 rangement for any year to which an unused
7 amount is carried under this paragraph shall
8 not be reduced by such unused amount.”.

9 (2) CONFORMING AMENDMENT.—Section
10 125(d)(2) of such Code is amended by adding at the
11 end the following new subparagraph:

12 “(E) EXCEPTION FOR DEPENDENT CARE
13 ASSISTANCE FLEXIBLE SPENDING ARRANGE-
14 MENTS.—Subparagraph (A) shall not apply to a
15 dependent care assistance flexible spending ar-
16 rangement which conforms to the benefit carry
17 forward rules of section 129(d)(10).”.

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

21 (d) INCREASE OF BENEFITS FOR DEPENDENT CARE
22 ASSISTANCE PROGRAMS.—

23 (1) IN GENERAL.—Section 129(a)(2)(A) of the
24 Internal Revenue Code of 1986 is amended by strik-

1 ing “\$5,000 (\$2,500” and inserting “\$15,000
2 (\$7,500”.

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

6 **SEC. 132005. MODERNIZING FINANCING OF EARLY CARE**
7 **AND EDUCATION IN AMERICA.**

8 (a) PURPOSE AND OBJECTIVES.—The purpose of this
9 section is to establish a commission to make recommenda-
10 tions for modernizing Federal financing of early care and
11 education programs in order to promote—

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

15 (2) affordability of high quality early learning
16 and education opportunities for children living in
17 poverty and in disadvantaged communities;

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

21 (4) a more streamlined, equitable, and sustain-
22 able Federal financing framework to support the
23 success of future generations.

24 (b) BIPARTISAN COMMISSION ON EARLY CHILDHOOD
25 EDUCATION FINANCING.—

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

5 (2) MEMBERSHIP.—

6 (A) QUALIFICATIONS.—The Commission
7 members shall be knowledgeable in federally
8 and state-funded early care and education pro-
9 grams, including individuals representing State
10 and local governments and organizations knowl-
11 edgeable in public regulatory and funding mech-
12 anisms for early care and education programs,
13 and shall be balanced by area of expertise and
14 balanced geographically to the extent consistent
15 with maintaining the highest level of expertise
16 on the Commission.

17 (B) NUMBER; APPOINTMENT.—The Com-
18 mission shall be composed of 12 members ap-
19 pointed, within 90 days after the effective date
20 of this Act, from among individuals who meet
21 the requirements of subparagraph (A), as fol-
22 lows:

23 (i) 1 member shall be appointed by
24 the Majority Leader of the Senate.

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

3 (iii) 1 member shall be appointed by
4 the Speaker of the House of Representa-
5 tives.

6 (iv) 1 member shall be appointed by
7 the Minority Leader of the House of Rep-
8 resentatives.

9 (v) 1 member shall be appointed by
10 the Chairman of the Committee on Fi-
11 nance of the Senate.

12 (vi) 1 member shall be appointed by
13 the ranking minority member of the Com-
14 mittee on Finance of the Senate.

15 (vii) 1 member shall be appointed by
16 the Chairman of the Committee on Ways
17 and Means of the House of Representa-
18 tives.

19 (viii) 1 member shall be appointed by
20 the ranking minority member of the Com-
21 mittee on Ways and Means of the House
22 of Representatives.

23 (ix) 1 member shall be appointed by
24 the Chairman of the Committee on Health,

1 Education, Labor and Pensions of the Sen-
2 ate.

3 (x) 1 member shall be appointed by
4 the ranking minority member of the Com-
5 mittee on Health, Education, Labor and
6 Pensions of the Senate.

7 (xi) 1 member shall be appointed by
8 the Chairman of the Committee on Edu-
9 cation and Labor of the House of Rep-
10 resentatives.

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

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

18 (3) POWERS.—In carrying out the functions of
19 the Commission under this subsection, the Commis-
20 sion—

21 (A) may secure directly from any Federal
22 agency or department any information the
23 Commission deems necessary to carry out the
24 functions, and, on the request of the Commis-
25 sion, each such agency or department may co-

1 operate with the Commission and, to the extent
2 permitted by law, furnish the information to the
3 Commission; and

4 (B) may enter into contracts, subject to
5 the availability of appropriations, and employ
6 such staff experts and consultants as may be
7 necessary to carry out the duties of the Com-
8 mission, subject to section 3109 of title 5,
9 United States Code.

10 (4) STAFF.—The Commission may, without re-
11 gard to the civil service laws and regulations, ap-
12 point and terminate an Executive Director and such
13 other additional personnel as may be necessary for
14 the Commission to perform the duties of the Com-
15 mission. The Executive Director shall be com-
16 pensated at a rate not to exceed the rate payable for
17 Level V of the Executive Schedule under section
18 5136 of title 5, United States Code. The employ-
19 ment and termination of an Executive Director shall
20 be subject to confirmation by a majority of the mem-
21 bers of the Commission.

22 (5) MEETINGS.—

23 (A) IN GENERAL.—All meetings of the
24 Commission shall be open to the public. The
25 Commission shall permit interested persons to

1 appear at Commission meetings and present
2 oral or written statements on the subject matter
3 of the meeting.

4 (B) ADVANCE PUBLIC NOTICE.—The Com-
5 mission shall provide timely notice, in advance,
6 in the Federal Register, of the time, place, and
7 subject of each Commission meeting.

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

19 (D) INITIAL MEETING.—The Commission
20 shall hold its first meeting within 30 days after
21 all Commission members are appointed.

22 (6) REPORT.—

23 (A) IN GENERAL.—Within 18 months after
24 the date of the enactment of this subsection,
25 the Commission shall prepare a report of its

1 findings and recommendations regarding mod-
2 ernizing Federal financing of early care and
3 education programs to streamline and reduce
4 duplicate funding streams.

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

7 (i) An inventory and accounting of the
8 total amount of Federal funds available for
9 early care and education programs, includ-
10 ing—

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

14 (II) the child care stabilization
15 grant program under section 2202 of
16 the American Rescue Plan Act of
17 2021 (42 U.S.C. 9858 note);

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

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

23 (V) the program of block grants
24 to States for temporary assistance for
25 needy families under part A of title IV

1 of the Social Security Act (42 U.S.C.
2 601-619);

3 (VI) the Preschool Development
4 Grants program under section 9212
5 of the Every Student Succeeds Act
6 (42 U.S.C. 9831 note);

7 (VII) the Child Care Access
8 Means Parents in School program
9 under section 419N of the Higher
10 Education Act of 1965 (20 U.S.C.
11 1070e); and

12 (VIII) and any other early care
13 or education program identified by the
14 Commission.

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

1 (iii) A description of congressional ju-
2 risdiction over, and Federal agency admin-
3 istration of, each such program.

4 (iv) An explanation of how each such
5 program interacts with State and local
6 public funding and financing for early care
7 and education, including publicly-funded
8 pre-kindergarten, which shall include an
9 accounting of the total amount of State
10 and local funds available for such pur-
11 poses.

12 (v) An identification of barriers in the
13 governance and funding structures of pro-
14 grams that limit the most efficient use of
15 local, State, and Federal resources.

16 (C) MATTERS REQUIRED TO BE AD-
17 DRESSED IN THE REPORT TO THE CONGRESS.—
18 In the report to the Congress, the Commission
19 shall make specific recommendations, including
20 delineation of specific statutory and regulatory
21 changes, to address each of the following:

22 (i) How to modernize and more effec-
23 tively use Federal funds to strengthen the
24 delivery of child care and early education,
25 and improve the financing framework and

1 governance structure at the Federal level
2 to improve access for families and account-
3 ability for taxpayer dollars.

4 (ii) The pros and cons of streamlining
5 or combining Federal programs and fund-
6 ing streams in order to improve the overall
7 participation of children in a mixed deliv-
8 ery system, while maintaining availability
9 of high quality services, expanding parental
10 choice, and enhancing access for children
11 from low-income communities.

12 (iii) Options for Federal alternative fi-
13 nancing framework or governance models
14 that better leverage the Federal investment
15 in child care and early education funding,
16 including ideas that are outside the current
17 framework or that re-envision existing pro-
18 grams.

19 (iv) Options for expanding the use of
20 public and private partnerships to help
21 maximize the Federal investment in early
22 care and education.

23 (D) DISTRIBUTION.—The Commission
24 shall make the report publicly available, and
25 shall submit a copy of the report to the Chair-

1 man and ranking minority member of each of
2 the Committees on Finance and on Health,
3 Education, Labor and Pensions of the Senate,
4 and the Committees on Ways and Means and
5 on Education and Labor of the House of Rep-
6 resentatives, and to the President.

7 (7) TERMINATION.—The Commission shall ter-
8minate 60 days after the Commission submits the
9 report required by paragraph (6).

10 **SEC. 132006. CHILD CARE ACT OF 2021.**

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

16 (1) The list of child care regulations in each
17 State by State.

18 (2) Whether each regulation is best described
19 as related to—

20 (A) child safety,

21 (B) quality of child care,

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

23 or

24 (D) neither.

1 (3) An analysis of any effect of State regula-
2 tions categorized as “quality of child care” regula-
3 tions on the cost of child care and the supply of
4 child care.

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

6 (5) The number of child care providers per
7 100,000 children in each State, disaggregated by
8 type (home-based or center-based).

9 (6) A ranking of States by the number of qual-
10 ity regulations.

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

14 **PART 2—CHILD CARE STABILIZATION FUND**

15 **OPTION**

16 **SEC. 132101. FAMILY CHILD CARE NETWORKS ACT OF 2021.**

17 Section 2202 of the American Rescue Plan Act of
18 2021 (Public Law 117-2; March 11, 2021) is amended—

19 (1) in subsection (e) by striking “such a
20 subgrant” and inserting “a subgrant under sub-
21 section (d)”,

22 (2) by redesignating subsection (f) as sub-
23 section (j), and

24 (3) by inserting after subsection (e) the fol-
25 lowing:

1 “(f) SUBGRANTS TO FAMILY CHILD CARE NET-
2 WORKS.—

3 “(1) IN GENERAL.—Notwithstanding subsection
4 (d)(2)(A) and with the authorization of the State
5 under paragraph (6), the lead agency may use the
6 remainder of grant funds awarded pursuant to sub-
7 section (c) to make subgrants to be obligated before
8 October 1, 2024, and expended before October 1,
9 2025, to eligible entities to support the creation or
10 enhancement of family child care networks to pro-
11 vide core services to family child care providers for
12 the purpose of expanding the availability of family
13 child care services.

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

21 “(3) DEFINITIONS.—

22 “(A) CORE SERVICES.—Services provided
23 to family child care providers that include the
24 following:

1 “(i) Consolidated business practices or
2 administrative support.

3 “(ii) Startup support for new family
4 child care providers to reimburse the costs,
5 not to exceed \$10,000 per provider, to
6 make facility improvements or modifica-
7 tions to meet health and safety require-
8 ments, to form a small business, to sup-
9 port initial marketing and communications,
10 to purchase technology and supplies, and
11 to participate in professional development.

12 “(iii) Professional development of new
13 family child care providers, including sup-
14 port to obtain the advanced skills and cer-
15 tifications necessary to operate as a family
16 child care provider.

17 “(iv) Technical assistance, and health
18 and safety compliance assistance to sup-
19 port providers who seek to obtain a license;
20 or to support providers who seeking to pro-
21 vide services for which assistance is pro-
22 vided under the Child Care and Develop-
23 ment Block Grant Act of 1990 (42 U.S.C.
24 9857 et seq.) and the child and adult care
25 food program under section 17 of the

1 Richard B. Russell National School Lunch
2 Act (42 U.S.C. 1766).

3 “(B) ELIGIBLE ENTITIES.—Entities quali-
4 fied to receive a subgrant under this subsection
5 include community-based organizations, private
6 or public nonprofit organization, and workforce
7 development boards that will offer not fewer
8 than 2 of the core services.

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

14 “(4) USE OF FUNDS.—An eligible entity that
15 receives funds through such a subgrant shall use
16 funds to provide at least 2 of the core services de-
17 scribed under paragraph (3) to family child care
18 providers and may use funds to provide additional
19 services, including—

20 “(A) monitoring support and improvement
21 activities;

22 “(B) peer networking and support activi-
23 ties;

24 “(C) recruitment of new family child care
25 providers;

1 “(D) technical assistance to increase fam-
2 ily child care services to support specialized
3 populations, including non-traditional hour
4 care, children with disabilities, dual-language
5 learners, infants, and toddlers;

6 “(E) community outreach to families and
7 employers to increase awareness of family child
8 care opportunities; and

9 “(F) collaborative purchasing of supplies
10 and technology to increase cost savings.

11 “(5) REIMBURSEMENTS FOR PROVIDERS.—Any
12 family child care provider seeking reimbursement for
13 start-up expenses allowed pursuant to paragraph
14 (3)(A)(ii) shall provide the following documentation
15 to the eligible entity:

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

18 “(B) An assurance such expenses are nec-
19 essary, one-time expenses to operate a family
20 child care center in accordance with local health
21 and safety requirements.

22 “(C) An assurance the provider cannot pay
23 for the work without assistance and that there
24 is not access to other Federal or State funding
25 to help with the costs.

1 “(6) AMENDED PLAN AND REPORT.—If a State
2 elects to authorize the lead agency to provide sub-
3 grants to eligible entities under this subsection the
4 State shall amend the State plan submitted under
5 section 658E of the Child Care and Development
6 Block Grant Act of 1990 to specify—

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

10 “(B) how the State will measure and
11 evaluate family child care networks in relation
12 to these goals;

13 “(C) how the State will continue to sup-
14 port family child care networks that are suc-
15 cessful at achieving such goals after the expend-
16 iture of such subgrants, including support of
17 such networks under of the Child Care and De-
18 velopment Block Grant Act of 1990 (42 U.S.C.
19 9857); and

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

1 “(i) the amount of the subgrant re-
2 ceived by such entity;

3 “(ii) the period of time during which
4 such subgrant was expended by such enti-
5 ty;

6 “(iii) which core services were offered
7 by such entity during such period;

8 “(iv) the number of family childcare
9 providers who received core services de-
10 scribed in subparagraphs provided by such
11 entity during such period;

12 “(v) the number of children who re-
13 ceived services during such period from the
14 supported family child care providers;

15 “(vi) the increase or decrease in the
16 number of family child care providers in
17 the geographical area served by such entity
18 during such period;

19 “(vii) the extent to which such goals
20 and outcomes improved the quality and
21 availability of services provided by family
22 child care providers served by such net-
23 work.

24 “(g) TECHNICAL ASSISTANCE.—The Secretary of
25 Health and Human Services, acting through the National

1 Center on Early Childhood Quality Assurance of the Of-
2 fice of Child Care, shall disseminate best practices infor-
3 mation and offer technical assistance to States, Terri-
4 tories, Indian Tribes, and eligible entities to help imple-
5 ment family child care networks and to support family
6 child care providers, to carry out the purposes and meet
7 requirements of subsection (f). Information and technical
8 assistance provided under this subsection—

9 “(1) shall include supporting family child care
10 networks in offering the core services described in
11 subsection (f)(3)(A);

12 “(2) may include supporting family child care
13 networks to offer additional services described in
14 subsection (f)(4); and

15 “(3) may include any other topic the Secretary
16 identifies as important or necessary to fulfil the
17 goals of subsection (f), including topics requested by
18 States, family child care networks, and family child
19 care providers.”.

20 **SEC. 132102. INCREASING ACCESS TO SAFE CHILD CARE FA-**
21 **CILITIES.**

22 Section 2202 of the American Rescue Plan Act of
23 2021 (Public Law 117-2; March 11, 2021) is further
24 amended by inserting after subsection (g) (as added by
25 section 132101 of this Act) the following:

1 “(h) SUBGRANTS FOR SAFE CHILD CARE FACILI-
2 TIES.—

3 “(1) IN GENERAL.—Notwithstanding para-
4 graphs (1) and (2)(A) of subsection (d), and with
5 the authorization of the State under subparagraph
6 (6), the lead agency may use any unobligated grant
7 funds awarded pursuant to subsection (c) (including
8 unobligated funds otherwise reserved under sub-
9 section (d)(1)) to make subgrants to eligible entities
10 to improve and increase the availability of safe child
11 care facilities. Any fund used for subgrants under
12 this subsection shall be obligated before October 1,
13 2024, and expended before October 1, 2025.

14 “(2) SELECTION OF SUBGRANTEES.—In mak-
15 ing subgrants under this subsection, the lead agency
16 shall select subgrantees based on demonstrated need.
17 In making such selection, the lead agency shall—

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

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

24 “(ii) serve rural areas; and

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

4 “(i) agree to serve children receiving
5 assistance under the Child Care and Devel-
6 opment Block Grant Act of 1990 (42
7 U.S.C. 9857); and

8 “(ii) serve rural areas.

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

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

15 “(B) a child care provider that—

16 “(i) is license-exempt and operating
17 legally in the State;

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

20 “(iii) satisfies State and local require-
21 ments, including those referenced in sec-
22 tion 658E(c)(2)(I) of the Child Care and
23 Development Block Grant Act of 1990
24 ((42 U.S.C. 9858c)(c)(2)(I)); or

1 “(C) a new child care provider that, on or
2 before the date such provider begins to provide
3 child care services, will—

4 “(i) be licensed, regulated, or reg-
5 istered in the State, territory, or Indian
6 Tribe; and

7 “(ii) meet applicable State and local
8 health and safety requirements.

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

14 “(A) meet applicable State and local health
15 and safety requirements; or

16 “(B) increase the capacity of the provider
17 to offer child care services, including modifica-
18 tions, renovations, upgrades, maintenance, or
19 repairs necessary to—

20 “(i) offer child care during nontradi-
21 tional hours; and

22 “(ii) provide services to more children
23 or specific populations of children, includ-
24 ing infants and toddlers, and children with
25 disabilities.

1 “(5) PROHIBITED USE.—Funds received
2 through a subgrant authorized under this subsection
3 may not be used for the erection of a facility that
4 does not currently exist.

5 “(6) AMENDED PLAN AND REPORT.—If a State
6 elects to authorize the lead agency to provide sub-
7 grants to eligible entities under this subsection, the
8 State shall amend the State plan submitted under
9 section 658E of the Child Care and Development
10 Block Grant Act of 1990 (42 U.S.C. 9859c) to
11 specify—

12 “(A) the goals and outcomes the State in-
13 tends to achieve to improve and increase the
14 availability of safe child care facilities;

15 “(B) how the State will measure and
16 evaluate eligible entities in relation to these
17 goals;

18 “(C) after the expenditure of such sub-
19 grants by such eligible entities, the State shall
20 submit to the Secretary of Health and Human
21 Services a report that measures, with respect to
22 each such eligible entity—

23 “(i) the amount of the subgrant re-
24 ceived by such entity;

1 “(ii) a list and description of the
2 modifications, renovations, upgrades, main-
3 tenance, and repairs carried out by such
4 entity during such period; and

5 “(iii) using the metrics described in
6 subparagraphs (A) and (B), the extent to
7 which the State improved or increased the
8 availability of safe child care facilities, in-
9 cluding—

10 “(I) in rural areas;

11 “(II) for children receiving sub-
12 sidies under the Child Care and De-
13 velopment Block Grant Act of 1990
14 (42 U.S.C. 9857);

15 “(III) offering care during non-
16 traditional hours; and

17 “(IV) providing services to more
18 children or specific populations of
19 children.”.

20 **SEC. 132103. EXPANDING EMPLOYER-SPONSORED CHILD**
21 **CARE GRANTS.**

22 (a) **PURPOSE.**—The purpose of this section is to sup-
23 port the recovery and stability of the United States econ-
24 omy by providing grants to businesses to aid in opening
25 child care programs, establishing partnerships with exist-

1 ing providers, or expanding existing child care services to
2 meet the demand for child care for working parents.

3 (b) AMENDMENTS.—Section 2202 of the American
4 Rescue Plan Act of 2021 (Public Law 117-2; March 11,
5 2021) is further amended by inserting after subsection (h)
6 (as added by section 132102 of this Act) the following:

7 “(i) SUBGRANTS FOR BUSINESSES TO PROVIDE
8 CHILD CARE SERVICES.—

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

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

1 “(A) ELIGIBLE BUSINESS.—The term ‘eli-
2 gible business’ means a business that seeks to
3 provide or expand child care services for the
4 children of such business’ employees or to part-
5 ner with an eligible child care provider for such
6 services.

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

10 “(i) an eligible child care provider, as
11 defined in section 658P(6)(A) of the Child
12 Care and Development Block Grant Act of
13 1990 (42 U.S.C. 9858n(6)(A));

14 “(ii) a child care provider that—

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

17 “(II) is not providing child care
18 services to relatives; and

19 “(III) satisfies State and local re-
20 quirements, including those referenced
21 in section 658E(c)(2)(I) of the Child
22 Care and Development Block Grant
23 Act of 1990 ((42 U.S.C.
24 9858c)(c)(2)(I)); or

1 “(iii) a new child care provider that,
2 on or before the date such provider begins
3 to provide child care services, will—

4 “(I) be licensed, regulated, or
5 registered in the State, territory, or
6 Indian Tribe; and

7 “(II) meet applicable State and
8 local health and safety requirements.

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

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

14 “(i)(I) will use subgrant funds for the
15 sole purpose of establishing or expanding a
16 child care program and providing child
17 care services for the children of such busi-
18 ness’ employees; or

19 “(II) will operate in partnership with
20 an eligible child care provider to provide
21 child care services for the children of such
22 business’ employees;

23 “(ii) agree to follow all applicable
24 State, local, and Tribal health and safety
25 requirements and, if applicable, enhanced

1 protocols for child care services related to
2 COVID–19 or another health or safety
3 condition;

4 “(iii) agree to comply with any report-
5 ing requirements the lead agency deter-
6 mines are necessary for the agency to com-
7 ply with paragraph (6); and

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

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

1 “(C) give priority for subgrant awards ac-
2 cording to geographically based child care serv-
3 ice needs across the State or Tribal community,
4 with special consideration given to rural areas;
5 and

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

9 “(i) notice of funding availability
10 through subgrants for eligible businesses
11 under this section; and

12 “(ii) the criteria for awarding sub-
13 grants for eligible businesses.

14 “(4) SUBGRANTS TO BUSINESSES.—

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

23 “(B) SUBGRANT APPLICATION.—To be eli-
24 gible to receive a subgrant under this para-
25 graph, an eligible business shall submit an ap-

1 plication to the lead agency in such form and
2 containing such information as the lead agency
3 may reasonably require, including—

4 “(i) a plan for offering access or ex-
5 panding access to child care services for
6 the employees of such business that in-
7 cludes—

8 “(I) information describing how
9 the eligible business will use the
10 subgrant funds to cover slots for the
11 children of their employees;

12 “(II) if applicable, the amount of
13 tuition or copayments employees will
14 be expected to pay;

15 “(III) child care enrollment and
16 attendance projections or, if applica-
17 ble, how funds used for expansion will
18 increase the enrollment and attend-
19 ance projections; and

20 “(IV) a demonstration of how the
21 eligible business will sustain its oper-
22 ations after the cessation of funding
23 under this section;

24 “(ii) assurances that the eligible busi-
25 ness will—

1 “(I) report to the lead agency
2 data on current average enrollment
3 and attendance;

4 “(II) provide any documentation
5 to the lead agency that the agency de-
6 termines is necessary to comply with
7 paragraph (6), including providing
8 documentation of expenditures of
9 subgrant funds; and

10 “(III) implement all applicable
11 State, local, and Tribal health and
12 safety requirements and, if applicable,
13 enhanced protocols for child care serv-
14 ices and related to COVID–19 or an-
15 other health or safety condition; and

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

23 “(C) REPAYMENT OF SUBGRANT FUNDS.—
24 An eligible business that receives a subgrant
25 under this paragraph shall be required to repay

1 the subgrant funds if the lead agency deter-
2 mines that the business fails to provide the as-
3 surances described in subparagraph (B)(ii), or
4 to comply with such an assurance.

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

12 “(A) how the lead agency plans to award
13 subgrants to eligible businesses;

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

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

20 “(i) the number or type of eligible
21 businesses that will receive a subgrant
22 under this subsection; or

23 “(ii) the increase in the number of
24 children served State-wide.

25 “(6) REPORTING REQUIREMENTS.—

1 “(A) LEAD AGENCY REPORT.—A lead
2 agency that makes subgrants under this sub-
3 section shall, not later than January 1, 2026,
4 submit a report on such subgrants to the Sec-
5 retary that includes, for the State or Tribal
6 community involved—

7 “(i) a description of how the lead
8 agency determined—

9 “(I) the criteria for awarding
10 subgrants for eligible businesses, in-
11 cluding the methodology the lead
12 agency used to determine and dis-
13 burse funds to such businesses; and

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

20 “(ii) the number of eligible businesses
21 that received a subgrant under this sub-
22 section, disaggregated by age of children
23 served, geography, region, the average and
24 range of the amounts of the subgrants
25 awarded, and whether such businesses

1 were operating their own child care pro-
2 gram or partnering with an eligible child
3 care provider; and

4 “(iii) information concerning how eli-
5 gible businesses receiving subgrants under
6 this subsection used the subgrant funding
7 received.

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

19 **SEC. 132104. CHILD CARE FUNDS ACCOUNTABILITY ACT.**

20 Section 2201 of the American Rescue Plan Act of
21 2021 ((Public Law 117–2; March 11, 2021) is amended
22 by adding at the end the following:

23 “(d) MONITORING COMPLIANCE.—

24 “(1) IN GENERAL.—The Secretary shall dedi-
25 cate such portion of the amounts made available by

1 subsection (b) for Federal administrative costs in
2 carrying out this section as the Secretary determines
3 necessary to monitor compliance with the require-
4 ments relating to all uses of funds made available
5 under section 2202 for stabilization grants and
6 under this section for the child care and develop-
7 ment block grant program to ensure the integrity of
8 the program, including—

9 “(A) compliance with the requirements
10 under subsection (c) and under section 2202(j),
11 and

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

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

