

[DISCUSSION DRAFT]

A BILL

To provide universal, comprehensive paid family and medical leave, invest in guaranteed access to child care, to provide critical financial support to families with children and low-income workers, 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 “Building an Economy
5 for Families Act”.

6 **DIVISION A—UNIVERSAL PAID**
7 **FAMILY AND MEDICAL LEAVE**

8 **SEC. 101. PAID FAMILY AND MEDICAL LEAVE.**

9 The Social Security Act (42 U.S.C. 301 et seq.) is
10 amended by adding at the end the following:

1 **“TITLE XXII—PAID FAMILY AND**
2 **MEDICAL LEAVE BENEFITS**

3 **【“SEC. 2201. TABLE OF CONTENTS.**

4 “The table of contents for this title is as follows:】

“Sec. 2201. Table of contents.

“Sec. 2202. Paid family and medical leave benefit eligibility.

“Sec. 2203. Benefit amount.

“Sec. 2204. Benefit determination and payment.

“Sec. 2205. Appeals.

“Sec. 2206. Stewardship.

“Sec. 2207. Funding for benefit payments, grants, and program administration.

“Sec. 2208. Funding for research.

“Sec. 2209. State administration option for legacy States.

“【Sec. 2210. Reimbursement option for employer-provided paid leave benefits.】

“Sec. 2211. Definitions.

5 **“SEC. 2202. PAID FAMILY AND MEDICAL LEAVE BENEFIT**
6 **ELIGIBILITY.**

7 “(a) ENTITLEMENT.—Every individual who—

8 “(1) has filed an application for a paid family
9 and medical leave benefit in accordance with section
10 2204(a);

11 “(2) has one or more caregiving days during
12 the period that begins 90 days before the date on
13 which such application is filed or not later than 180
14 days after such date;

15 “(3) has wages or self-employment income dur-
16 ing the 30-day period ending—

17 “(A) on the first such caregiving day; or

18 “(B) in the case of an individual who
19 began engaging in qualified caregiving for not

1 less than 8 hours per calendar day before the
2 beginning of the period described in paragraph
3 (2) (as determined on the basis of such infor-
4 mation as the Secretary may request), the first
5 such calendar day; and

6 “(4) has earnings in any calendar quarter in
7 the most recent 8-calendar quarter period for which
8 data are available to the Secretary and that ends
9 prior to the calendar quarter in which the benefit pe-
10 riod specified in subsection (b) begins,

11 shall be entitled to such a benefit for each month during
12 such benefit period, except as otherwise provided in this
13 section.

14 “(b) BENEFIT PERIOD.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), the benefit period specified in this sub-
17 section is the 12-month period that begins on the
18 1st day of the 1st month in which the individual
19 meets the criteria specified in paragraphs (1), (2),
20 (3), and (4) of subsection (a).

21 “(2) RETROACTIVE BENEFITS.—In the case of
22 an application for benefits under this section with
23 respect to an individual who has a caregiving day at
24 any time during the 90-day period preceding the
25 date on which such application is filed, the benefit

1 period specified in this subsection is the 12-month
2 period that begins with the later of—

3 “(A) the 1st month in which such
4 caregiving day occurs; or

5 “(B) the 1st month that begins during
6 such 90-day period.

7 “(3) LIMITATION.—Notwithstanding para-
8 graphs (1) and (2), no benefit period under this title
9 may begin with any month before January 2023.

10 “(c) CAREGIVING DAYS.—

11 “(1) CAREGIVING DAY DEFINED.—

12 “(A) IN GENERAL.—For purposes of this
13 title, the term ‘caregiving day’ means a cal-
14 endar day during which the individual engaged
15 in qualified caregiving for not less than 8 hours
16 (determined on the basis of information filed
17 with the Secretary pursuant to subsection (b)
18 or (c) of section 2204).

19 “(B) TREATMENT OF PARTIAL DAYS.—In
20 the case of a calendar day in which an indi-
21 vidual engages in qualified caregiving for more
22 than 4 hours but less than 8 hours (determined
23 on the basis of such information), the individual
24 may request to treat any 2 such calendar days

1 as a caregiving day, subject to regulations of
2 the Secretary.

3 “(2) QUALIFIED CAREGIVING.—

4 “(A) IN GENERAL.—For purposes of this
5 subsection, the term ‘qualified caregiving’
6 means any activity engaged in by an individual
7 in lieu of work, other than for monetary com-
8 pensation, for a reason for which an eligible
9 employee would be entitled to leave under para-
10 graph (1) of section 102(a) of the Family and
11 Medical Leave Act of 1993 (29 U.S.C.
12 2612(a)), except that for purposes of this para-
13 graph such section shall be applied as if sub-
14 paragraph (C) were amended to read as follows:

15 ““(C)(i) In order to care for a qualified
16 family member of the employee, if such quali-
17 fied family member has a serious health condi-
18 tion.

19 ““(ii) For purposes of clause (i), the term
20 “qualified family member” means, with respect
21 to an employee—

22 ““(I) a spouse (including a domestic
23 partner in a civil union or other registered
24 domestic partnership recognized by a
25 State) and a spouse’s parent;

1 “(II) a child and a child’s spouse;

2 “(III) a parent and a parent’s
3 spouse;

4 “(IV) a sibling and a sibling’s
5 spouse;

6 “(V) a grandparent, a grandchild, or
7 a spouse of a grandparent or grandchild;
8 and

9 “(VI) any other individual who is re-
10 lated by blood or affinity and whose asso-
11 ciation with the employee is equivalent of
12 a family relationship (as determined under
13 regulations issued by the Secretary of the
14 Treasury).’.

15 “(B) NO MONETARY COMPENSATION PER-
16 MITTED.—For purposes of subparagraph (A),
17 an activity shall be considered to be engaged in
18 by an individual for monetary compensation if
19 the individual received any form of wage com-
20 pensation from an employer, including paid va-
21 cation or paid sick leave (but not including paid
22 family and medical leave benefits provided by
23 an employer to the extent that the sum of such
24 employer-provided benefits and any paid family
25 and medical leave benefits under this title does

1 not exceed 100 percent of the individual’s reg-
2 ular rate of pay (as determined under section
3 7(e) of the Fair Labor Standards Act of
4 1938)), for the time during which the individual
5 was so engaged.

6 “(C) TREATMENT OF INDIVIDUALS ELIGI-
7 BLE FOR EMPLOYER SPONSORED PAID FAMILY
8 AND MEDICAL LEAVE BENEFITS.—For purposes
9 of subparagraph (A), an activity engaged in by
10 an individual shall not be considered to be en-
11 gaged in in lieu of work if, for the time during
12 which the individual was so engaged, the indi-
13 vidual receives reimbursable benefits (as defined
14 in subsection (c) of section 2210) with respect
15 to which an employer is reimbursed under such
16 section.

17 “(D) TREATMENT OF INDIVIDUALS EM-
18 PLOYED IN LEGACY STATES.—For purposes of
19 subparagraph (A), an activity engaged in by an
20 individual shall not be considered to be engaged
21 in in lieu of work if—

22 “(i) the time during which the indi-
23 vidual was so engaged constitutes leave
24 from employment (as determined under the

1 law of a legacy State (as defined in section
2 2209(b)); and

3 “(ii) such employment is subject to
4 the paid family and medical leave benefit
5 program of such legacy State.

6 “(d) NO CAREGIVING DAYS IN MONTH OF DEATH.—
7 No calendar day may be treated as a caregiving day of
8 an individual for any month if such calendar day occurs
9 in the month during which the individual dies.

10 “(e) DISQUALIFICATION FOLLOWING CERTAIN CON-
11 VICTIONS.—An individual who has been found to have
12 used false statements or representation to secure benefits
13 under this title shall be ineligible for benefits under this
14 title for a 5-year period following the date of such finding.

15 **“SEC. 2203. BENEFIT AMOUNT.**

16 “(a) MONTHLY BENEFIT AMOUNT.—The amount of
17 the benefit to which an individual is entitled under this
18 title for a month shall be an amount equal to the product
19 of the individual’s daily benefit rate multiplied by the
20 number of caregiving days of the individual credited to
21 such month, as determined under subsection (c).

22 “(b) DAILY BENEFIT RATE.—

23 “(1) IN GENERAL.—For purposes of this sec-
24 tion, an individual’s daily benefit rate shall be an
25 amount equal to $\frac{1}{20}$ of the sum of—

1 “(A) 85 percent of the individual’s average
2 monthly earnings to the extent that such earn-
3 ings do not exceed the amount established for
4 purposes of this clause by paragraph (2);

5 “(B) 75 percent of the individual’s average
6 monthly earnings to the extent that such earn-
7 ings exceed the amount established for purposes
8 of subparagraph (A) but do not exceed the
9 amount established for purposes of this clause
10 by paragraph (2);

11 “(C) 55 percent of the individual’s average
12 monthly earnings to the extent that such earn-
13 ings exceed the amount established for purposes
14 of subparagraph (B) but do not exceed the
15 amount established for purposes of this clause
16 by paragraph (2);

17 “(D) 25 percent of the individual’s average
18 monthly earnings to the extent that such earn-
19 ings exceed the amount established for purposes
20 of subparagraph (C) but do not exceed the
21 amount established for purposes of this clause
22 by paragraph (2); and

23 “(E) 5 percent of the individual’s average
24 monthly earnings to the extent that such earn-
25 ings exceed the amount established for purposes

1 of subparagraph (D) but do not exceed the
2 amount established for purposes of this clause
3 by paragraph (2).

4 “(2) AMOUNTS ESTABLISHED.—

5 “(A) INITIAL AMOUNTS.—For individuals
6 whose benefit period under this title begins in
7 the calendar year 2023, the amount established
8 for purposes of subparagraphs (A), (B), (C),
9 (D), and (E) of paragraph (1) shall be $\frac{1}{12}$ of
10 \$15,080, \$34,248, \$72,000, \$100,000, and
11 \$250,000, respectively.

12 “(B) WAGE INDEXING.—For individuals
13 whose benefit period under this title begins in
14 any calendar year after 2023, each of the
15 amounts so established shall equal the cor-
16 responding amount established for the calendar
17 year preceding such calendar year, or, if larger,
18 the product of the corresponding amount estab-
19 lished with respect to the calendar year 2023
20 and the quotient obtained by dividing—

21 “(i) the national average wage index
22 (as defined in section 209(k)(1) of the So-
23 cial Security Act) for the second calendar
24 year preceding such calendar year, by

1 “(ii) the national average wage index
2 (as so defined) for 2021.

3 “(C) ROUNDING.—Each amount estab-
4 lished under subparagraph (B) for any calendar
5 year shall be rounded to the nearest \$1, except
6 that any amount so established which is a mul-
7 tiple of \$0.50 but not of \$1 shall be rounded to
8 the next higher \$1.

9 “(3) AVERAGE MONTHLY EARNINGS.—For pur-
10 poses of this subsection, an individual’s average
11 monthly earnings shall be equal to the quotient ob-
12 tained by dividing—

13 “(A) the total of the wages and self-em-
14 ployment income received by the individual dur-
15 ing the most recent 8-calendar quarter period
16 for which data are available to the Secretary
17 and that ends prior to the calendar quarter
18 when the individual’s benefit period begins; by

19 “(B) 24.

20 “(4) EVIDENCE OF EARNINGS.—For purposes
21 of determining the wages and self-employment in-
22 come of an individual with respect to an application
23 for benefits under this title, the Secretary shall
24 make such determination on the basis of wage data
25 provided to the Secretary from the National Direc-

1 tory of New Hires pursuant to section 453(j)(5) of
2 the Social Security Act and self-employment income
3 data disclosed under section 6103(l)(23) of the In-
4 ternal Revenue Code of 1986, except that the Sec-
5 retary shall also consider any more recent or addi-
6 tional evidence of wages or self-employment income
7 submitted by the individual or available from other
8 sources.

9 “(c) CREDITING OF CAREGIVING DAYS TO A
10 MONTH.—

11 “(1) IN GENERAL.—The number of caregiving
12 days of an individual credited to a month as deter-
13 mined under this subsection shall equal the number
14 of caregiving days of the individual occurring during
15 such month, except that—

16 “(A) such number may not exceed 20;

17 “(B) not more than 60 caregiving days
18 may be credited in total to months during the
19 individual’s benefit period; and

20 “(C) no caregiving day of the individual
21 may be credited to any month if such caregiving
22 day occurs before the expiration of an initial
23 waiting period, except that each caregiving day
24 occurring before the expiration of the initial
25 waiting period shall be treated as if credited to

1 a month solely for purposes of applying sub-
2 paragraph (A).

3 “(2) INITIAL WAITING PERIOD DEFINED.—For
4 purposes of paragraph (1), the term ‘initial waiting
5 period’ means a period beginning with the first
6 caregiving day during an individual’s benefit period
7 and ending after the fifth such caregiving day.

8 **“SEC. 2204. BENEFIT DETERMINATION AND PAYMENT.**

9 “(a) IN GENERAL.—An individual seeking benefits
10 under this title shall file an application with the Secretary
11 containing the information described in subsection (b) and
12 such other information as the Secretary may require. Any
13 information contained in an application for benefits under
14 this title, or in a monthly benefit claim report filed with
15 respect to such benefits, shall be presumed to be true and
16 accurate, unless the Secretary demonstrates by a prepon-
17 derance of the evidence that information contained in the
18 application or monthly benefit claim report is false.

19 “(b) REQUIRED CONTENTS OF INITIAL APPLICA-
20 TION.—An application for a paid family and medical leave
21 benefit shall include—

22 “(1) an attestation that the individual has one
23 or more caregiving days, or anticipates having one
24 or more caregiving days, during the period that be-

1 gins 90 days before the date on which the applica-
2 tion is submitted and ends 180 days after such date;

3 “(2) except as otherwise provided in this sub-
4 section, a certification, issued by a relevant authority
5 determined under regulations issued by the Sec-
6 retary, that contains such information as the Sec-
7 retary shall specify in such regulations as necessary
8 to affirm the circumstances giving rise to the need
9 for such caregiving days, which shall be no more
10 than the information that is required to be stated
11 under section 103(b) of the Family and Medical
12 Leave Act of 1993 (29 U.S.C. 2613(b));

13 “(3) an attestation from the applicant that no-
14 tice of the individual’s need to be absent from work
15 during such caregiving days has been provided, not
16 later than 7 days after such need arises, to the indi-
17 vidual’s employer (except in cases of hardship or
18 other extenuating circumstances or if the individual
19 does not have (or no longer has) an employer); and

20 “(4) pay stubs or such other evidence as the in-
21 dividual may provide demonstrating wages or self-
22 employment income during the 30-day period de-
23 scribed in section 2202(a)(3), except that the Sec-
24 retary may waive this requirement in any case in

1 which such evidence is otherwise available to the
2 Secretary.

3 In the case of an individual who applies for a paid family
4 and medical leave benefit in the anticipation of caregiving
5 days occurring after the date of application, the certifi-
6 cation described in paragraph (2), the attestation de-
7 scribed in paragraph (3), and the evidence described in
8 paragraph (4) may be provided after the 1st such
9 caregiving day.

10 “(c) MONTHLY BENEFIT CLAIM REPORT.—

11 “(1) IN GENERAL.—Except as provided in para-
12 graph (2), not later than 60 days (or such longer pe-
13 riod as may be provided in any case in which the
14 Secretary determines that good cause exists for an
15 extension) after the end of each month during the
16 benefit period of an individual entitled to benefits
17 under this title, the individual shall file a monthly
18 benefit claim report with the Secretary. Such month-
19 ly benefit claim report shall specify the caregiving
20 days of the individual that occurred during such
21 month and shall include such other information as
22 the Secretary may require. No monthly benefit claim
23 report shall be required with respect to any month
24 in which no caregiving days occurred.

1 “(2) RETROACTIVE APPLICATIONS.—In the case
2 of an application filed by an individual for a paid
3 family and medical leave benefit with a benefit pe-
4 riod that begins, in accordance with section
5 2202(b)(2), with a month that ends before the date
6 on which such application is filed, the individual may
7 include with such application the information de-
8 scribed in the second sentence of paragraph (1) with
9 respect to each month in the benefit period that
10 ends before such date.

11 “(d) DETERMINATIONS AND NOTICE REQUIRE-
12 MENTS.—

13 “(1) INITIAL APPLICATION.—

14 “(A) IN GENERAL.—The Secretary shall
15 determine the initial eligibility of an individual
16 applying for benefits under this title in accord-
17 ance with section 2202.

18 “(B) NOTICES.—To ensure payment of
19 benefits in the correct amount and that bene-
20 ficiaries are aware of the right to appeal a ben-
21 efit determination of the Secretary—

22 “(i) not later than 15 days after each
23 application for benefits from an individual
24 under this title is filed, the Secretary shall
25 provide notice to the individual of—

1 “(I) the initial determination of
2 eligibility for such benefits;

3 “(II)(aa) the 8 calendar quarters
4 used to compute the individual’s aver-
5 age monthly earnings under section
6 2203(b)(3) and the wages and self-
7 employment income received by the
8 individual during each such quarter as
9 recorded by the Secretary; and

10 “(bb) the individual’s right under
11 section 2203(b)(4) to submit more re-
12 cent or additional evidence of such
13 wages or self-employment income, in-
14 cluding a statement that benefits
15 could increase if such additional evi-
16 dence results in higher average
17 monthly earnings;

18 “(III) the estimated benefit
19 amount for a month with respect to
20 which 1 caregiving day of the indi-
21 vidual is credited;

22 “(IV) the estimated benefit
23 amount for a month with respect to
24 which 20 caregiving days of the indi-
25 vidual are credited;

1 “(V) the number of caregiving
2 days credited to months prior to the
3 date of such application; and

4 “(VI) the individual’s right to ap-
5 peal such initial determination in ac-
6 cordance with the provisions of section
7 2205; and

8 “(ii) in any case in which an indi-
9 vidual submits additional information with
10 respect to such an application, the Sec-
11 retary shall provide an updated notice to
12 the individual containing the same infor-
13 mation provided in the notice described in
14 clause (i), including a specific indication of
15 any such information that has been up-
16 dated as a result of the additional informa-
17 tion submitted by the individual.

18 “(2) MONTHLY BENEFIT DETERMINATIONS.—

19 “(A) IN GENERAL.—On the basis of the in-
20 formation filed with the Secretary pursuant to
21 subsection (c), the Secretary shall determine,
22 with respect to an individual for a month, the
23 number of caregiving days to be credited to
24 such month in accordance with section 2203(c).

1 “(B) NOTICES.—To ensure payment of
2 benefits in the correct amount and that bene-
3 ficiaries are aware of the right to appeal a ben-
4 efit determination of the Secretary, not later
5 than 15 days after each monthly benefit claim
6 report from an individual for a month is filed
7 (or after filing of initial application for retro-
8 active benefits), the Secretary shall provide no-
9 tice to the individual specifying—

10 “(i) whether payment will be made to
11 the individual for such month and the
12 amount of such payment;

13 “(ii) if the Secretary determines that
14 payment will not be made or that payment
15 will be made based on a number of
16 caregiving days credited to the month in-
17 consistent with the number of caregiving
18 days in such monthly benefit claim report
19 (or initial application), the reasons for
20 such determination; and

21 “(iii) the individual’s right to appeal
22 such determination in accordance with the
23 provisions of section 2205.

24 “(3) CHANGING CIRCUMSTANCES.—The Sec-
25 retary shall issue regulations to establish a process

1 under which an individual may notify the Secretary
2 if more than one type of circumstance gives rise to
3 the need for caregiving days during the individual’s
4 benefit period. Such caregiving days shall be credited
5 to months within the benefit period in accordance
6 with section 2203(c) regardless of circumstance.

7 “(4) ACCESSIBILITY AND CONTENT OF NO-
8 TICES.—The Secretary shall take such actions as are
9 necessary to ensure that any notice to one or more
10 individuals issued pursuant to this title by the Sec-
11 retary—

12 “(A) is written in simple and clear lan-
13 guage; and

14 “(B) includes information about the Work-
15 er Information Networks established pursuant
16 to division D of the Building an Economy for
17 Families Act.

18 “(e) CERTIFICATION OF PAYMENT.—Not later than
19 15 days after the making of a determination under sub-
20 section (d)(2)(A) with respect to the number of caregiving
21 days of an individual to be credited to a month, the Sec-
22 retary shall certify payment to such individual of the
23 amount of the paid family and medical leave benefit for
24 such month.

1 “(f) EXPEDITED BENEFIT PAYMENT IN CASES OF
2 MISSING PAYMENT.—The Secretary shall establish and
3 put into effect procedures under which expedited payment
4 of benefits under this title will be made to an individual
5 to whom a benefit payment was due for a month but was
6 not received by the individual.

7 “(g) SUBMISSION OF REQUIRED INFORMATION.—

8 “(1) BY PHONE, MAIL, OR ELECTRONIC
9 MEANS.—To ensure full access to benefits by all eli-
10 gible individuals, applicable paid leave information
11 with respect to an individual may be submitted to
12 the Secretary by phone, mail, or electronic means.

13 “(2) BY ANY PERSON.—Any person may submit
14 applicable paid leave information with respect to an
15 individual, including, as applicable, the individual’s
16 representative, the individual’s employer, or any rel-
17 evant authority identified under subsection (b)(2).

18 “(3) NOTICE OF RECEIPT.—The Secretary shall
19 provide prompt notice of receipt of all applicable
20 paid leave information submitted with respect to an
21 individual.

22 “(4) DEFINITION OF APPLICABLE PAID LEAVE
23 INFORMATION.—For purposes of this subsection, the
24 term ‘applicable paid leave information’ means, with
25 respect to an individual, any information submitted

1 to the Secretary with respect to the paid family and
2 medical leave benefits of the individual, including
3 any initial application, monthly benefit claim report,
4 appeal, and any other information submitted in sup-
5 port of such application, report, or appeal.

6 **“SEC. 2205. APPEALS.**

7 “(a) IN GENERAL.—An individual shall have the
8 right to appeal any determination made with respect to
9 paid family and medical leave benefits under this title to
10 the Secretary, and to appeal any final decision of the Sec-
11 retary by a civil action brought in the district court of
12 the United States for the judicial district in which the
13 plaintiff resides, or in which the principal place of business
14 of the plaintiff sits, or, if the plaintiff does not reside or
15 such principal place of business does not sit within any
16 such judicial district, in the United States District Court
17 for the District of Columbia.

18 “(b) PROCEDURES.—The Secretary shall establish
19 procedures for appeals of such determinations that ensure
20 that appeals will be heard in a timely manner by a deci-
21 sionmaker who is different from the initial decisionmaker
22 using procedures that are similar to the procedures used
23 for appeals of determinations under the Medicare Low-In-
24 come Subsidy program described under section 1860D-
25 14(a)(3)(B)(iv)(II) of the Social Security Act.

1 “(c) AUTHORITY TO ISSUE AND ENFORCE SUB-
2 POENAS.—

3 “(1) IN GENERAL.—For the purpose of any
4 hearing, investigation, or other proceeding author-
5 ized or directed under this title, the Secretary shall
6 have power to issue subpoenas requiring the attend-
7 ance and testimony of witnesses and the production
8 of any evidence that relates to any matter under in-
9 vestigation or in question before the Secretary. Such
10 attendance of witnesses and production of evidence
11 at the designated place of such hearing, investiga-
12 tion, or other proceeding may be required from any
13 place in the United States or in any Territory or
14 possession thereof.

15 “(2) SERVICE; WITNESSES.—Subpoenas of the
16 Secretary shall be served by anyone authorized by
17 the Secretary—

18 “(A) by delivering a copy thereof to the in-
19 dividual named therein; or

20 “(B) by registered mail or by certified mail
21 addressed to such individual at his last dwelling
22 place or principal place of business.

23 A verified return by the individual serving the sub-
24 poena setting forth the manner of service, or, in the
25 case of service by registered mail or by certified

1 mail, the return post-office receipt therefor signed by
2 the individual so served, shall be proof of service.
3 Witnesses so subpoenaed shall be paid the same fees
4 and mileage as are paid witnesses in the district
5 courts of the United States.

6 “(3) CONTUMACY OR REFUSAL TO OBEY A SUB-
7 POENA.—In case of contumacy by, or refusal to obey
8 a subpoena duly served upon, any person, any dis-
9 trict court of the United States for the judicial dis-
10 trict in which the person charged with contumacy or
11 refusal to obey is found or resides or transacts busi-
12 ness, upon application by the Secretary, shall have
13 jurisdiction to issue an order requiring such person
14 to appear and give testimony, or to appear and
15 produce evidence, or both. Any failure to obey such
16 order of the court may be punished by the court as
17 contempt thereof.

18 **“SEC. 2206. STEWARDSHIP.**

19 “(a) PROMOTING EQUITY.—The Secretary shall con-
20 duct a robust program to analyze and prevent disparities
21 on the basis of race, color, ethnicity, religion, sex, sexual
22 orientation, gender identity, disability, age, or national ori-
23 gin with respect to the benefits provided under this title
24 and individuals’ access to such benefits.

25 “(b) ASSIGNMENT.—

1 “(1) IN GENERAL.—The right of any person to
2 any future payment under this title shall not be
3 transferable or assignable, at law or in equity, and
4 none of the moneys paid or payable or rights exist-
5 ing under this title shall be subject to execution,
6 levy, attachment, garnishment, or other legal proc-
7 ess, or to the operation of any bankruptcy or insol-
8 vency law.

9 “(2) APPLICABILITY TO OTHER LAWS.—No
10 other provision of law, enacted before, on, or after
11 the date of the enactment of this section, may be
12 construed to limit, supersede, or otherwise modify
13 the provisions of this section except to the extent
14 that it does so by express reference to this section.

15 “(3) VOLUNTARY TAX WITHHOLDING.—Nothing
16 in this section shall be construed to prohibit with-
17 holding taxes from any benefit under this title, if
18 such withholding is done pursuant to a request made
19 in accordance with section 3402(p)(1) of the Inter-
20 nal Revenue Code of 1986 by the person entitled to
21 such benefit or such person’s representative payee.

22 “(c) UNDERPAYMENTS AND OVERPAYMENTS.—

23 “(1) IN GENERAL.—Whenever the Secretary de-
24 termines that more or less than the correct amount
25 of payment has been made to any individual under

1 this title, the Secretary shall promptly notify the in-
2 dividual of such determination and inform the indi-
3 vidual of the right to appeal such determination in
4 accordance with the provisions of section 2205.
5 Proper adjustment or recovery shall be made, under
6 regulations prescribed by the Secretary, as follows:

7 “(A) UNDERPAYMENTS.—With respect to
8 payment to an individual of less than the cor-
9 rect amount, the Secretary shall promptly pay
10 the balance of the amount due to such under-
11 paid individual.

12 “(B) OVERPAYMENTS.—

13 “(i) IN GENERAL.—With respect to
14 payment to an individual of more than the
15 correct amount, the Secretary shall de-
16 crease any payment for a month under this
17 title to which such overpaid individual is
18 entitled (but not below the amount speci-
19 fied in clause (ii) with respect to such pay-
20 ment), or shall require such overpaid indi-
21 vidual to refund the amount in excess of
22 the correct amount, or shall obtain recov-
23 ery by any means described in paragraph
24 (4), or shall apply any combination of the
25 foregoing.

1 “(ii) LIMITATION ON RECOVERY.—

2 “(I) AMOUNT SPECIFIED.—The
3 amount specified in this clause with
4 respect to a payment for a month
5 under this title to which an individual
6 is entitled is an amount equal to the
7 product of—

8 “(aa) the applicable dollar
9 amount, multiplied by

10 “(bb) the number of
11 caregiving days of such individual
12 credited to such month.

13 “(II) APPLICABLE DOLLAR
14 AMOUNT.—For purposes of subclause
15 (I), the applicable dollar amount is—

16 “(aa) with respect to a pay-
17 ment for a month in calendar
18 year 2023, \$70; and

19 “(bb) with respect to a pay-
20 ment for a month in any cal-
21 endar year after 2023, the cor-
22 responding amount established
23 with respect to a payment for a
24 month in the calendar year pre-
25 ceding such calendar year or, if

1 larger, the product of the cor-
2 responding amount specified in
3 item (aa) with respect to a pay-
4 ment for a month in calendar
5 year 2023 multiplied by the
6 quotient obtained by dividing—

7 “(AA) the national av-
8 erage wage index (as defined
9 in section 209(k)(1)) for the
10 second calendar year pre-
11 ceding such calendar year,
12 by

13 “(BB) the national av-
14 erage wage index (as so de-
15 fined) for 2021.

16 “(2) WAIVER OF CERTAIN OVERPAYMENTS.—In
17 any case in which more than the correct amount of
18 payment has been made, there shall be no adjust-
19 ment of payments to, or recovery by the United
20 States from, any individual who was without fault in
21 connection with the overpayment if such adjustment
22 or recovery would defeat the purpose of this title or
23 would be against equity and good conscience, or
24 would impede efficient or effective administration of
25 this title, as determined by the Secretary under pro-

1 cedures, to be established by the Secretary, similar
2 to the procedures described in section 204(b) of the
3 Social Security Act.

4 “(3) LIABILITY OF CERTIFYING OR DISBURSING
5 OFFICER.—No certifying or disbursing officer shall
6 be held liable for any amount certified or paid by
7 him to any individual where the adjustment or re-
8 covery of such amount is waived under paragraph
9 (2), or where adjustment under paragraph (1) is not
10 completed prior to the death of the individual
11 against whose benefits deductions are authorized.

12 “(4) ADDITIONAL METHODS OF RECOVERY.—

13 “(A) IN GENERAL.—With respect to any
14 delinquent amount, the Secretary may use the
15 collection practices described in sections 3716,
16 3717, and 3718 of title 31, United States Code,
17 and in section 5514 of title 5, United States
18 Code.

19 “(B) DEFINITION OF DELINQUENT
20 AMOUNT.—For purposes of subparagraph (A),
21 the term ‘delinquent amount’ means an
22 amount—

23 “(i) in excess of the correct amount of
24 payment under this title; and

1 “(ii) determined by the Secretary,
2 under regulations, to be otherwise unre-
3 coverable under this section after such in-
4 dividual ceases to be a beneficiary under
5 this title.

6 “(d) PENALTIES AND OTHER PROCEDURES.—The
7 Secretary shall establish procedures with respect to benefit
8 payments authorized under this title and applications for
9 such payments similar to the provisions of sections 1136
10 and 1632 of the Social Security Act.

11 “(e) REDETERMINATION OF ENTITLEMENT.—

12 “(1) IN GENERAL.—

13 “(A) PROCEDURES.—The Secretary shall
14 immediately redetermine the entitlement of in-
15 dividuals to paid family and medical leave ben-
16 efit benefits under this title if there is reason
17 to believe that fraud or similar fault was in-
18 volved in the application of the individual for
19 such benefits, unless a United States attorney,
20 or equivalent State prosecutor, with jurisdiction
21 over potential or actual related criminal cases,
22 certifies, in writing, that there is a substantial
23 risk that such action by the Secretary with re-
24 gard to beneficiaries in a particular investiga-

1 tion would jeopardize the criminal prosecution
2 of a person involved in a suspected fraud.

3 “(B) DISREGARD OF CERTAIN EVI-
4 DENCE.—When redetermining the entitlement,
5 or making an initial determination of entitle-
6 ment, of an individual under this title, the Sec-
7 retary shall disregard any evidence if there is
8 reason to believe that fraud or similar fault was
9 involved in the providing of such evidence.

10 “(2) SIMILAR FAULT DESCRIBED.—For pur-
11 poses of paragraph (1), similar fault is involved with
12 respect to a determination if—

13 “(A) an incorrect or incomplete statement
14 that is material to the determination is know-
15 ingly made; or

16 “(B) information that is material to the
17 determination is knowingly concealed.

18 “(3) TERMINATION OF BENEFITS.—If, after re-
19 determining pursuant to this subsection the entitle-
20 ment of an individual to monthly insurance benefits,
21 the Secretary determines that there is insufficient
22 evidence to support such entitlement, the Secretary
23 may terminate such entitlement and may treat bene-
24 fits paid on the basis of such insufficient evidence as
25 overpayments.

1 **“SEC. 2207. FUNDING FOR BENEFIT PAYMENTS, GRANTS,**
2 **AND PROGRAM ADMINISTRATION.**

3 “(a) FUNDING FOR BENEFIT PAYMENTS AND
4 GRANTS.—

5 “(1) IN GENERAL.—There are appropriated,
6 out of any funds in the Treasury not otherwise ap-
7 propriated, such sums as may be necessary to pay
8 benefits under this title and for grants under sec-
9 tions 2209 and 2210, subject to paragraph (2).

10 “(2) LIMITATION.—In no case shall a grant
11 under section 2209 or 2210 exceed a total amount
12 (for all applicable individuals) equivalent to the sum
13 of benefits paid (including, in the case of a grant
14 under section 2209, the full cost of administering
15 such benefits) for each applicable individual cal-
16 culated on the basis of a total number of days of
17 leave (as described under paragraph (3)) during the
18 individual’s benefit period equal to 60 minus the
19 number of caregiving days (as defined in section
20 2202(e)) of such individual credited in total to
21 months during such benefit period under this title.

22 “(3) APPLICABLE INDIVIDUAL.—For purposes
23 of paragraph (2), an ‘applicable individual’ is an in-
24 dividual, with respect to whom a grant under section
25 2209 or 2210 is awarded, receiving paid family or
26 medical leave benefits for days of leave—

1 “(A) under a paid family and medical leave
2 benefit program of a legacy State (as defined in
3 section 2209(b)); or

4 “(B) paid by an employer, or by an insurer
5 on behalf of the employer, under the terms of
6 a plan that meets the requirements of section
7 2210(b)(2)(B).

8 “(b) FUNDING FOR PROGRAM ADMINISTRATION.—
9 There are appropriated, out of any funds in the Treasury
10 not otherwise appropriated, such sums as may be nec-
11 essary for the following purposes (including through the
12 use of grants or contracts (including to other State and
13 Federal agencies) except where otherwise specified):

14 “(1) Costs related to taking applications, re-
15 sponding to public inquiries, assisting with problem
16 resolution, taking requests for appeals, and the pro-
17 vision of other necessary assistance to individuals
18 applying for or receiving benefits under this title, in-
19 cluding the following:

20 “(A) Costs related to staffing a national
21 toll-free telephone number (which shall not be
22 carried out through the use of grants or con-
23 tracts).

24 “(B) Costs related to technology to sup-
25 port a national toll-free telephone number and

1 to technology related to the design, construction
2 and maintenance of an online application and
3 customer service portal.

4 “(C) Costs related to mailed notices.

5 “(2) Costs related to determining eligibility
6 (which shall not be carried out through the use of
7 grants or contracts).

8 “(3) Costs related to ensuring program integ-
9 rity and combating fraud, including by issuing regu-
10 lations to do the following:

11 “(A) Ensure identity validation of appli-
12 cants and beneficiaries.

13 “(B) Verify the professional credentials of
14 relevant authorities who provide certifications
15 pursuant to section 2204(b)(2).

16 “(C) Ensure the accuracy of any wage and
17 self-employment income data used in the ad-
18 ministration of this title.

19 “(D) Ensure that the attestation require-
20 ment in section 2204(b)(3) has been satisfied
21 for each applicant and beneficiary.

22 “(E) Ensure the accuracy of monthly ben-
23 efit claim reports.

24 “(F) Provide for post-effectuation quality
25 review of approved claims and quality review of

1 denied claims (which shall not be carried out
2 through the use of grants or contracts).

3 “(4) Costs related to certification of payment of
4 benefits (which shall not be carried out through the
5 use of grants or contracts).

6 “(5) Costs related to appeals (which shall not
7 be carried out through the use of grants or con-
8 tracts).

9 “(6) Costs related to determination of actuarial
10 equivalence of State legacy programs and evaluation
11 and certification of employer leave programs.

12 “(7) Costs related to developing systems of
13 records for purposes of administering the program
14 under this title (which shall not be carried out
15 through the use of grants or contracts, except that
16 costs related to technology to support such systems
17 of records may be carried out through the use of
18 grants or contracts).

19 “(8) Costs related to data exchange and shar-
20 ing, for which the Secretary shall enter into an
21 agreement with relevant data sources including the
22 National Directory of New Hires and shall seek to
23 enter into agreements with States to obtain such in-
24 formation as the Secretary may require to determine
25 eligibility and benefits payable under this title, ad-

1 minister the grants in sections 2209 and 2210, and
2 verify such other information as the Secretary deter-
3 mines may be necessary in carrying out the provi-
4 sions of this title.

5 “(9) Any other costs necessary for the effective
6 administration of this title.

7 **“SEC. 2208. FUNDING FOR RESEARCH.**

8 “There are appropriated, out of any funds in the
9 Treasury not otherwise appropriated, **[\$150,000,000]** for
10 each of fiscal years **[2022 through 2026]** for the Sec-
11 retary to develop and carry out grants for research for
12 the purpose of ensuring full access to the benefits provided
13 by the program under this title, including through the de-
14 tection and prevention of disparities on the basis of race,
15 color, ethnicity, religion, sex, sexual orientation, gender
16 identity, disability, age, or national origin.

17 **“SEC. 2209. STATE ADMINISTRATION OPTION FOR LEGACY**
18 **STATES.**

19 “(a) IN GENERAL.—In each calendar year beginning
20 with 2024, the Secretary shall make a grant to each State
21 that, for the calendar year preceding such calendar year,
22 was a legacy State and that met the data sharing require-
23 ments of subsection (c), in an amount equal to the lesser
24 of—

1 “(1) an amount, as estimated by the Secretary,
2 in consultation with the Secretary of Labor, equal to
3 the total amount of paid family and medical leave
4 benefits that would have been paid to individuals in
5 the State under this title (including the full cost of
6 administering such benefits) for the calendar year
7 preceding such calendar year if the State had not
8 been a legacy State for such preceding calendar
9 year; or

10 “(2) an amount equal to the total cost of the
11 State paid family and medical leave program de-
12 scribed in subsection (b) for the calendar year pre-
13 ceding such calendar year, including—

14 “(A) the total amount of paid family and
15 medical leave benefits that would have been
16 paid to individuals under such program for
17 leave that is exempt under such program on ac-
18 count of being otherwise paid under a program
19 provided by such individual’s employer; and

20 “(B) the full cost of administering such
21 program.

22 In any case in which, during any calendar year, the Sec-
23 retary has reason to believe that a State will be a legacy
24 State and meet the data sharing requirements of sub-
25 section (c) for such calendar year, the Secretary may make

1 estimated payments during such calendar year of the
2 grant which would be paid to such State in the succeeding
3 calendar year, to be adjusted as appropriate in the suc-
4 ceeding calendar year.

5 “(b) LEGACY STATE.—For purposes of this section,
6 the term ‘legacy State’ for a calendar year means a State
7 that the Secretary, in consultation with the Secretary of
8 Labor, determines—

9 “(1) has enacted, not later than the date of en-
10 actment of this title, a State law that provides paid
11 family and medical leave benefits; and

12 【“(2) for any calendar year that begins on or
13 after the date that is 2 years after such date of en-
14 actment, has in effect, throughout such calendar
15 year, a State program enacted into law that provides
16 paid family and medical leave benefits—】

17 【“(A) for at least 60 days during each 12-
18 month period to all individuals in the State who
19 would be eligible for paid family and medical
20 leave benefits under this title during any part
21 of such calendar year but for section
22 2202(c)(2)(D); and】

23 【“(B) in an amount that is at least actu-
24 arially equivalent to the paid family and med-
25 ical leave benefits that would be provided to

1 such individuals under this title but for such
2 section.】

3 “(c) DATA SHARING.—As a condition of receiving a
4 grant under subsection (a) in a calendar year, a State
5 shall enter into an agreement with the Secretary under
6 which the State shall provide the Secretary—

7 “(1) with information, to be provided periodi-
8 cally as determined by the Secretary, concerning in-
9 dividuals who received a paid leave benefit under a
10 State program described in subsection (b), including
11 each individual’s name, social security account num-
12 ber, date of birth, dates for which such paid leave
13 benefits were paid, the amount of such paid leave
14 benefit, and, to the extent available, such other in-
15 formation concerning such individuals as the Sec-
16 retary may require for the purpose of carrying out
17 this section and section 2202(c)(2)(D);

18 “(2) not later than July 1 of such calendar
19 year, the amount described in subsection (a)(2) for
20 the calendar year preceding such calendar year; and

21 “(3) such other information as the Secretary
22 determines may be necessary in carrying out the
23 provisions of this title.

1 **["SEC. 2210. REIMBURSEMENT OPTION FOR EMPLOYER-**
2 **PROVIDED PAID LEAVE BENEFITS.**

3 **["(a) IN GENERAL.—**In each calendar year begin-
4 ning with 2024, the Secretary shall make a grant to each
5 employer that, for the calendar year preceding such cal-
6 endar year, was an eligible employer, in an amount equal
7 to—**]**

8 **["(1) in the case of an eligible employer that**
9 **provided paid family and medical leave benefits as**
10 **described in subsection (b)(2)(B) for all of the rea-**
11 **sons for which an individual would be considered to**
12 **be engaged in qualified caregiving under section**
13 **2202(e)(2)(A), the lesser of—**]****

14 **["(A) 40 percent of the reimbursable bene-**
15 **fits paid by the employer during the calendar**
16 **year preceding such calendar year; or**]****

17 **["(B) 40 percent of the total amount, as**
18 **estimated by the Secretary, in consultation with**
19 **the Secretary of Labor, of paid family and med-**
20 **ical leave benefits that would have been paid to**
21 **employees of the employer under this title for**
22 **the calendar year preceding such calendar year**
23 **but for section 2202(c)(2)(C).**]****

24 **["(2) in the case of an eligible employer that**
25 **provided paid family or medical leave benefits as de-**
26 **scribed in subsection (b)(2)(B) for fewer than all of**

1 the reasons for which an individual would be consid-
2 ered to be engaged in qualified caregiving under sec-
3 tion 2202(c)(2)(A), the lesser of—】

4 【“(A) 28 percent of the reimbursable bene-
5 fits paid by the employer during the calendar
6 year preceding such calendar year; or】

7 【“(B) 28 percent of the total amount, as
8 estimated by the Secretary, in consultation with
9 the Secretary of Labor, of paid family and med-
10 ical leave benefits that would have been paid to
11 employees of the employer under this title for
12 the calendar year preceding such calendar year
13 but for section 2202(c)(2)(C).】

14 【“(b) EMPLOYER ELIGIBILITY.—For purposes of
15 subsection (a), an eligible employer for a calendar year
16 is an employer—】

17 【“(1) that has one or more employees during
18 such calendar year whose employment with such em-
19 ployer is not subject to the paid family and medical
20 leave benefit program of any legacy State (as de-
21 fined in section 2209(b)) for such calendar year;】

22 【“(2) not later than January 31 of such cal-
23 endar year (or, if later, not later than 30 days after
24 a plan described in subparagraph (B) goes into ef-
25 fect), that—】

1 【“(A) notifies the Secretary that the em-
2 ployer intends to seek a grant under this sec-
3 tion for such calendar year;】

4 【“(B) certifies to the Secretary that the
5 employer has in effect a written plan during
6 such calendar year—】

7 【“(i) that provides paid family or
8 medical leave benefits—】

9 【“(I) to all employees described
10 in paragraph (1) with at least 1 year
11 of cumulative service with the em-
12 ployer, regardless of job type, mem-
13 bership in a labor organization, se-
14 niority status, or any other employee
15 classification;】

16 【“(II) for one or more of the rea-
17 sons for which an individual would be
18 considered to be engaged in qualified
19 caregiving under section
20 2202(e)(2)(A), regardless of any pre-
21 existing medical conditions;】

22 【“(III) for not less than 15 days
23 of leave (or a prorated number of
24 days in the case of part-time employ-
25 ees);】

1 【“(IV) in an amount that ex-
2 ceeds 50 percent of each individual’s
3 regular rate of pay (as determined
4 under section 7(e) of the Fair Labor
5 Standards Act of 1938);】

6 【“(V) which may require an indi-
7 vidual to take other leave (whether
8 paid or unpaid) during a waiting pe-
9 riod of 1 calendar week before becom-
10 ing eligible for benefits;】

11 【“(VI) which may be paid di-
12 rectly by the employer or through an
13 insurer; and】

14 【“(VII) which may be paid inter-
15 mittently; and】

16 【“(ii) that ensures that the em-
17 ployer—】

18 【“(I) will not interfere with, re-
19 strain, or deny the exercise of, or the
20 attempt to exercise, any right pro-
21 vided under such policy; and】

22 【“(II) will not discharge, or in
23 any other manner discriminate
24 against, any individual for opposing

1 any practice prohibited by such policy;
2 and】

3 【“(C) pays an application fee of \$50, in
4 the case of an employer with fewer than 50 em-
5 ployees, or \$250, in the case of any other em-
6 ployer;】

7 【“(3) whose plan described under paragraph
8 (2)(B) is subsequently approved by the Secretary;
9 and】

10 【“(4) not later than March 31 of the 1st cal-
11 endar year following such calendar year, that sub-
12 mits to the Secretary—】

13 【“(A) information demonstrating that the
14 plan referred to in paragraph (2)(B) with re-
15 spect to the employer remained in effect
16 throughout the calendar year referred to in
17 paragraph (2) (or, if such plan did not remain
18 in effect throughout such calendar year, the
19 dates during which such plan was in effect dur-
20 ing such calendar year);】

21 【“(B) information, with respect to each
22 employee of the employer to whom paid family
23 or medical leave benefits described in paragraph
24 (2)(B) were provided during the calendar year
25 (as so referred), relating to—】

1 【“(i) the regular rate of pay of each
2 such employee (as determined under sec-
3 tion 7(e) of the Fair Labor Standards Act
4 of 1938);】

5 【“(ii) each such employee’s name, so-
6 cial security account number, date of birth,
7 dates for which paid leave benefits were
8 paid, the amount of such paid leave bene-
9 fits; and】

10 【“(iii) to the extent available, such
11 other information concerning such employ-
12 ees as the Secretary may require for the
13 purpose of carrying out this section and
14 section 2202(c)(2)(C); and】

15 【“(C) information on the total amount of
16 reimbursable benefits paid by the employer dur-
17 ing the calendar year (as so referred).】

18 【“(c) PENALTY FOR EXCEEDING SUBMISSION DEAD-
19 LINE.—In any case in which the requirements of sub-
20 section (b)(4) are not satisfied by the date specified in
21 such subsection with respect to a calendar year referred
22 to in subsection (b)(2), the amount of a grant paid to the
23 employer in the succeeding calendar year under subsection
24 (a) shall be reduced by 2 percent for each 7 days by which
25 the satisfaction of such requirements exceeds such date.】

1 **【“(d) REIMBURSABLE BENEFITS.—**For purposes of
2 subsection (a), the term ‘reimbursable benefits’ means
3 benefits (other than wage compensation, including paid
4 vacation or paid sick leave) paid by an employer, or by
5 an insurer on behalf of the employer, under the terms of
6 a plan that meets the requirements of section (b)(2)(B)—
7 **】**

8 **【“(1) for which all employees described in sub-**
9 **section (b)(1) with at least 1 year of cumulative**
10 **service with the employer are eligible;】**

11 **【“(2) paid for a reason for which an individual**
12 **would be considered to be engaged in qualified**
13 **caregiving under section 2202(c)(2)(A);】**

14 **【“(3) paid to employees whose employment**
15 **with such employer is not subject to the paid family**
16 **and medical leave benefit program of any legacy**
17 **State (as defined in section 2209(b)); and】**

18 **【“(4) for which the employer is not eligible for**
19 **any form of reimbursement from the Federal Gov-**
20 **ernment (other than under this title) or any State**
21 **or local government.】**

22 **【“(e) GREATER BENEFITS PERMITTED.—**Nothing in
23 this section shall be construed to prohibit an eligible em-
24 ployer from providing paid family and medical leave bene-

1 fits that exceed the requirements described in this sec-
2 tion.】

3 **“SEC. 2211. DEFINITIONS.**

4 “For purposes of this title the following definitions
5 apply:

6 “(1) SECRETARY.—The term ‘Secretary’ means
7 the Secretary of the Treasury.

8 “(2) STATE.—The term ‘State’ means any
9 State of the United States or the District of Colum-
10 bia or any territory or possession of the United
11 States.

12 “(3) WAGES.—The term ‘wages’—

13 “(A) has the meaning given such term in
14 section 3121(a) of the Internal Revenue Code
15 of 1986 for purposes of the taxes imposed by
16 sections 3101(b) and 3111(b) of such Code;
17 and

18 “(B) includes compensation, as defined in
19 section 3231(e) of such Code for purposes of
20 the Railroad Retirement Tax Act.

21 “(4) SELF-EMPLOYMENT INCOME.—The term
22 ‘self-employment income’ has the meaning given the
23 term in section 1402(b) of the Internal Revenue
24 Code of 1986 for purposes of the taxes imposed by
25 section 1401(b) of such Code.”.

1 **SEC. 102. ACCESS TO WAGE AND SELF-EMPLOYMENT IN-**
2 **COME INFORMATION.**

3 (a) DISCLOSURE OF WAGE INFORMATION FROM THE
4 NATIONAL DIRECTORY OF NEW HIRES.—

5 (1) IN GENERAL.—Section 453(j) of the Social
6 Security Act (42 U.S.C. 653(j)) is amended—

7 (A) by redesignating paragraphs (5)
8 through (11) as paragraphs (6) through (12),
9 respectively; and

10 (B) by adding after paragraph (4) the fol-
11 lowing:

12 “(5) PROVISION OF NEW HIRE INFORMATION
13 FOR PURPOSES OF FAMILY AND MEDICAL LEAVE
14 PROGRAM.—

15 “(A) IN GENERAL.—The National Direc-
16 tory of New Hires shall provide the Secretary
17 of the Treasury with all information in the Na-
18 tional Directory relating to wages paid to indi-
19 viduals.

20 “(B) USE AND MAINTENANCE OF INFOR-
21 MATION BY THE SECRETARY OF THE TREAS-
22 URY.—The Secretary of the Treasury may use
23 information provided under this paragraph only
24 for purposes of administering the paid family
25 and medical leave benefit program under title
26 XXII of the Social Security Act, and shall

1 maintain such information in the records of the
2 Secretary of the Treasury for such time as the
3 Secretary of the Treasury deems necessary for
4 the administration of such program.”.

5 (2) CONFORMING AMENDMENT.—Section
6 453(i)(2)(C) of such Act (42 U.S.C. 653(i)(2)(C)) is
7 amended by striking “(j)(5)” and inserting “(j)(6)”.

8 (b) DISCLOSURE OF SELF-EMPLOYMENT INCOME IN-
9 FORMATION FROM TAX RETURNS.—Section 6103(l) of
10 the Internal Revenue Code of 1986 is amended by adding
11 at the end the following new paragraph:

12 “(23) DISCLOSURE OF CERTAIN RETURN IN-
13 FORMATION TO CARRY OUT PAID FAMILY AND MED-
14 ICAL LEAVE BENEFIT PROGRAM.—

15 “(A) IN GENERAL.—The Secretary shall,
16 upon written request, disclose to officers and
17 employees of the Department of the Treasury
18 return information with respect to a taxpayer
19 whose self-employment income is relevant in de-
20 termining eligibility for, or the correct amount
21 of, a paid family and medical leave benefit
22 under title XXII of the Social Security Act.
23 Such information shall be limited to—

24 “(i) the taxpayer identity information
25 with respect to the taxpayer,

1 “(ii) the self-employment income of
2 the taxpayer, and

3 “(iii) the taxable year to which such
4 self-employment income relates.

5 “(B) RESTRICTION ON DISCLOSURE.—Re-
6 turn information disclosed under subparagraph
7 (A) may be used by officers and employees of
8 the Department of the Treasury solely for the
9 purpose of administering the paid family and
10 medical leave benefit program under title XXII
11 of the Social Security Act.

12 “(C) SELF-EMPLOYMENT INCOME.—For
13 purposes of this paragraph, the term ‘self-em-
14 ployment income’ has the meaning given such
15 term in section 1402(b) for purposes of the
16 taxes imposed by section 1401(b).”.

17 **DIVISION B—GUARANTEED**
18 **ACCESS TO CHILD CARE**

19 **SEC. 201. CHILD CARE INNOVATION FUNDS.**

20 Part A of title IV of the Social Security Act (42
21 U.S.C. 601-619) is amended by inserting after section 418
22 the following:

1 **“SEC. 418A. CHILD CARE INNOVATION FUNDS.**

2 “(a) ESTABLISHING STATE CHILD CARE INFORMA-
3 TION NETWORKS.—A State meets the requirements of this
4 subsection with respect to a quarter if—

5 “(1) during the quarter, the State has main-
6 tained an up-to-date, publicly available network of
7 child care providers who are registered, licensed, or
8 regulated by the State (in this section referred to as
9 the ‘State Child Care Information Network’), that
10 includes, with respect to each such provider—

11 “(A) where the provider is located, and a
12 description of any fees imposed by the provider
13 and the services offered by the provider;

14 “(B) whether the provider is providing
15 child care services that may be funded under
16 section 418;

17 “(C) the hours of operation of the pro-
18 vider;

19 “(D) whether the provider offers child care
20 to the general public, and if so, where an appli-
21 cation for child care services from the provider
22 may be obtained, or a direct link to such an ap-
23 plication;

24 “(E) the total number of children, by age
25 group, for whom the provider is capable of pro-
26 viding child care services, and how many open-

1 ings are available with the provider by age
2 group;

3 “(F) whether the provider has a waiting
4 list for child care services, and if so, the aver-
5 age length of time parents are on the waiting
6 list before being offered child care services and
7 how to join the list;

8 “(G) the type of child care (such as family
9 child care or center-based care) provided, dif-
10 ferentiating between licensed and license-exempt
11 child care providers; and

12 “(H) such other information as the Sec-
13 retary may require to help parents determine
14 whether the provider can meet their child care
15 needs and the parents can enroll a child in care,
16 such as quality indicators or accreditation sta-
17 tus;

18 “(2) the State Child Care Information Net-
19 work—

20 “(A) has been maintained—

21 “(i) by the lead agency of the State;

22 “(ii) by the State licensing entity; or

23 “(iii) through other appropriate enti-
24 ties, by grant or contract;

1 【“(B) may have been maintained in co-
2 ordination with, or jointly with, other federally
3 funded systems, so long as there is no supplan-
4 tation of funding; and】

5 “(C) has been made—

6 “(i) publicly available, including
7 through the Internet and by telephone, to
8 families seeking information about obtain-
9 ing child care services; and

10 “(ii) accessible to State, county, and
11 other government staff involved in the pro-
12 vision of child care;

13 “(3) the State requires each provider listed in
14 the State Child Care Information Network to update
15 the information described in paragraph (1)(E) on a
16 weekly basis, and to update all other information de-
17 scribed in paragraph (1) not less frequently than
18 quarterly, and ensures that publicly available infor-
19 mation in the State Child Care Information Network
20 indicates when the slot availability information about
21 the provider was most recently updated; and

22 “(4) the State has submitted to the Secretary
23 a plan that includes an estimate of the total capacity
24 of licensed, regulated, and registered provider slots,
25 and a description of the eligible expenditures the

1 State will make in the quarter, which may be sub-
2 mitted with other plans required by the Secretary.

3 “(b) FUNDING STATE CHILD CARE INFORMATION
4 NETWORKS.—

5 “(1) START-UP FUNDS.—

6 “(A) GRANTS.—For each fiscal year speci-
7 fied in subparagraph (C), the Secretary shall
8 make grants to State lead agencies to conduct
9 activities related to the planning and implemen-
10 tation of State Child Care Information Net-
11 works.

12 “(B) DISTRIBUTION.—The Secretary shall
13 distribute the grant funds to the States that are
14 not territories in accordance with the formula
15 referred to in section 418(a)(2)(B), and to the
16 territories according to relative need.

17 “(C) APPROPRIATION.—Out of any money
18 in the Treasury not otherwise appropriated,
19 there are appropriated to the Secretary
20 \$200,000,000 for each of fiscal years 2022 and
21 2023 for grants under this paragraph.

22 “(2) MATCHING GRANTS.—

23 “(A) IN GENERAL.—The Secretary shall
24 pay to each State that meets the requirements
25 of subsection (a) with respect to a calendar

1 quarter in any of fiscal years 2022 through
2 2026 an amount equal to 75 percent of the eli-
3 gible expenditures of the State in the quarter,
4 subject to subsection (c)(3)(C).

5 “(B) ELIGIBLE EXPENDITURES.—In this
6 section, the term ‘eligible expenditures’ means
7 all of the following, but only to the extent
8 supplementing, and not supplanting, funds
9 made available under other law:

10 “(i) STATE CHILD CARE INFORMATION
11 NETWORK.—Expenditures to carry out
12 subsection (a).

13 “(ii) EASE OF APPLICATION FOR SUB-
14 SIDIZED CHILD CARE CERTIFICATE.—Ex-
15 penditures to establish an option, as indi-
16 cated by the State in a plan describing
17 planned eligible expenditures (which may
18 be submitted with other plans required by
19 the Secretary)—

20 “(I) for a family to file an appli-
21 cation for a subsidized child care cer-
22 tificate with a child care provider, for
23 the provider to submit the application
24 to the State for processing, or for the
25 lead agency of the State, a local child

1 care resource and referral agency, or
2 other entity under grant or contract,
3 to respond to the family;

4 “(II) to establish a statewide
5 common application for child care,
6 which—

7 “(aa) allows an application
8 with respect to a child to be sub-
9 mitted simultaneously to multiple
10 child care providers;

11 “(bb) allows the application
12 to be for a particular site and
13 schedule;

14 “(cc) is considered an appli-
15 cation directly to each such pro-
16 vider involved for purposes of any
17 decision of the provider regarding
18 a wait list or an open slot based
19 on the application date;

20 “(dd) safeguards confiden-
21 tial information; and

22 “(ee) allows for such a pro-
23 vider to seek and collect informa-
24 tion not on the common applica-
25 tion so that the provider may de-

1 termine the priority to be given
2 to the applicant on any waiting
3 list or for other specialized ad-
4 mission criteria such as disability
5 services; or

6 “(III) to enable child care pro-
7 viders to respond to families through
8 other application methods.

9 “(iii) EXPENDITURES FOR TECH-
10 NOLOGY NEEDED TO PARTICIPATE IN THE
11 STATE CHILD CARE INFORMATION NET-
12 WORK.—Expenditures for child care pro-
13 viders, lead agencies, and contractors to
14 support system-building and system-imple-
15 mentation activities associated with the
16 State Child Care Information Network, in-
17 cluding the installation and maintenance of
18 equipment and software needed to develop,
19 implement, maintain, and provide elec-
20 tronic access to the State Child Care Infor-
21 mation Network.

22 “(iv) PARTICIPATION INCENTIVES.—
23 Expenditures to provide financial incen-
24 tives to child care providers for whom par-
25 ticipating in the State Child Care Informa-

1 tion Network would be costly or time con-
2 suming. In providing the incentives, a lead
3 agency—

4 “(I) shall take into account the
5 differential burden on varying types of
6 providers to ensure that the incentives
7 are sufficient to encourage all types of
8 providers, including family-based pro-
9 viders, to participate in the State
10 Child Care Information Network; and

11 “(II) may coordinate with staffed
12 Family Child Care Networks to en-
13 sure that home-based providers are
14 able to participate in the State Child
15 Care Information Network.

16 “(v) PROVISION OF INFORMATION TO
17 THE SECRETARY.—Expenditures to provide
18 information to, or comply with a request
19 for information made by, the Secretary re-
20 garding the HHS Participating Child Care
21 Provider Certification provided for in sub-
22 section (c).

23 “(C) APPROPRIATION.—Out of any money
24 in the Treasury not otherwise appropriated,
25 there are appropriated to the Secretary for each

1 of fiscal years 2022 through 2026 such sums as
2 are necessary for grants under this paragraph.

3 “(c) HHS PARTICIPATING CHILD CARE PROVIDER
4 CERTIFICATION.—

5 “(1) IN GENERAL.—The Secretary shall—

6 “(A) maintain current information on child
7 care providers who are qualified to receive the
8 HHS Participating Child Care Provider Certifi-
9 cation for a calendar quarter, and historical in-
10 formation on child care providers who were so
11 qualified for a prior calendar quarter, including
12 a quarter in a prior year, (in this section re-
13 ferred to as the ‘HHS Participating Child Care
14 Provider Certification’) based on the informa-
15 tion submitted by lead agencies;

16 “(B) update the list of providers who are
17 so qualified, 1 month before the end of each
18 quarter, and electronically share with the Inter-
19 nal Revenue Service current and historical in-
20 formation on the providers who are so qualified;
21 and

22 “(C) at the end of each calendar year and
23 on request of any provider listed in the HHS
24 Participating Child Care Provider Certification
25 who has qualified for the certification for an en-

1 tire calendar quarter, provide the provider and
2 the lead agency of the jurisdiction in which the
3 provider is located written documentation of the
4 quarters with respect to which the provider was
5 so qualified.

6 “(2) QUALIFICATIONS.—A child care provider is
7 qualified to receive the HHS Participating Child
8 Care Provider Certification for a calendar quarter if
9 the provider—

10 “(A)(i) is licensed with a State as a pro-
11 vider of child care services, or is in a license-
12 exempt category of providers that the Secretary
13 has identified as meeting equivalent health and
14 safety standards;

15 “(ii) is providing child care services that
16 may be funded under section 418;

17 “(iii) has submitted to the State Child
18 Care Information Network, on a weekly basis,
19 all available child care slots with the provider;

20 “(iv) makes child care slots available to the
21 general public, when available, subject to any
22 clearly explained priority system; and

23 “(v) is in compliance with other require-
24 ments set by the State regarding applications

1 for or inquiries about available child care slots;
2 or

3 “(B) was so qualified for the entire 3-
4 month period preceding the most recent update
5 made under paragraph (1)(B).

6 “(3) ADMINISTRATIVE PROVISIONS.—

7 “(A) ACCURACY CHECKS.—The Secretary
8 shall periodically conduct accuracy checks of
9 randomly sampled child care providers partici-
10 pating in any State Child Care Information
11 Network to determine whether the providers are
12 updating their slot availability on a weekly
13 basis, and if not, estimate the statewide rate at
14 which the providers are doing so.

15 “(B) PRIVACY; SECURITY.—The Secretary
16 shall issue guidance regarding the privacy and
17 security of personally identifiable information in
18 any State Child Care Information Network.

19 “(C) PENALTY FOR EXCESSIVE ERRORS IN
20 STATE CHILD CARE INFORMATION NETWORK.—
21 The percentage specified in subsection (b)(2)(A)
22 with respect to a State shall be 70 percent if—

23 “(i) a check conducted under subpara-
24 graph (A) of this paragraph reveals that
25 the number of child care providers erro-

1 neously included or erroneously not in-
2 cluded in the State Child Care Information
3 Network is at least **[10 percent]** of the
4 number of providers included in the net-
5 work; and

6 “(ii) the State has not submitted to
7 the Secretary a report demonstrating that
8 action has been taken to reduce that error
9 rate to less than **[10 percent]**.

10 “(D) ELIGIBLE EXPENDITURES.—The Sec-
11 retary shall issue guidance to States which
12 specifies the expenditures that will be consid-
13 ered eligible expenditures for purposes of this
14 section.

15 “(E) PUBLICATION OF AMOUNT OF ELIGI-
16 BLE EXPENDITURES OF EACH STATE.—The
17 Secretary, in consultation with the States, shall
18 annually publish the amount of eligible expendi-
19 tures of each State in the preceding fiscal year.

20 “(4) APPROPRIATION.—Out of any funds in the
21 Treasury not otherwise appropriated, there is appro-
22 priated \$100,000,000 for each of fiscal years 2022
23 through 2026 for administrative expenses in ear-
24 rying out this subsection.

1 “(d) INAPPLICABILITY OF PAYMENT LIMITATION.—
2 Section 1108(a) shall not apply with respect to any
3 amount paid under this section or section 418B, 418C,
4 or 418D.”.

5 **SEC. 202. CHILD CARE SUPPLY GROWTH FUNDS.**

6 Part A of title IV of the Social Security Act (42
7 U.S.C. 601-619), as amended by section 201 of this divi-
8 sion, is amended by inserting after section 418A the fol-
9 lowing:

10 **“SEC. 418B. CHILD CARE SUPPLY GROWTH FUNDS.**

11 “(a) INITIAL SUPPLY GROWTH FUNDING.—

12 “(1) GRANTS.—The Secretary shall pay to each
13 State that meets the conditions in paragraph (3) for
14 a fiscal year an amount equal to the State share for
15 the fiscal year of the amount specified in paragraph
16 (5).

17 “(2) STATE SHARE.—The State share for a fis-
18 cal year is—

19 “(A) the population of children in the
20 State who have not attained 13 years of age,
21 according to the most recently available annual
22 estimate of population in the States by the Bu-
23 reau of the Census; divided by

24 “(B) the total population of such children
25 in all States.

1 “(3) CONDITIONS.—A State is eligible for a
2 grant under paragraph (1) for a fiscal year if—

3 “(A)(i) at least 50 percent of the licensed
4 child care slots in the State are listed in the
5 State Child Care Information Network and up-
6 dated as described in section 418A(c)(3)(A); or

7 “(ii)(I) the network includes registered,
8 regulated, and licensed child care providers; and

9 “(II) at least 40 percent of all child care
10 slots in the State are listed in the State Child
11 Care Information Network and updated as de-
12 scribed in section 418A(c)(3)(A); and

13 “(B) the State has at least 1 county in
14 which there is a child care shortage.

15 “(4) USE OF FUNDS.—A State to which an
16 amount is paid under paragraph (1) may use the
17 amount to increase the number of child care slots
18 and providers in the parts of the State in which
19 there is a child care shortage, or increase the types
20 of child care services provided in the State, through
21 means such as—

22 “(A) providing technical assistance and
23 startup funds to support individuals seeking to
24 start providing child care services;

1 “(B) providing technical assistance and
2 funds to child care providers seeking to expand
3 their capacity to provide child care services;

4 “(C) assisting providers to become licensed
5 to provide child care services; or

6 “(D) assisting providers to qualify for tax
7 credits under Section 3135 of the Internal Rev-
8 enue Code of 1986.

9 “(5) APPROPRIATION FOR GRANTS.—Out of
10 any funds in the Treasury not otherwise appro-
11 priated, there is appropriated \$200,000,000 for each
12 of fiscal years 2022 through 2026 to carry out this
13 subsection.

14 “(b) CHILD CARE SHORTAGE FUNDING ADJUST-
15 MENT.—

16 “(1) GRANT.—

17 “(A) IN GENERAL.—In addition to any
18 amount payable under section 418(a), the lead
19 agency of any State that meets the require-
20 ments of subparagraph (B) for a fiscal year
21 shall be entitled to receive a grant from the
22 Secretary in the amount determined under sub-
23 paragraph (C) with respect to the State for the
24 fiscal year.

1 “(B) REQUIREMENTS.—A State meets the
2 requirements of this subparagraph for a fiscal
3 year if the State—

4 “(i) has submitted to the Secretary an
5 assessment of the supply of child care serv-
6 ices in the State for the fiscal year, which
7 includes an assessment of the number of
8 counties in the State that have a child care
9 shortage and how many children in the
10 State reside in such a county;

11 “(ii) has demonstrated to the Sec-
12 retary that at least 40 percent of the chil-
13 dren under age 13 residing in the State re-
14 side in a county which is experiencing a
15 child care shortage; and

16 “(iii) obligated for child care assist-
17 ance all amounts paid to the State under
18 section 418(a)(1) for the preceding fiscal
19 year, and the child care assistance expendi-
20 tures of the State in the preceding fiscal
21 year entitled the State to the maximum
22 amount payable to the State under section
23 418(a)(2) for the preceding fiscal year.

24 “(C) GRANT AMOUNT.—The amount deter-
25 mined under this subparagraph with respect to

1 a State for a fiscal year shall be an amount
2 equal to the lesser of—

3 “(i)(I) 100 percent of the total
4 amount payable to the State under section
5 418(a) for the fiscal year; multiplied by

6 “(II) the percentage of children in the
7 State who live in a county in which there
8 is a child care shortage for the fiscal year;
9 or

10 “(ii) 50 percent of the total amount
11 so payable to the State.

12 “(2) USE OF FUNDS.—A lead agency to which
13 an amount is paid under paragraph (1) may use the
14 amount to—

15 “(A) enter into grants or contracts with
16 child care providers to pay for specified num-
17 bers of child care slots, including slots in home-
18 based child care;

19 “(B) provide technical assistance to child
20 care providers to become licensed as such, in-
21 cluding direct financial assistance to fund com-
22 pliance with licensing requirements or fees and
23 costs associated with becoming licensed or
24 maintaining a license;

1 “(C) provide technical assistance to, and
2 financing for start-up costs of, new child care
3 providers, or child care providers seeking to ex-
4 pand their capacity to provide child care serv-
5 ices;

6 “(D) increase the supply of child care cer-
7 tificates;

8 “(E) provide support for improving busi-
9 ness practices, including management training
10 and supporting shared services, of child care
11 providers;

12 “(F) provide technical assistance to child
13 care providers seeking to recruit and retain
14 staff;

15 “(G) support career pathway training op-
16 portunities for child care workers; or

17 “(H) support higher wages for child care
18 workers.

19 “(3) EXPENDITURE REQUIREMENTS.—

20 “(A) LOCATION.—A State lead agency to
21 which an amount is paid under this subsection
22 for a fiscal year shall not expend the amount
23 except to address child care shortages identified
24 in the assessment submitted by the State for
25 the fiscal year pursuant to paragraph (1)(B)(i).

1 “(B) NONSUPPLANTATION.—A State lead
2 agency to which an amount is paid under this
3 subsection shall not use the amount to supplant
4 any other State or Federal funds, and shall
5 work with the Secretary to identify the baseline
6 spending level.

7 “(4) MAINTENANCE OF EFFORT.—

8 “(A) IN GENERAL.—The Secretary may
9 not make a payment under this subsection to a
10 State lead agency for a fiscal year if the num-
11 ber of child care slots in the State calculated
12 under paragraph (5) for the fiscal year, minus
13 the number of slots funded using a grant re-
14 ceived under paragraph (1), is less than the
15 number of child care slots in the State so cal-
16 culated when the lead agency first qualified for
17 such a payment.

18 “(B) USE OF CERTAIN DATA AUTHOR-
19 IZED.—The Secretary may use non-personally
20 identifiable data, including the volume and loca-
21 tion of inquiries and applications submitted as
22 part of the child care information network, in
23 making real-time estimates of child care de-
24 mand for purposes of subparagraph (A).

1 “(C) PUBLICATION OF STATE MAINTENANCE OF EFFORT LEVELS.—The Secretary, in
2 consultation with States, shall annually publish
3 the number of child care slots calculated under
4 paragraph (5) for each State, for the fiscal year
5 in which the State lead agency first qualified
6 for a payment under this subsection.
7

8 “(5) VERIFICATION OF CHILD CARE SHORTAGE ASSESSMENT.—Not less than once each fiscal year,
9 the Secretary shall—
10

11 “(A) calculate the number of total child
12 care slots in each State with respect to which
13 a lead agency is entitled to a payment under
14 this subsection, and may do so using data from
15 State licensing agencies, child care information
16 systems, or other sources that document and
17 track the supply of child care services;

18 “(B) make the results of the calculation
19 publicly available; and

20 “(C) give a State lead agency—

21 “(i) the option to appeal or submit
22 additional data if the number is incorrect
23 or otherwise does not match the data con-
24 tained in the State Child Care Information
25 Network; and

1 “(ii) the option to provide the Sec-
2 retary with a rationale for why using the
3 3:1 ratio described in section 419(6) is an
4 ineffective way to determine whether there
5 is a child care shortage in the State, and
6 submit for the approval of the Secretary
7 an alternate means of making that deter-
8 mination with respect to the State.

9 “(6) APPROPRIATION FOR GRANTS.—Out of
10 any money in the Treasury not otherwise appro-
11 priated, there are appropriated to the Secretary for
12 each of fiscal years 2023 through 2026 such sums
13 as are necessary for grants under this subsection.

14 “(c) APPROPRIATION FOR ADMINISTRATIVE EX-
15 PENSES.—Out of any funds in the Treasury not otherwise
16 appropriated, there is appropriated \$100,000,000 for each
17 of fiscal years 2022 through 2026 for administrative ex-
18 penses in carrying out this section.”.

19 **SEC. 203. INCREASE IN CHILD CARE ENTITLEMENT FUND-**
20 **ING.**

21 (a) IN GENERAL.—Section 418(a)(3) of the Social
22 Security Act (42 U.S.C. 618(a)(3)) is amended to read
23 as follows:

1 “(3) APPROPRIATION.—Out of any money in
2 the Treasury not otherwise appropriated, there is
3 appropriated for grants under this subsection—

4 “(A) \$10,000,000,000 for fiscal year 2022;
5 and

6 “(B) the amount determined under para-
7 graph (7) with respect to this paragraph for
8 any succeeding fiscal year.”.

9 (b) FUNDING FOR TERRITORIES.—Section 418(a)(4)
10 of such Act (42 U.S.C. 618(a)) is amended to read as fol-
11 lows:

12 “(4) TERRITORIES.—

13 “(A) RESERVATION OF FUNDS.—Of the
14 amount appropriated by paragraph (3) for each
15 fiscal year, the Secretary shall reserve for
16 grants to territories not less than—

17 “(i) \$250,000,000 for fiscal year
18 2022; and

19 “(ii) the amount determined under
20 paragraph (7) with respect to this sub-
21 paragraph for any succeeding fiscal year.

22 “(B) ALLOTMENTS.—The amount reserved
23 under subparagraph (A) for each fiscal year
24 shall be allotted among the territories [in pro-

1 portion to the share of the relative need of each
2 territory】.

3 “(C) INAPPLICABILITY OF PAYMENT LIM-
4 TATION.—Section 1108(a) shall not apply with
5 respect to any amount paid under this para-
6 graph.”.

7 (c) FUNDING FOR INDIAN TRIBES.—Section 418(a)
8 of such Act (42 U.S.C. 618(a)) is amended by adding at
9 the end the following:

10 “(6) RESERVATION OF FUNDS FOR INDIAN
11 TRIBES.—Of the amount appropriated by paragraph
12 (3) for each fiscal year, the Secretary shall reserve
13 for grants to Indian tribes and tribal organizations
14 not less than—

15 “(A) \$250,000,000 for fiscal year 2022;

16 and

17 “(B) the amount determined under para-
18 graph (7) with respect to this paragraph for
19 any succeeding fiscal year.”.

20 (d) INFLATION ADJUSTMENT.—Section 418(a) of
21 such Act (42 U.S.C. 618(a)), as amended by subsection
22 (c) of this section, is amended by adding at the end the
23 following:

24 “(7) INFLATION ADJUSTMENT.—

1 “(A) AMOUNT DETERMINED.—The amount
2 determined under this paragraph with respect
3 to paragraph (3), (4)(A), or (6) for a fiscal year
4 is the amount specified in paragraph (3)(A),
5 the amount specified in paragraph (4)(A)(i), or
6 the amount specified in paragraph (6)(A), re-
7 spectively, multiplied by—

8 “(i) 1.00 plus the percentage (if any)
9 by which the average of the Consumer
10 Price Index for the most recent 12-month
11 period for which data are available exceeds
12 the average of the Index for the preceding
13 12-month period, expressed as a decimal;
14 and

15 “(ii) 1.00 plus the percentage (if any)
16 by which the then most recent estimate by
17 the Bureau of the Census of the population
18 of the United States that has not attained
19 13 years of age exceeds the then most re-
20 cent prior estimate by the Bureau of the
21 Census of that population, expressed as a
22 decimal.

23 “(B) CONSUMER PRICE INDEX.—In sub-
24 paragraph (A), the term ‘Consumer Price
25 Index’ means the Consumer Price Index for All

1 Urban Consumers most recently published by
2 the Department of Labor for the period in-
3 volved.”.

4 (e) CONFORMING AMENDMENT.—Section
5 418(a)(2)(A) of such Act (42 U.S.C. 618(a)(2)(A)), as
6 amended by section 9801(a)(2) of the American Rescue
7 Plan Act of 2021, is amended by striking “(3)(A)” and
8 inserting “(3)”.

9 **SEC. 204. INFRASTRUCTURE GRANTS TO IMPROVE CHILD**
10 **CARE SAFETY.**

11 Part A of title IV of the Social Security Act (42
12 U.S.C. 601-619), as amended by sections 201 and 202
13 of this division, is amended by inserting after section 418C
14 the following:

15 **“SEC. 418D. INFRASTRUCTURE GRANTS TO IMPROVE CHILD**
16 **CARE SAFETY.**

17 “(a) CHILD CARE FACILITIES GRANTS.—

18 “(1) GRANTS TO STATES.—

19 “(A) IN GENERAL.—The Secretary shall
20 award grants to States for the purpose of help-
21 ing child care providers acquire, construct, ren-
22 ovate, or improve child care facilities, including
23 adapting, reconfiguring, or expanding facilities.

24 “(B) DURATION OF GRANTS.—The Sec-
25 retary shall award grants under this paragraph

1 within 12 months after the date of the enact-
2 ment of this section, for a period of not more
3 than 5 years.

4 “(C) PLAN APPROVAL REQUIRED BEFORE
5 USING GRANT.—A State to which a grant is
6 made under this paragraph shall not obligate or
7 expend the grant funds unless the State has
8 submitted to the Secretary, and the Secretary
9 has approved, a plan that—

10 “(i) includes an analysis or assess-
11 ment, in such form and manner as the
12 Secretary may require, of the need of the
13 State for child care infrastructure;

14 “(ii) is submitted at such time, in
15 such manner, and containing such other
16 information as the Secretary may require,
17 which information shall—

18 “(I) be disaggregated as the Sec-
19 retary may require; and

20 “(II) include a plan to use a por-
21 tion of the grant funds to report to
22 the Secretary on the effects of using
23 the grant funds to improve child care
24 facilities; and

1 Act of 1994 (12 U.S.C. 4702)
2 that have been certified by the
3 Community Development Finan-
4 cial Institutions Fund (12 U.S.C.
5 4703); and

6 “(cc) organizations that
7 have demonstrated experience
8 in—

9 “(AA) providing tech-
10 nical or financial assistance
11 for the acquisition, construc-
12 tion, renovation, or improve-
13 ment of child care facilities;

14 “(BB) providing tech-
15 nical, financial, or manage-
16 rial assistance to child care
17 providers; and

18 “(CC) securing private
19 sources of capital financing
20 for child care facilities or
21 other community develop-
22 ment projects eligible for as-
23 sistance from a child care
24 assistance program; and

1 “(ii) after the date the plan required
2 by subparagraph (C) is submitted in ac-
3 cordance with such section, the needs of
4 the applicant based on the results of the
5 assessment contained in the plan.

6 “(F) MATCHING REQUIREMENT.—

7 “(i) IN GENERAL.—As a condition of
8 the receipt of a grant under this para-
9 graph, a State shall agree to make avail-
10 able, directly or through donations from
11 public or private entities, contributions
12 with respect to the costs to be covered by
13 the grant, which may be provided in cash
14 or in kind, in an amount equal to 10 per-
15 cent of the funds provided through the
16 grant.

17 “(ii) DETERMINATION OF AMOUNT
18 CONTRIBUTED.—Such a matching con-
19 tribution may include—

20 “(I) amounts provided by the
21 Federal Government, or services as-
22 sisted or subsidized to any significant
23 extent by the Federal Government; or

24 “(II) philanthropic or private-sec-
25 tor funds.

1 “(G) AMOUNT LIMIT.—The annual amount
2 of a grant under this paragraph may not exceed
3 \$250,000,000.

4 “(H) PROHIBITION.—The Secretary may
5 not, as a condition of making a grant under
6 this paragraph or section 418E, retain an inter-
7 est in any property, including any project in-
8 volving a privately-owned family child care
9 home.

10 “(I) REPORT.—Not later than 6 months
11 after the last day of the grant period, a State
12 to which a grant is made under this paragraph
13 shall submit to the Secretary the report re-
14 ferred to in subparagraph (C)(ii)(II)—

15 “(i) to determine the effects of the
16 grant in constructing, renovating, or im-
17 proving child care facilities, including any
18 changes in response to public health guide-
19 lines or efforts associated with natural dis-
20 aster emergency preparedness and re-
21 sponse and any effects on access to child
22 care; and

23 “(ii) to provide such other information
24 as the Secretary may require.

1 “(J) RETURN OF GRANT IF PLAN NOT AP-
2 PROVED WITHIN 2 YEARS.—A State to which a
3 grant is made under this paragraph shall remit
4 the grant to the Secretary if the Secretary has
5 not provided the approval required by subpara-
6 graph (C) within 2 years after the date the
7 grant is made.

8 “(2) GRANTS TO INTERMEDIARY ORGANIZA-
9 TIONS.—

10 “(A) IN GENERAL.—The Secretary may
11 award grants to intermediary organizations,
12 such as certified community development finan-
13 cial institutions or other organizations with
14 demonstrated experience in child care facilities
15 financing, for the purpose of providing technical
16 assistance, capacity-building, and financial
17 products to develop or finance child care facili-
18 ties.

19 “(B) APPLICATION.—A grant under this
20 paragraph may be made only to an inter-
21 mediary organization that submits to the Sec-
22 retary an application at such time, in such
23 manner, and containing such information as the
24 Secretary may require, that complies with para-
25 graph (3) if applicable.

1 “(C) PRIORITY.—In selecting intermediary
2 organizations for grants under this paragraph,
3 the Secretary shall give priority to organiza-
4 tions that—

5 “(i) demonstrate experience in child
6 care facility financing or related commu-
7 nity facility financing;

8 “(ii) demonstrate the capacity to as-
9 sist States and local governments in devel-
10 oping child care facilities and programs;

11 “(iii) demonstrate the ability to lever-
12 age grant funding to support financing
13 tools to build the capacity of child care
14 providers, such as through credit enhance-
15 ments;

16 “(iv) propose to focus on child care
17 facilities that operate under nontraditional
18 hours;

19 “(v) propose to meet a diversity of
20 needs across urban, suburban, and rural
21 areas at varying types of center-based,
22 home-based, and other child care settings,
23 including early care programs located in
24 buildings in which the care center is the

1 sole occupant or in mixed-use properties;
2 and

3 “(vi) propose to focus on child care
4 facilities primarily serving low-income pop-
5 ulations and children who have not at-
6 tained 5 years of age.

7 “(D) AMOUNT LIMIT.—The amount of a
8 grant under this paragraph may not exceed
9 \$10,000,000.

10 “(E) ANNUAL REPORT REQUIRED.—As a
11 condition of receiving funds under this para-
12 graph, the recipient shall submit annual reports
13 to the lead agency of the jurisdiction in which
14 the recipient is located documenting how the re-
15 cipient has expended the funds and updating
16 the planned future expenditures described in
17 the application submitted by the recipient for
18 the funds.

19 “(3) LABOR STANDARDS.—In the case of an
20 application for a grant under this subsection for a
21 project to construct, renovate, or improve a child
22 care facility, including a project to adapt, recon-
23 figure, or expand such a facility, the application
24 shall include a written assurance that all laborers
25 and mechanics employed by contractors or sub-

1 contractors in the performance of construction, al-
2 teration, or repair, as part of the project, shall be
3 paid wages at rates not less than those prevailing on
4 similar work in the locality as determined by the
5 Secretary of Labor in accordance with subchapter
6 IV of chapter of part A of subtitle II of title 40,
7 United States Code (commonly referred to as the
8 ‘Davis-Bacon Act’), and with respect to the labor
9 standards specified in such subchapter, the Sec-
10 retary of Labor shall have the authority and func-
11 tions set forth in Reorganization Plan Numbered 14
12 of 1950 (15 Fed. Reg. 3176; 5 U.S.C. App.).

13 “(4) USE OF FUNDS.—A recipient of funds
14 under this subsection may use the funds only to ac-
15 quire, construct, renovate, or otherwise physically
16 improve the infrastructure of a building in which a
17 child care provider is providing child care services.

18 “(b) REPORT.—Not later than the end of fiscal year
19 2028, the Secretary shall submit to the Committee on
20 Ways and Means of the House of Representatives and the
21 Committee on Finance of the Senate a report on the ef-
22 fects of the grants provided under this section, and make
23 the report accessible to the public.

24 “(c) APPROPRIATION.—Out of any funds in the
25 Treasury not otherwise appropriated, there is appro-

1 priated \$15,000,000,000 for fiscal year 2022 to carry out
2 this section, which shall remain available through fiscal
3 year 2026.

4 “(d) RESERVATIONS OF FUNDS.—

5 “(1) TERRITORIES.—The Secretary shall re-
6 serve \$100,000,000 of the amount made available to
7 carry out this section, for grants to territories.

8 “(2) ADMINISTRATION.—The Secretary may re-
9 serve not more than \$200,000,000 of the amount
10 made available to carry out this section, for adminis-
11 trative costs.

12 “(e) LIMITATION ON AVAILABILITY OF FUNDS FOR
13 GRANTS FOR INTERMEDIARY ORGANIZATIONS.—Not more
14 than \$2,250,000,000 of the total amount made available
15 to carry out this section may be used to carry out sub-
16 section (a)(2).”.

17 **SEC. 205. TECHNICAL ASSISTANCE.**

18 Part A of title IV of the Social Security Act (42
19 U.S.C. 601-619), as amended by sections 201, 202, and
20 204 of this division, is amended by inserting after section
21 418B the following:

22 **“SEC. 418C. TECHNICAL ASSISTANCE.**

23 “(a) IN GENERAL.—

24 “(1) CHILD CARE INFORMATION NETWORK.—

25 The Secretary shall provide technical assistance to

1 State lead agencies to support the development and
2 implementation of, and ongoing full participation in,
3 State Child Care Information Networks provided for
4 in section 418A(a).

5 “(2) CHILD CARE INFRASTRUCTURE.—The Sec-
6 retary shall provide technical assistance—

7 “(A) to child care small business owners,
8 entrepreneurs, nonprofit organizations, and
9 child care infrastructure grant recipients, for
10 the purpose of starting new licensed child care
11 businesses, or re-opening a closed child care fa-
12 cility, in areas in which there is a child care
13 shortage or that are at risk of having such a
14 shortage; and

15 “(B) to State and local governments to
16 incentivize public-private partnerships to iden-
17 tify excess buildings and land and conduct fea-
18 sibility studies, for new or expanded child care
19 options that could be available to child care en-
20 trepreneurs and infrastructure grantees, or
21 used for publicly-run child care facilities.

22 “(3) SUPPLEMENTING NATIONAL TECHNICAL
23 ASSISTANCE EFFORTS.—The Secretary may provide
24 technical assistance to States (and submit to the
25 Congress reports on technical assistance activities)

1 to increase child care availability and affordability,
2 including by—

3 “(A) providing technical assistance on best
4 practices for conducting market rate surveys
5 and establishing State reimbursement rates and
6 price-per-child rates for child care for children
7 who have not attained 13 years of age;

8 “(B) increasing child care quality, afford-
9 ability, and availability in tribal communities
10 for families with children who have not attained
11 13 years of age;

12 “(C) improving the effectiveness and af-
13 fordability of child care assistance programs in
14 meeting the needs of low-income parents; or

15 “(D) collecting, managing, analyzing, and
16 reporting child care administrative data, and
17 use the data to support documentation of
18 changes in child care availability and afford-
19 ability.

20 “(b) ADMINISTRATIVE PROVISION.—The Secretary
21 may carry out this section through means including the
22 use of grants or cooperative agreements.

23 “(c) APPROPRIATION.—Out of any funds in the
24 Treasury not otherwise appropriated, there is appro-

1 priated \$17,500,000 for each of fiscal years 2022 through
2 2026 to carry out this section.”.

3 **SEC. 206. TRIBAL CHILD CARE ACCESS, GROWTH, AND IN-**
4 **NOVATION FUND.**

5 Part A of title IV of the Social Security Act (42
6 U.S.C. 601-619), as amended by sections 201, 202, 204,
7 and 205 of this division, is amended by inserting after sec-
8 tion 418D the following:

9 **“SEC. 418E. TRIBAL CHILD CARE ACCESS, GROWTH, AND IN-**
10 **NOVATION FUND.**

11 “(a) HHS CONSULTATIONS WITH INDIAN TRIBES.—
12 Of the amount appropriated under subsection (e) for each
13 fiscal year, the Secretary shall use not more than
14 \$10,000,000 to—

15 “(1) conduct such consultations with Indian
16 tribes and tribal organizations as are necessary to
17 determine how to better conduct consumer outreach
18 and education and provide timely availability for
19 child care slots, address child care shortages, im-
20 prove child care infrastructure, and otherwise inform
21 best practices and guidelines for carrying out the ac-
22 tivities described in subsection (b); and

23 “(2) provide technical assistance to the lead
24 agencies of Indian tribes and tribal organizations
25 with respect to carrying out the activities.

1 “(b) ACTIVITIES DESCRIBED.—The activities de-
2 scribed in this subsection are the following:

3 “(1) Planning, start-up, implementation, and
4 maintenance costs associated with establishing and
5 funding a Child Care Information Network designed
6 to help parents determine which child care providers
7 can meet their child care needs and to give parents
8 ease of access in enrolling their children in child
9 care.

10 “(2) Coordinating with the Secretary regarding
11 the HHS Participating Child Care Provider Certifi-
12 cation provided for in section 418A(c).

13 “(3) Increasing the supply of available child
14 care in areas in which there is a child care shortage.

15 “(4) Conducting infrastructure projects to im-
16 prove the safety of child care facilities.

17 “(c) GRANTS.—

18 “(1) IN GENERAL.—Of the amount appro-
19 priated under subsection (e) for each fiscal year, the
20 Secretary shall use not less than \$563,000,000 to
21 make grants to the lead agencies of Indian tribes
22 and tribal organizations for activities described in
23 subsection (b), which are to be carried out in accord-
24 ance with such rules as the Secretary may prescribe,

1 taking into account the results of the consultations
2 conducted under subsection (a)(1).

3 “(2) ALLOCATION.—The Secretary may make
4 grants under this subsection according to relative
5 need.

6 “(d) NONSUPPLANTATION.—An entity to which an
7 amount is provided under this section shall use the
8 amount to supplement, but not supplant, other funds pro-
9 vided for any purpose or activity for which the amount
10 is used.

11 “(e) APPROPRIATION.—Out of any funds in the
12 Treasury not otherwise appropriated, there is appro-
13 priated to the Secretary \$573,000,000 for each of fiscal
14 years 2022 through 2026 to carry out this section.”.

15 **SEC. 207. COMMON PROVISIONS.**

16 (a) DEFINITIONS.—Section 419 of the Social Secu-
17 rity Act (42 U.S.C. 619) is amended by adding at the end
18 the following:

19 “(6) CHILD CARE SHORTAGE.—The term ‘child
20 care shortage’ means, with respect to an area, that
21 the ratio of children in the area who have not at-
22 tained 13 years of age to child care slots in the area
23 is at least 3:1.

24 “(7) LEAD AGENCY.—The term ‘lead agency’
25 means, with respect to a jurisdiction, the lead agen-

1 cy responsible for administering the child care as-
2 sistance program of the jurisdiction.

3 “(8) TERRITORY.—The term ‘territory’ means
4 the Commonwealth of Puerto Rico, the United
5 States Virgin Islands, Guam, American Samoa, and
6 the Commonwealth of the Northern Mariana Is-
7 lands.”.

8 (b) REPORTS TO THE CONGRESS.—Section 411 of
9 such Act (42 U.S.C. 611) is amended by adding at the
10 end the following:

11 “(e) REPORTS ON CERTAIN STATE CHILD CARE EX-
12 PENDITURES.—The Secretary shall submit to the Com-
13 mittee on Ways and Means of the House of Representa-
14 tives and the Committee on Finance of the Senate biennial
15 reports on—

16 “(1) eligible expenditures (as defined in section
17 418A(b)(2)(B)) by the States, and on expenditures
18 by the Secretary under section 418A during the pe-
19 riod covered by the report;

20 “(2) the extent to which payments under sec-
21 tion 418A have been made with respect to the ex-
22 penditures; and

23 “(3) to the extent that any funds made avail-
24 able to carry out such section have not been ex-
25 pended, the reasons therefor.”.

1 **SEC. 208. TECHNICAL CORRECTIONS.**

2 (a) Section 418(a)(5) of the Social Security Act (42
3 U.S.C. 618(a)(5)) is amended by inserting “, as in effect
4 before June 30, 2003” before the period.

5 (b) Section 418(a)(2)(C) of such Act (42 U.S.C.
6 618(a)(2)(C)) is amended by striking “, as such section
7 was in effect on September 30, 1995”.

8 **SEC. 209. PAYROLL TAX CREDIT FOR CHILD CARE WORK-**
9 **ERS.**

10 (a) **IN GENERAL.**—Subchapter D of chapter 21 of the
11 Internal Revenue Code of 1986 is amended by adding at
12 the end the following:

13 **“SEC. 3135. PAYROLL CREDIT FOR CERTAIN WAGES PAID**
14 **TO CHILD CARE WORKERS.**

15 “(a) **IN GENERAL.**—In the case of an eligible child
16 care employer, there shall be allowed as a credit against
17 applicable employment taxes for each calendar quarter an
18 amount equal to 50 percent of the qualified child care
19 wages paid with respect to each eligible employee of such
20 employer for such calendar quarter.

21 “(b) **LIMITATIONS AND REFUNDABILITY.**—

22 “(1) **LIMITATION ON WAGES TAKEN INTO AC-**
23 **COUNT.**—The amount of qualified child care wages
24 with respect to any eligible employee which may be
25 taken into account under subsection (a) by the eligi-

1 ble child care employer for any calendar quarter
2 shall not exceed \$2,500.

3 “(2) CREDIT LIMITED TO CERTAIN EMPLOY-
4 MENT TAXES.—The credit allowed by subsection (a)
5 with respect to any calendar quarter shall not exceed
6 the applicable employment taxes (reduced by any
7 credits allowed under sections 3131, 3132, 3134,
8 and 6432) on the wages paid with respect to the em-
9 ployment of all the employees of the eligible child
10 care employer for such calendar quarter.

11 “(3) REFUNDABILITY OF EXCESS CREDIT.—

12 “(A) CREDIT IS REFUNDABLE.—If the
13 amount of the credit under subsection (a) ex-
14 ceeds the limitation of paragraph (2) for any
15 calendar quarter, such excess shall be treated
16 as an overpayment that shall be refunded under
17 sections 6402(a) and 6413(b).

18 “(B) ADVANCING CREDIT.—In anticipation
19 of the credit, including the refundable portion
20 under subparagraph (A), the credit shall be ad-
21 vanced, according to forms and instructions
22 provided by the Secretary, up to an amount cal-
23 culated under subsection (a), subject to the lim-
24 its under paragraph (1), all calculated through

1 the end of the most recent payroll period in the
2 quarter.

3 “(c) ELIGIBLE CHILD CARE EMPLOYER.—For pur-
4 poses of this section, the term ‘eligible child care employer’
5 means any employer which operates one or more qualified
6 child care facilities.

7 “(d) QUALIFIED CHILD CARE FACILITY.—For pur-
8 poses of this section, the term ‘qualified child care facility’
9 means any facility which is certified as an HHS Partici-
10 pating Child Care Provider by the Secretary of Health and
11 Human Services under section 418A(c) of the Social Secu-
12 rity Act.

13 “(e) ELIGIBLE EMPLOYEE.—For purposes of this
14 section, the term ‘eligible employee’ means, with respect
15 to any eligible child care employer for any calendar quar-
16 ter, any employee of such employer if—

17 “(1) the aggregate wages paid to such employee
18 for such quarter do not exceed 25 percent of the dol-
19 lar amount in effect for such quarter under section
20 414(q)(1)(B)(i) (relating to highly compensated em-
21 ployees), and

22 “(2) the aggregate wages paid to such employee
23 for the 1-year period ending with the close of such
24 quarter do not exceed 100 percent of such dollar
25 amount.

1 “(f) QUALIFIED CHILD CARE WAGES.—For purposes
2 of this section—

3 “(1) IN GENERAL.—The term ‘qualified child
4 care wages’ means, with respect to any eligible em-
5 ployee for any calendar quarter, so much of the child
6 care wages paid by the eligible child care employer
7 to such employee during such quarter as are paid at
8 a rate in excess of the applicable minimum rate.
9 Such term shall not include any wages paid by an
10 eligible child care employer during any period during
11 which the certification described in subsection (d) is
12 not in effect.

13 “(2) APPLICABLE MINIMUM RATE.—The term
14 ‘applicable minimum rate’ means, with respect to
15 wages paid to any eligible employee, the rate of basic
16 pay which is payable for GS-3, step 1 of the General
17 Schedule under subchapter III of chapter 53 of title
18 5, United States Code (including any applicable lo-
19 cality-based comparability payment under section
20 5304 of such title, or similar authority) at the time
21 such wages are paid and determined with respect to
22 the locality in which the services are provided.

23 “(3) CHILD CARE WAGES.—The term ‘child
24 care wages’ means wages paid for the services of the
25 employee to provide child care at a qualified child

1 care facility or to provide support services for such
2 a facility.

3 “(4) EXCEPTION.—The term ‘child care wages’
4 shall not include any wages taken into account
5 under section 41, 45A, 45P, 45R, 51, 1396, 3131,
6 3132, 3134, or 6432.

7 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—
8 For purposes of this section—

9 “(1) APPLICABLE EMPLOYMENT TAXES.—The
10 term ‘applicable employment taxes’ means the fol-
11 lowing:

12 “(A) The taxes imposed under section
13 3111(b).

14 “(B) So much of the taxes imposed under
15 section 3221(a) as are attributable to the rate
16 in effect under section 3111(b).

17 “(2) WAGES.—

18 “(A) IN GENERAL.—The term ‘wages’
19 means wages (as defined in section 3121(a)),
20 determined without regard to paragraphs (1)
21 through (22) of section 3121(b)) and compensa-
22 tion (as defined in section 3231(e), determined
23 without regard to the sentence in paragraph (1)
24 thereof which begins ‘Such term does not in-
25 clude remuneration’).

1 “(B) ALLOWANCE FOR CERTAIN HEALTH
2 PLAN EXPENSES.—

3 “(i) IN GENERAL.—Such term shall
4 include amounts paid by the eligible child
5 care employer to provide and maintain a
6 group health plan (as defined in section
7 5000(b)(1)), but only to the extent that
8 such amounts are excluded from the gross
9 income of employees by reason of section
10 106(a).

11 “(ii) ALLOCATION RULES.—For pur-
12 poses of this section, amounts treated as
13 wages under clause (i) shall be treated as
14 paid with respect to any eligible employee
15 (and with respect to any period) to the ex-
16 tent that such amounts are properly allo-
17 cable to such employee (and to such pe-
18 riod) in such manner as the Secretary may
19 prescribe. Except as otherwise provided by
20 the Secretary, such allocation shall be
21 treated as properly made if made on the
22 basis of being pro rata among periods of
23 coverage.

24 “(3) OTHER TERMS.—Any term used in this
25 section which is also used in this chapter or chapter

1 22 shall have the same meaning as when used in
2 such chapter.

3 “(4) DENIAL OF DOUBLE BENEFIT.—For pur-
4 poses of chapter 1, the gross income of the em-
5 ployer, for the taxable year which includes the last
6 day of any calendar quarter with respect to which a
7 credit is allowed under this section, shall be in-
8 creased by the amount of such credit.

9 “(5) ELECTION TO NOT TAKE CERTAIN WAGES
10 INTO ACCOUNT.—This section shall not apply to so
11 much of the qualified child care wages paid by an
12 eligible child care employer as such employer elects
13 (at such time and in such manner as the Secretary
14 may prescribe) to not take into account for purposes
15 of this section.

16 “(6) CERTAIN GOVERNMENTAL EMPLOYERS.—
17 No credit shall be allowed under this section to the
18 Government of the United States or to any agency
19 or instrumentality thereof. The preceding sentence
20 shall not apply to any organization described in sec-
21 tion 501(c)(1) and exempt from tax under section
22 501(a).

23 “(7) COORDINATION WITH CERTAIN PRO-
24 GRAMS.—

1 “(A) IN GENERAL.—This section shall not
2 apply to so much of the qualified child care
3 wages paid by an eligible child care employer as
4 are taken into account as payroll costs in con-
5 nection with—

6 “(i) a covered loan under section
7 7(a)(37) or 7A of the Small Business Act,

8 “(ii) a grant under section 324 of the
9 Economic Aid to Hard-Hit Small Busi-
10 nesses, Non-Profits, and Venues Act, or

11 “(iii) a restaurant revitalization grant
12 under section 5003 of the American Res-
13 cue Plan Act of 2021.

14 “(B) APPLICATION WHERE PPP LOANS
15 NOT FORGIVEN.—The Secretary shall issue
16 guidance providing that payroll costs paid dur-
17 ing the covered period shall not fail to be treat-
18 ed as qualified child care wages under this sec-
19 tion by reason of subparagraph (A)(i) to the ex-
20 tent that—

21 “(i) a covered loan of the taxpayer
22 under section 7(a)(37) of the Small Busi-
23 ness Act is not forgiven by reason of a de-
24 cision under section 7(a)(37)(J) of such
25 Act, or

1 “(ii) a covered loan of the taxpayer
2 under section 7A of the Small Business
3 Act is not forgiven by reason of a decision
4 under section 7A(g) of such Act.

5 Terms used in the preceding sentence which are
6 also used in section 7A(g) or 7(a)(37)(J) of the
7 Small Business Act shall, when applied in con-
8 nection with either such section, have the same
9 meaning as when used in such section, respec-
10 tively.

11 “(8) AGGREGATION RULE.—All persons treated
12 as a single employer under subsection (a) or (b) of
13 section 52, or subsection (m) or (o) of section 414,
14 shall be treated as one employer for purposes of this
15 section.

16 “(9) THIRD PARTY PAYORS.—Any credit al-
17 lowed under this section shall be treated as a credit
18 described in section 3511(d)(2).

19 “(h) REGULATIONS.—The Secretary shall prescribe
20 such regulations or other guidance as may be necessary
21 to carry out the purposes of this section, including—

22 “(1) regulations or other guidance to prevent
23 the avoidance of the purposes of the limitations
24 under this section,

1 “(2) regulations or other guidance to minimize
2 compliance and record-keeping burdens under this
3 section,

4 “(3) regulations or other guidance providing for
5 waiver of penalties for failure to deposit amounts in
6 anticipation of the allowance of the credit allowed
7 under this section,

8 “(4) regulations or other guidance for recap-
9 turing the benefit of credits determined under this
10 section in cases where there is a subsequent adjust-
11 ment to the credit determined under subsection (a),

12 “(5) regulations or other guidance to permit the
13 advancement of the credit determined under sub-
14 section (a), and

15 “(6) regulations or other guidance for applying
16 subsection (f) with respect to eligible employees not
17 paid at a single rate of pay.”.

18 (b) REFUNDS.—Paragraph (2) of section 1324(b) of
19 title 31, United States Code, is amended by inserting
20 “3135,” after “3134,”.

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for subchapter D of chapter 21 of the Internal Revenue
23 Code of 1986 is amended by adding at the end the fol-
24 lowing:

“Sec. 3135. Payroll credit for certain wages paid to child care workers.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar quarters beginning
3 after December 31, 2021.

4 **DIVISION C—CHILD AND DE-**
5 **PENDENT CARE TAX BENE-**
6 **FITS**

7 **SEC. 301. CERTAIN IMPROVEMENTS TO THE CHILD AND DE-**
8 **PENDENT CARE CREDIT MADE PERMANENT.**

9 (a) CREDIT REFUNDABLE FOR TAXPAYERS WITH
10 PRINCIPAL PLACE OF ABODE IN THE UNITED STATES.—
11 Section 21(g) of the Internal Revenue Code of 1986 is
12 amended to read as follows;

13 “(g) CREDIT REFUNDABLE FOR TAXPAYERS WITH
14 PRINCIPAL PLACE OF ABODE IN THE UNITED STATES.—
15 If the taxpayer (in the case of a joint return, either
16 spouse) has a principal place of abode in the United States
17 (determined as provided in section 32) for more than one-
18 half of the taxable year, the credit allowed under sub-
19 section (a) shall be treated as a credit allowed under sub-
20 part C (and not allowed under this subpart).”.

21 (b) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-
22 ITABLE.—Section 21(c) of such Code is amended—

23 (1) by striking “\$3,000” in paragraph (1) and
24 inserting “\$8,000”, and

1 (2) by striking “\$6,000” in paragraph (2) and
2 inserting “\$16,000”.

3 (c) INCREASE IN APPLICABLE PERCENTAGE.—Sec-
4 tion 21(a)(2) of such Code is amended—

5 (1) by striking “35 percent” and inserting “50
6 percent”, and

7 (2) by striking “\$15,000” and inserting
8 “\$125,000”.

9 (d) INFLATION ADJUSTMENT.—Section 21(e) of such
10 Code is amended by adding at the end the following new
11 paragraph:

12 “(11) INFLATION ADJUSTMENT.—

13 “(A) IN GENERAL.—In the case of any
14 taxable year beginning after December 31,
15 2021, the \$125,000 amount in subsection
16 (a)(2), the \$8,000 amount in subsection (c)(1),
17 and the \$16,000 amount in subsection (e)(2)
18 shall each be increased by an amount equal
19 to—

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-
22 termined under section 1(f)(3) for the cal-
23 endar year in which the taxable year be-
24 gins, determined by substituting ‘calendar

1 year 2020’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—

4 “(i) LIMITATION BASED ON ADJUSTED
5 GROSS INCOME.—If any increase deter-
6 mined under subparagraph (A) of the
7 \$125,000 dollar amount in subsection
8 (a)(2) is not a multiple of \$5,000, such
9 amount shall be rounded to the nearest
10 multiple of \$5,000.

11 “(i) DOLLAR LIMITATIONS.—If any
12 increase determined under subparagraph
13 (A) of any dollar amount in subsection (c)
14 is not a multiple of \$100, such amount
15 shall be rounded to the nearest multiple of
16 \$100.”.

17 (e) APPLICATION OF PHASEOUT TO HIGH INCOME
18 INDIVIDUALS.—

19 (1) IN GENERAL.—Section 21(a)(2) of such
20 Code is amended by striking “20 percent” and in-
21 serting “the phaseout percentage”.

22 (2) PHASEOUT PERCENTAGE.—Section 21(a) of
23 such Code is amended by adding at the end the fol-
24 lowing new paragraph:

1 “(3) PHASEOUT PERCENTAGE.—For purposes
2 of paragraph (2), the term ‘phaseout percentage’
3 means 20 percent reduced (but not below zero) by
4 1 percentage point for each \$2,000 (or fraction
5 thereof) by which the taxpayer’s adjusted gross in-
6 come for the taxable year exceeds \$400,000.”.

7 (f) APPLICATION OF CREDIT IN POSSESSIONS.—Sec-
8 tion 21(h) of such Code is amended—

9 (1) in paragraph (1)—

10 (A) by striking “The Secretary” and in-
11 sserting “With respect to taxable years begin-
12 ning in or with calendar years after 2020, the
13 Secretary”, and

14 (B) by striking “with respect to taxable
15 years beginning in or with 2021”,

16 (2) in paragraph (2)—

17 (A) by striking “The Secretary” and in-
18 sserting “With respect to taxable years begin-
19 ning in or with calendar years after 2002, the
20 Secretary”, and

21 (B) by striking “with respect to taxable
22 years beginning in or with 2021”, and

23 (3) in paragraph (3), by striking “in or with
24 2021” and inserting “after December 31, 2020”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2021.

4 **SEC. 302. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
5 **VIDED DEPENDENT CARE ASSISTANCE MADE**
6 **PERMANENT.**

7 (a) IN GENERAL.—Section 129(a)(2)(A) of the Inter-
8 nal Revenue Code of 1986 is amended by striking “\$5,000
9 (\$2,500” and inserting “\$10,500 (half such dollar
10 amount”.

11 (b) INFLATION ADJUSTMENT.—Section 129(e) of
12 such Code is amended by adding at the end the following
13 new paragraph:

14 “(10) INFLATION ADJUSTMENT.—

15 “(A) IN GENERAL.—In the case of any
16 taxable year beginning after December 31,
17 2021, the \$10,500 amount in subsection
18 (a)(2)(A) shall be increased by an amount equal
19 to—

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-
22 termined under section 1(f)(3) for the cal-
23 endar year in which the taxable year be-
24 gins, determined by substituting ‘calendar

1 year 2020’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—If any increase deter-
4 mined under subparagraph (A) is not a multiple
5 of \$100, such amount shall be rounded to the
6 nearest multiple of \$100.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2021.

10 (d) RETROACTIVE PLAN AMENDMENTS.—A plan that
11 otherwise satisfies all applicable requirements of sections
12 125 and 129 of the Internal Revenue Code of 1986 (in-
13 cluding any rules or regulations thereunder) shall not fail
14 to be treated as a cafeteria plan or dependent care assist-
15 ance program merely because such plan is amended pursu-
16 ant to a provision under this subsection and such amend-
17 ment is retroactive, if—

18 (1) such amendment is adopted no later than
19 the last day of the plan year in which the amend-
20 ment is effective, and

21 (2) the plan is operated consistent with the
22 terms of such amendment during the period begin-
23 ning on the effective date of the amendment and
24 ending on the date the amendment is adopted.

1 **DIVISION D—NATIONAL GRANT**
2 **PROGRAM FOR THE WORKER**
3 **INFORMATION NETWORK**

4 **SEC. 401. ESTABLISHMENT.**

5 Title XX of the Social Security Act (42 U.S.C. 1397)
6 is amended by adding at the end the following:

7 **“Subtitle D—National Grant Pro-**
8 **gram for the Worker Informa-**
9 **tion Network**

10 **“SEC. 2071. GRANTS TO STATES.**

11 “The Secretary, in consultation with the Secretary of
12 the Treasury and the Secretary of Labor, shall make
13 grants to States for the purpose of providing free access
14 to information, counseling, and assistance with respect to
15 all of the following:

16 “(1) Paid family and medical leave benefits, in-
17 cluding those provided under Title XXII or as pro-
18 vided by a State, an employer, or an insurer;

19 “(2) Unemployment compensation (as defined
20 in section 85(b) of the Internal Revenue Code of
21 1986); and

22 “(3) Child care, including programs authorized
23 under Section 418.

1 **“SEC. 2072. GRANT APPLICATION AND PLAN REQUIRE-**
2 **MENTS.**

3 “(a) **IN GENERAL.**—To be eligible for a grant under
4 this subtitle, a State shall submit an application to the
5 Secretary, at such time and in such manner as the Sec-
6 retary may provide, that includes a plan to establish a pro-
7 gram, to be known as a ‘Worker Information Network’,
8 to provide free access to information, counseling, and as-
9 sistance with respect to the resources specified in para-
10 graphs (1) through (3) of section 2071. As a condition
11 of such grant, a State must demonstrate, to the satisfac-
12 tion of the Secretary—

13 “(1) an ability to adequately provide such infor-
14 mation, counseling, and assistance; and

15 “(2) commitment to operating a Worker Infor-
16 mation Network that satisfies the requirements of
17 subsection (d).

18 “(b) **DURATION.**—Each grant under this subtitle
19 shall be awarded for a period of 5 years, except that a
20 State may reapply for another 5-year period at the end
21 of each grant period.

22 “(c) **AMOUNT.**—The amount of a grant under this
23 subtitle shall be determined pursuant to a funding for-
24 mula, prescribed under regulations issued by the Sec-
25 retary, in consultation with the Secretary of the Treasury
26 and the Secretary of Labor, designed—

1 “(1) to equitably distribute funding to States
2 based on population of individuals over age 16; and

3 “(2) to provide a minimum level of funding for
4 each State.

5 “(d) PROGRAM REQUIREMENTS.—A Worker Infor-
6 mation Network satisfies the requirements of this sub-
7 section if such program—

8 “(1) establishes a system of staff members, in-
9 cluding navigators, to provide information on—

10 “(A) navigating paid family and medical
11 leave and unemployment compensation systems,
12 including information on—

13 “(i) obtaining benefits and filing
14 claims, including on claims processes,
15 qualifying circumstances, and eligibility re-
16 quirements;

17 “(ii) comparing benefit amounts avail-
18 able under Title XXII and under private
19 individual or employer plans;

20 “(iii) benefit determination and pay-
21 ment rights and obligations, including ob-
22 taining and submitting documentation re-
23 quired to support a claim;

24 “(iv) appeal rights and process; and

1 “(v) benefit underpayment or overpay-
2 ment rights;

3 “(B) navigating child care systems, includ-
4 ing information on—

5 “(i) applying for subsidized child care;

6 “(ii) consumer education and informa-
7 tion about types of child care settings; and

8 “(iii) navigating a Child Care Infor-
9 mation Network established pursuant to
10 section 418A;

11 “(C) accessing such systems in languages
12 other than English and protections against non-
13 discrimination on the basis of limited English
14 proficiency under Title VI of the Civil Rights
15 Act, accommodations and protections against
16 non-discrimination under the Americans with
17 Disabilities Act and Section 504 of the Reha-
18 bilitation Act, and protections against non-dis-
19 crimination under other Federal civil rights
20 laws in paid family and medical leave, unem-
21 ployment compensation, and child care settings;
22 and

23 “(D) any other information specified by
24 the Secretary, in consultation with the Sec-

1 retary of the Treasury and the Secretary of
2 Labor;

3 “(2) in conjunction with the system established
4 under paragraph (1), establishes a system of referral
5 to appropriate departments or agencies within the
6 State and, when appropriate, the Federal Govern-
7 ment, for other issues related to obtaining assistance
8 (including legal aid), as determined by the Secretary
9 in consultation with the Secretary of the Treasury
10 and the Secretary of Labor; and

11 “(3) establishes a community-based system of
12 education and outreach to raise public awareness of
13 and increase access to the resources described in sec-
14 tion 2071 and the availability of information, coun-
15 seling, and assistance provided by the system of
16 staff members described in paragraph (1) and the
17 system of referrals described in paragraph (2), in-
18 cluding by—

19 “(A) engaging in a robust program of cul-
20 turally and linguistically competent education
21 and outreach;

22 “(B) creating visual and written content
23 using clear and plain language;

24 “(C) tailoring materials to members of un-
25 derserved areas or populations;

1 “(D) working with employers and child
2 care providers to promote the awareness and
3 distribution of information to employees and
4 parents in the community; and

5 “(E) partnering with eligible local part-
6 ners;

7 “(4) provides for a sufficient number of staff
8 positions (which may include but may not consist en-
9 tirely of volunteer positions) necessary to provide the
10 services of the Worker Information Network;

11 “(5) provides for training programs for staff
12 members (including volunteer staff members) and al-
13 lows for continuous improvement processes for com-
14 munity-based strategies to ensure maximum out-
15 reach and engagement with underserved areas or
16 populations;

17 “(6) provides for the collection and dissemina-
18 tion of timely, impartial, and accurate programmatic
19 information to staff members (including volunteer
20 staff members);

21 “(7) provides for the coordination of the ex-
22 change of programmatic information between gov-
23 ernment staff and the staff of the Worker Informa-
24 tion Network;

25 “(8) collaborates with eligible local partners;

1 “(9) makes recommendations concerning recur-
2 rent issues and complaints related to the resources
3 described in section 2071 to agencies and depart-
4 ments within the State and the Federal Government
5 responsible for providing or regulating such re-
6 sources;

7 **【“(10) maintains confidentiality of all personal**
8 **information provided to navigators or Worker Infor-**
9 **mation Network staff (including volunteer staff), in-**
10 **cluding by following procedures set by the Secretary**
11 **for destroying personally identifiable information**
12 **and preventing it from being shared with any other**
13 **government entity;】**

14 “(11) collects non-personally identifiable data to
15 measure equitable access to the Worker Information
16 Network, as described in section 2073(2); and

17 “(12) provides data to the Secretary, upon re-
18 quest, regarding how individuals are being served,
19 including the following:

20 “(A) data and details on the number of in-
21 dividuals served by the Worker Information
22 Network, as well as the type and number of
23 services such individuals are receiving;

24 “(B) data and details on the problems that
25 individuals may encounter, including a lack of

1 timely payment of benefits or child care avail-
2 ability; and

3 “(C) data and details on improvements
4 that could be made at the State or Federal level
5 to promote equitable access, including address-
6 ing special barriers that may exist relating to
7 the characteristics described in section 2073(2).

8 “(e) MAINTENANCE OF EFFORT.—Funds awarded to
9 a State shall be used to supplement, not supplant, existing
10 State and Federal funds and may not be used to replace
11 any personnel selected on a merit basis.

12 **“SEC. 2073. CRITERIA FOR ISSUING GRANTS.**

13 “In determining whether to issue a grant to a State,
14 the Secretary shall consider the commitment of the State
15 to—

16 “(1) carrying out the Worker Information Net-
17 work described under section 2072; and

18 “(2) promoting equitable access to the Worker
19 Information Network in such State, including as it
20 pertains to—

21 “(A) race, ethnicity, sex, gender, sexual
22 orientation, disability, economic status, religion,
23 citizenship, or age;

24 “(B) geographic area; and

1 “(C) other factors as determined by the
2 Secretary, in consultation with the Secretary of
3 the Treasury and the Secretary of Labor.

4 **“SEC. 2074. NONAPPLICATION, LACK OF SUFFICIENT COM-**
5 **MITMENT, AND NONCOMPLIANCE.**

6 “(a) FAILURE TO SUBMIT AN APPLICATION.—In any
7 case in which a State does not apply for a grant by the
8 application deadline provided by the Secretary, the Sec-
9 retary shall seek to award the grant that would have been
10 allocated to such State under the funding formula pre-
11 scribed pursuant to section 2072(c) to an eligible local
12 partner.

13 “(b) FAILURE TO DEMONSTRATE SUFFICIENT COM-
14 MITMENT.—In any case in which the Secretary determines
15 that the commitment of a State as described in section
16 2073 is insufficient, the Secretary shall notify such State
17 of the steps the State may take to remedy such failure
18 and shall provide any necessary technical assistance. If
19 such State does not take such steps with the time per-
20 mitted by the Secretary, the Secretary shall seek to award
21 the grant to an eligible local partner in accordance with
22 subsection (a).

23 “(c) NONCOMPLIANCE AND ALTERNATIVE GRANT-
24 EES.—In any case in which the Secretary terminates a
25 grant to a State on the basis of a determination by the

1 Secretary that the State has failed to satisfy the require-
2 ments under subsection 2072(d), the Secretary shall seek
3 to award such grant to an eligible local partner in accord-
4 ance with subsection (a).

5 **“SEC. 2075. APPROPRIATIONS.**

6 “(a) GRANT FUNDING.—

7 “(1) IN GENERAL.—There is appropriated, out
8 of any funds in the Treasury not otherwise appro-
9 priated, the amount determined under paragraph (2)
10 for each fiscal year after 2021 for grants under this
11 subtitle.

12 “(2) AMOUNT DETERMINED.—The amount de-
13 termined under this paragraph for a fiscal year shall
14 be—

15 “(A) for fiscal year 2022, \$1,500,000,000;
16 and

17 “(B) for each fiscal year after 2022, the
18 product of \$1,500,000,000 multiplied by the
19 ratio (not less than 1) of—

20 “(i) the national average wage index
21 (as defined in section 209(k)(1) of the So-
22 cial Security Act) for the second calendar
23 year ending prior to the beginning of such
24 fiscal year, to

1 “(ii) the national average wage index
2 (as so defined) for 2020.

3 “(b) FEDERAL ADMINISTRATIVE FUNDS.—In addi-
4 tion to amounts appropriated under subsection (a), there
5 is appropriated for each of fiscal years 2022 through
6 2026, out of any funds in the Treasury not otherwise ap-
7 propriated, \$5,000,000 to the Secretary of Health and
8 Human Services and \$2,500,000 each to the Secretary of
9 the Treasury and the Secretary of Labor, to provide ad-
10 ministrative support and technical assistance for grants
11 awarded under this subtitle.

12 **“SEC. 2076. DEFINITIONS.**

13 “In this subtitle:

14 “(1) STATE.—The term ‘State’ means the 50
15 States, the District of Columbia, Puerto Rico,
16 Guam, the Virgin Islands, American Samoa, and the
17 Northern Mariana Islands.

18 【“(2) ELIGIBLE LOCAL PARTNER.—The term
19 ‘eligible local partner’ means a non-profit organiza-
20 tion or organizations, including a labor organization,
21 with a presence within a State, a history of knowl-
22 edge of the resources described in paragraphs (1),
23 (2), and (3) of section 2071, and a demonstrated
24 commitment to helping workers and families.”.】

1 **DIVISION E—CHILD TAX CREDIT**

2 **SEC. 501. CERTAIN IMPROVEMENTS TO THE CHILD TAX**
3 **CREDIT MADE PERMANENT.**

4 (a) IN GENERAL.—Section 24 of the Internal Rev-
5 enue Code of 1986 is amended to read as follows:

6 **“SEC. 24. CHILD TAX CREDIT.**

7 **“(a) ALLOWANCE OF CREDIT.—**

8 **“(1) IN GENERAL.—**There shall be allowed as a
9 credit against the tax imposed by this chapter for
10 the taxable year the sum of—

11 **“(A)** the qualifying child credit of the tax-
12 payer for such taxable year, plus

13 **“(B)** the other dependent credit of the tax-
14 payer for such taxable year.

15 **“(2) QUALIFYING CHILD CREDIT.—**For pur-
16 poses of this section, the qualifying child credit with
17 respect to any taxpayer for any taxable year is the
18 sum of—

19 **“(A)** \$3,600 with respect to each quali-
20 fying child who has not attained age 6 as of the
21 close of the calendar year in which the taxable
22 year begins, plus

23 **“(B)** \$3,000 with respect to each quali-
24 fying child who has attained age 6 but has not

1 attained age 18 as of the close of the calendar
2 year in which the taxable year begins.

3 “(3) OTHER DEPENDENT CREDIT.—For pur-
4 poses of this section, the other dependent credit with
5 respect to any taxpayer for any taxable year is \$500
6 with respect to each dependent who is not described
7 in subparagraph (A) or (B) of paragraph (2).

8 “(b) LIMITATIONS BASED ON MODIFIED ADJUSTED
9 GROSS INCOME.—

10 “(1) INITIAL REDUCTION.—

11 “(A) IN GENERAL.—The amount of the
12 credit allowable under subsection (a) shall be
13 reduced (but not below zero) by \$50 for each
14 \$1,000 (or fraction thereof) by which the tax-
15 payer’s modified adjusted gross income exceeds
16 the initial threshold amount.

17 “(B) INITIAL THRESHOLD AMOUNT.—For
18 purposes of this subsection, the term ‘initial
19 threshold amount’ means **[to be provided]**.

20 “(C) LIMITATION ON INITIAL REDUC-
21 TION.—

22 “(i) IN GENERAL.—The amount of
23 the reduction under paragraph (1) shall
24 not exceed the lesser of—

1 “(I) the credit amount subject to
2 initial reduction, or

3 “(II) 5 percent of the excess of
4 the secondary threshold amount over
5 the initial threshold amount.

6 “(ii) CREDIT AMOUNT SUBJECT TO
7 INITIAL REDUCTION.—For purposes of this
8 subparagraph, the term ‘credit amount
9 subject to initial reduction’ means the ex-
10 cess (if any) of—

11 “(I) the amount of the credit al-
12 lowable under this section for the tax-
13 able year determined without regard
14 to this subsection, over

15 “(II) the amount of such credit
16 determined without regard to this
17 subsection and by treating the dollar
18 amounts in effect under subpara-
19 graphs (A) and (B) of subsection
20 (a)(2) as each being equal to \$2,000.

21 “(2) SECONDARY REDUCTION.—

22 “(A) IN GENERAL.—The amount of the
23 credit allowable under subsection (a) (deter-
24 mined after the application of paragraph (1))
25 shall be reduced (but not below zero) by \$50 for

1 each \$1,000 (or fraction thereof) by which the
2 taxpayer's modified adjusted gross income ex-
3 ceeds the secondary threshold amount.

4 “(B) SECONDARY THRESHOLD AMOUNT.—
5 For purposes of this subsection, the term ‘sec-
6 ondary threshold amount’ means—

7 “(i) \$400,000, in the case of a joint
8 return or surviving spouse (as defined in
9 section 2(a)),

10 “(ii) \$300,000, in the case of a head
11 of household (as defined in section 2(b)),
12 and

13 “(iii) \$200,000, in any other case.

14 “(3) NONREFUNDABLE CREDIT REDUCED
15 FIRST.—Any reduction under this subsection of the
16 credit allowable under subsection (a) shall be applied
17 first to reduce the other dependent credit (but not
18 below zero) and then to reduce the qualifying child
19 credit.

20 “(4) MODIFIED ADJUSTED GROSS INCOME.—
21 For purposes of this subsection, the term ‘modified
22 adjusted gross income’ means adjusted gross income
23 increased by any amount excluded from gross in-
24 come under section 911, 931, or 933.

1 “(c) PORTION OF CREDIT REFUNDABLE.—If the tax-
2 payer (in the case of a joint return, either spouse) has
3 a principal place of abode in the United States (deter-
4 mined as provided in section 32) for more than one-half
5 of the taxable year or is a bona fide resident of Puerto
6 Rico (within the meaning of section 937(a)) for such tax-
7 able year, so much of the credit otherwise allowed under
8 subsection (a) as is attributable to the qualifying child
9 credit shall be allowed under subpart C (and not allowed
10 under this subpart).

11 “(d) IDENTIFICATION REQUIREMENTS.—【to be pro-
12 vided】

13 “(e) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
14 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

15 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
16 OR RECKLESS CLAIMS.—

17 “(A) IN GENERAL.—No credit shall be al-
18 lowed under this section for any taxable year in
19 the disallowance period.

20 “(B) DISALLOWANCE PERIOD.—For pur-
21 poses of subparagraph (A), the disallowance pe-
22 riod is—

23 “(i) the period of 10 taxable years
24 after the most recent taxable year for
25 which there was a final determination that

1 the taxpayer’s claim of credit under this
2 section was due to fraud, and

3 “(ii) the period of 2 taxable years
4 after the most recent taxable year for
5 which there was a final determination that
6 the taxpayer’s claim of credit under this
7 section was due to reckless or intentional
8 disregard of rules and regulations (but not
9 due to fraud)

10 “(2) TAXPAYERS MAKING IMPROPER PRIOR
11 CLAIMS.—In the case of a taxpayer who is denied
12 credit under this section for any taxable year as a
13 result of the deficiency procedures under subchapter
14 B of chapter 63, no credit shall be allowed under
15 this section for any subsequent taxable year unless
16 the taxpayer provides such information as the Sec-
17 retary may require to demonstrate eligibility for
18 such credit.

19 “(f) DEFINITIONS AND SPECIAL RULES.—For pur-
20 poses of this section—

21 “(1) QUALIFYING CHILD.—The term ‘qualifying
22 child’ means a qualifying child of the taxpayer (as
23 defined in section 152(c)).

24 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—
25 The terms ‘dependent’ and ‘qualifying child’ shall

1 not include any individual who would not be a de-
2 pendent if subparagraph (A) of section 152(b)(3)
3 were applied without regard to all that follows ‘resi-
4 dent of the United States’.

5 “(3) TAXABLE YEAR MUST BE FULL TAXABLE
6 YEAR.—Except in the case of a taxable year closed
7 by reason of the death of the taxpayer, no credit
8 shall be allowable under this section in the case of
9 a taxable year covering a period of less than 12
10 months.

11 “(4) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of any
13 taxable year beginning after December 31,
14 2021, each of the dollar amounts in subsections
15 (a) and (b)(1)(B) shall be increased by an
16 amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the percentage (if any) by

19 which—

20 “(I) the CPI (as defined in sec-
21 tion 1(f)(4)) for the calendar year
22 preceding the calendar year in which
23 the taxable year begins, exceeds

24 “(II) the CPI (as so defined) for
25 calendar year 2020.

1 “(B) ROUNDING.—

2 “(i) QUALIFYING CHILD CREDIT.—If
3 any increase determined under subpara-
4 graph (A) of any dollar amount in sub-
5 section (a)(2) is not a multiple of \$120,
6 such amount shall be rounded to the near-
7 est multiple of \$120.

8 “(ii) OTHER DEPENDENT CREDIT.—If
9 any increase determined under subpara-
10 graph (A) of the dollar amount in sub-
11 section (a)(3) is not a multiple of \$50,
12 such amount shall be rounded to the near-
13 est multiple of \$50.

14 “(iii) INITIAL THRESHOLD AMOUNT.—
15 If any increase determined under subpara-
16 graph (A) of any dollar amount in sub-
17 section (b)(1)(B) is not a multiple of
18 \$5,000, such amount shall be rounded to
19 the nearest multiple of \$5,000.

20 “(5) COORDINATION WITH ALLOWANCE FOR
21 EXEMPTIONS.—

22 “(A) ELECTION TO HAVE OTHER DEPEND-
23 ENT CREDIT NOT APPLY.—In the case of any
24 taxable year beginning after December 31,
25 2025, if a specified taxpayer elects (at such

1 time and in such manner as the Secretary may
2 provide) the application of this paragraph for
3 any taxable year, the dependents of the tax-
4 payer otherwise described in subsection (a)(3)
5 shall not be taken into account for purposes of
6 this section.

7 “(B) SPECIFIED TAXPAYER.—For pur-
8 poses of this paragraph, the term ‘specified tax-
9 payer’ means any taxpayer for any taxable year
10 if the taxpayer’s modified adjusted gross income
11 (as defined in subsection (b)(4)) does not ex-
12 ceed the secondary threshold amount (as de-
13 fined in subsection (b)(2)) of such taxpayer for
14 such taxable year.

15 “(C) ALLOWANCE OF PERSONAL EXEMP-
16 TION FOR DEPENDENTS TO WHICH ELECTION
17 APPLIES.—For the allowance of an exemption
18 for dependents to which the election under sub-
19 paragraph (A) applies, see section 151(d)(6).

20 “(g) RECONCILIATION OF CREDIT AND ADVANCE
21 CREDIT.—

22 “(1) IN GENERAL.—The amount of the quali-
23 fying child credit otherwise allowed under subsection
24 (a)(1) with respect to any taxpayer for any taxable
25 year shall be reduced (but not below zero) by the ag-

1 aggregate amount of payments made under section
2 7527A to such taxpayer during such taxable year.
3 Any failure to so reduce the credit shall be treated
4 as arising out of a mathematical or clerical error
5 and assessed according to section 6213(b)(1).

6 “(2) EXCESS ADVANCE PAYMENTS.—

7 “(A) IN GENERAL.—If the aggregate
8 amount of payments under section 7527A to
9 the taxpayer during the taxable year exceeds
10 the amount of the qualifying child credit other-
11 wise allowed under subsection (a)(1) to such
12 taxpayer for such taxable year (determined
13 without regard to paragraph (1)), the tax im-
14 posed by this chapter for such taxable year
15 shall be increased by the amount of such excess.
16 Any failure to so increase the tax shall be treat-
17 ed as arising out of a mathematical or clerical
18 error and assessed according to section
19 6213(b)(1).

20 “(B) SAFE HARBOR BASED ON MODIFIED
21 ADJUSTED GROSS INCOME.—

22 “(i) IN GENERAL.—In the case of a
23 taxpayer whose modified adjusted gross in-
24 come (as defined in subsection (b)) for the
25 taxable year does not exceed 200 percent

1 of the applicable income threshold, the
2 amount of the increase determined under
3 subparagraph (A) with respect to such tax-
4 payer for such taxable year shall be re-
5 duced (but not below zero) by the safe har-
6 bor amount.

7 “(ii) PHASE OUT OF SAFE HARBOR
8 AMOUNT.—In the case of a taxpayer whose
9 modified adjusted gross income (as defined
10 in subsection (b)) for the taxable year ex-
11 ceeds the applicable income threshold, the
12 safe harbor amount otherwise in effect
13 under clause (i) shall be reduced by the
14 amount which bears the same ratio to such
15 amount as such excess bears to the appli-
16 cable income threshold.

17 “(iii) APPLICABLE INCOME THRESH-
18 OLD.—For purposes of this subparagraph,
19 the term ‘applicable income threshold’
20 means—

21 “(I) \$60,000 in the case of a
22 joint return or surviving spouse (as
23 defined in section 2(a)),

24 “(II) \$50,000 in the case of a
25 head of household, and

1 “(III) \$40,000 in any other case.

2 “(iv) SAFE HARBOR AMOUNT.—For
3 purposes of this subparagraph, the term
4 ‘safe harbor amount’ means, with respect
5 to any taxable year, the product of—

6 “(I) [\$ _____], multiplied by

7 “(II) the excess (if any) of the
8 number of qualified children taken
9 into account in determining the an-
10 nual advance amount with respect to
11 the taxpayer under section 7527A
12 with respect to months beginning in
13 such taxable year, over the number of
14 qualified children taken into account
15 in determining the qualifying child
16 credit allowed under this section for
17 such taxable year.

18 “(h) APPLICATION OF CREDIT IN POSSESSIONS.—

19 “(1) MIRROR CODE POSSESSIONS.—

20 “(A) IN GENERAL.—The Secretary shall
21 pay to each possession of the United States
22 with a mirror code tax system amounts equal to
23 the loss (if any) to that possession by reason of
24 the application of this section (determined with-
25 out regard to this subsection) with respect to

1 taxable years beginning after 2020. Such
2 amounts shall be determined by the Secretary
3 based on information provided by the govern-
4 ment of the respective possession.

5 “(B) COORDINATION WITH CREDIT AL-
6 LOWED AGAINST UNITED STATES INCOME
7 TAXES.—No credit shall be allowed under this
8 section for any taxable year to any individual to
9 whom a credit is allowable against taxes im-
10 posed by a possession of the United States with
11 a mirror code tax system by reason of the appli-
12 cation of this section in such possession for
13 such taxable year.

14 “(C) MIRROR CODE TAX SYSTEM.—For
15 purposes of this paragraph, the term ‘mirror
16 code tax system’ means, with respect to any
17 possession of the United States, the income tax
18 system of such possession if the income tax li-
19 ability of the residents of such possession under
20 such system is determined by reference to the
21 income tax laws of the United States as if such
22 possession were the United States.

23 “(2) CROSS REFERENCES RELATED TO APPLI-
24 CATION OF CREDIT TO RESIDENTS OF PUERTO
25 RICO.—

1 “(A) For application of refundable credit
2 to residents of Puerto Rico, see subsection (c).

3 “(B) For nonapplication of advance pay-
4 ment to residents of Puerto Rico, see section
5 7527A(e)(4)(A).

6 “(3) AMERICAN SAMOA.—

7 “(A) IN GENERAL.—The Secretary shall
8 pay to American Samoa amounts estimated by
9 the Secretary as being equal to the aggregate
10 benefits that would have been provided to resi-
11 dents of American Samoa by reason of the ap-
12 plication of this section for taxable years begin-
13 ning after 2020 if the provisions of this section
14 had been in effect in American Samoa (applied
15 as if American Samoa were the United States
16 and without regard to the application of this
17 section to bona fide residents of Puerto Rico
18 under subsection (c)).

19 “(B) DISTRIBUTION REQUIREMENT.—Sub-
20 paragraph (A) shall not apply unless American
21 Samoa has a plan, which has been approved by
22 the Secretary, under which American Samoa
23 will promptly distribute such payments to its
24 residents.

1 “(C) COORDINATION WITH CREDIT AL-
2 LOWED AGAINST UNITED STATES INCOME
3 TAXES.—

4 “(i) IN GENERAL.—In the case of a
5 taxable year with respect to which a plan
6 is approved under subparagraph (B), this
7 section (other than this subsection) shall
8 not apply to any individual eligible for a
9 distribution under such plan.

10 “(ii) APPLICATION OF SECTION IN
11 EVENT OF ABSENCE OF APPROVED
12 PLAN.—In the case of a taxable year with
13 respect to which a plan is not approved
14 under subparagraph (B), subsection (c)
15 shall be applied by substituting ‘bona fide
16 resident of Puerto Rico or American
17 Samoa’ for ‘bona fide resident of Puerto
18 Rico’.

19 “(4) TREATMENT OF PAYMENTS.—For pur-
20 poses of section 1324 of title 31, United States
21 Code, the payments under this subsection shall be
22 treated in the same manner as a refund due from
23 a credit provision referred to in subsection (b)(2) of
24 such section.

1 “(i) ELECTIONS TO DETERMINE QUALIFYING CHILD
2 STATUS ON A MONTHLY BASIS.—

3 “(1) IN GENERAL.—If any qualifying child of
4 any taxpayer for any taxable year (hereafter referred
5 to as the primary taxpayer) would be the qualifying
6 child of another taxpayer for one or more months
7 during such taxable year if status as a qualifying
8 child for such months was determined as provided in
9 paragraph (2) and both such taxpayers elect (at
10 such time and in such manner as the Secretary may
11 provide) the application of this subsection—

12 “(A) such child shall also be treated (solely
13 for purposes of this section and section 7527A)
14 as a qualifying child of such other taxpayer for
15 the taxable year of such other taxpayer which
16 includes such months,

17 “(B) the dollar amount otherwise in effect
18 under subsection (a)(2) with respect to such
19 qualifying child for such taxable year of such
20 other taxpayer shall be the applicable ratio of
21 such amount, and

22 “(C) the dollar amount otherwise in effect
23 under subsection (a)(2) with respect to such
24 qualifying child for the taxable year of the pri-

1 mary taxpayer shall be reduced by the amount
2 determined under subparagraph (B).

3 “(2) MONTHLY DETERMINATION OF PRINCIPAL
4 PLACE OF ABODE.—For purposes of this subsection,
5 status as a qualifying child shall be determined for
6 any month by applying section 152(c)—

7 “(A) by substituting ‘for any month during
8 any taxable year’ for ‘any taxable year’ in the
9 matter preceding paragraph (1) thereof, and

10 “(B) by substituting ‘such month’ for
11 ‘such taxable year’ in subparagraph (B) there-
12 of.

13 “(3) APPLICABLE RATIO.—For purposes of this
14 subsection, the term ‘applicable ratio’ means the
15 ratio of—

16 “(A) the number of months of the taxable
17 year of the primary taxpayer for which the
18 qualifying child would be the qualifying child of
19 the other taxpayer referred to in subsection (a)
20 if status as a qualifying child for such months
21 was determined under paragraph (2), divided
22 by

23 “(B) 12.”.

24 (b) ADVANCE PAYMENT OF CREDIT.—

1 (1) ADVANCE PAYMENT OF CREDIT MADE PER-
2 MANENT.—Section 7527A of such Code is amend-
3 ed—

4 (A) by striking “50 percent of” in sub-
5 section (a), and

6 (B) by striking subsection (f) and redesignig-
7 nating subsection (g) as subsection (f).

8 (2) MONTHLY PAYMENTS.—Section 7527A of
9 such Code is amended by striking “periodic” each
10 place it appears in subsections (a) and (b)(3)(B) and
11 inserting “monthly”.

12 (3) COORDINATION WITH ELECTIONS TO DE-
13 TERMINE QUALIFYING CHILD STATUS ON MONTHLY
14 BASIS.—

15 (A) ELECTIONS THROUGH ON-LINE POR-
16 TAL.—Section 7527A(c)(2) of such Code is
17 amended by striking “and” at the end of sub-
18 paragraph (C), by redesignating subparagraph
19 (D) as subparagraph (E), and by inserting
20 after subparagraph (C) the following new sub-
21 paragraph:

22 “(D) any election by the taxpayer under
23 section 24(i) to determine eligibility on a
24 monthly basis.”.

1 (B) REGULATORY AUTHORITY.—Section
2 7527A(f) of such Code, as redesignated by
3 paragraph (1), is amended by inserting “or the
4 taxpayer has made an election under section
5 24(i)” before the period at the end.

6 (4) ADVANCE PAYMENTS NOT SUBJECT TO RE-
7 DUCTION, OFFSET, OR GARNISHMENT.—

8 (A) IN GENERAL.—Section 7527A(e) of
9 such Code is amended by striking paragraph
10 (3), by redesignating paragraph (4) as para-
11 graph (5), and by inserting after paragraph (2)
12 the following new paragraphs:

13 “(3) EXCEPTION FROM REDUCTION OR OFF-
14 SET.—Any applicable payment (as defined in para-
15 graph (4)(E)(iii)) shall not be—

16 “(A) subject to reduction or offset pursu-
17 ant to section 3716 or 3720A of title 31,
18 United States Code,

19 “(B) subject to reduction or offset pursu-
20 ant to subsection (c), (d), (e), or (f) of section
21 6402, or

22 “(C) reduced or offset by other assessed
23 Federal taxes that would otherwise be subject
24 to levy or collection.

25 “(4) ASSIGNMENT OF BENEFITS.—

1 “(A) IN GENERAL.—The right of any per-
2 son to any applicable payment shall not be
3 transferable or assignable, at law or in equity,
4 and no applicable payment shall be subject to,
5 execution, levy, attachment, garnishment, or
6 other legal process, or the operation of any
7 bankruptcy or insolvency law.

8 “(B) ENCODING OF PAYMENTS.—In the
9 case of an applicable payment described in sub-
10 paragraph (E)(iii)(I) that is paid electronically
11 by direct deposit through the Automated Clear-
12 ing House (ACH) network, the Secretary of the
13 Treasury (or the Secretary’s delegate) shall—

14 “(i) issue the payment using a unique
15 identifier that is reasonably sufficient to
16 allow a financial institution to identify the
17 payment as an applicable payment, and

18 “(ii) further encode the payment pur-
19 suant to the same specifications as re-
20 quired for a benefit payment defined in
21 section 212.3 of title 31, Code of Federal
22 Regulations.

23 “(C) GARNISHMENT.—

24 “(i) ENCODED PAYMENTS.—In the
25 case of a garnishment order that applies to

1 an account that has received an applicable
2 payment that is encoded as provided in
3 subparagraph (B), a financial institution
4 shall follow the requirements and proce-
5 dures set forth in part 212 of title 31,
6 Code of Federal Regulations, except—

7 “(I) notwithstanding section
8 212.4 of title 31, Code of Federal
9 Regulations (and except as provided
10 in subclause (II)), a financial institu-
11 tion shall not fail to follow the proce-
12 dures of sections 212.5 and 212.6 of
13 such title with respect to a garnish-
14 ment order merely because such order
15 has attached, or includes, a notice of
16 right to garnish federal benefits issued
17 by a State child support enforcement
18 agency, and

19 “(II) a financial institution shall
20 not, with regard to any applicable
21 payment, be required to provide the
22 notice referenced in sections 212.6
23 and 212.7 of title 31, Code of Federal
24 Regulations.

1 “(ii) OTHER PAYMENTS.—In the case
2 of a garnishment order (other than an
3 order that has been served by the United
4 States) that has been received by a finan-
5 cial institution and that applies to an ac-
6 count into which an applicable payment
7 that has not been encoded as provided in
8 subparagraph (B) has been deposited elec-
9 tronically on any date during the lookback
10 period or into which an applicable payment
11 that has been deposited by check on any
12 date in the lookback period, the financial
13 institution, upon the request of the account
14 holder, shall treat the amount of the funds
15 in the account at the time of the request,
16 up to the amount of the applicable pay-
17 ment (in addition to any amounts other-
18 wise protected under part 212 of title 31,
19 Code of Federal Regulations), as exempt
20 from a garnishment order without requir-
21 ing the consent of the party serving the
22 garnishment order or the judgment cred-
23 itor.

24 “(iii) LIABILITY.—A financial institu-
25 tion that acts in good faith in reliance on

1 clauses (i) or (ii) shall not be subject to li-
2 ability or regulatory action under any Fed-
3 eral or State law, regulation, court or other
4 order, or regulatory interpretation for ac-
5 tions concerning any applicable payments.

6 “(D) NO RECLAMATION RIGHTS.—This
7 paragraph shall not alter the status of applica-
8 ble payments as tax refunds or other nonbenefit
9 payments for purpose of any reclamation rights
10 of the Department of the Treasury or the Inter-
11 nal Revenue Service as per part 210 of title 31,
12 Code of Federal Regulations.

13 “(E) DEFINITIONS.—For purposes of this
14 paragraph—

15 “(i) ACCOUNT HOLDER.—The term
16 ‘account holder’ means a natural person
17 whose name appears in a financial institu-
18 tion’s records as the direct or beneficial
19 owner of an account.

20 “(ii) ACCOUNT REVIEW.—The term
21 ‘account review’ means the process of ex-
22 amining deposits in an account to deter-
23 mine if an applicable payment has been de-
24 posited into the account during the
25 lookback period. The financial institution

1 shall perform the account review following
2 the procedures outlined in section 212.5 of
3 title 31, Code of Federal Regulations and
4 in accordance with the requirements of sec-
5 tion 212.6 of title 31, Code of Federal
6 Regulations.

7 “(iii) APPLICABLE PAYMENT.—The
8 term ‘applicable payment’ means—

9 “(I) any payment made to an in-
10 dividual under this section (other than
11 any payment made pursuant to para-
12 graph (5)),

13 “(II) any advance payment made
14 by a possession of the United States
15 with a mirror code tax system (as de-
16 fined in section 24(h)) pursuant to an
17 election under paragraph (5)(B)
18 which corresponds to a payment de-
19 scribed in subclause (I), and

20 “(III) any advance payment
21 made by American Samoa pursuant to
22 a program for making such payments
23 which is described in paragraph
24 (5)(C)(ii).

1 “(iv) GARNISHMENT.—The term ‘gar-
2 nishment’ means execution, levy, attach-
3 ment, garnishment, or other legal process.

4 “(v) GARNISHMENT ORDER.—The
5 term ‘garnishment order’ means a writ,
6 order, notice, summons, judgment, levy, or
7 similar written instruction issued by a
8 court, a State or State agency, a munici-
9 pality or municipal corporation, or a State
10 child support enforcement agency, includ-
11 ing a lien arising by operation of law for
12 overdue child support or an order to freeze
13 the assets in an account, to effect a gar-
14 nishment against a debtor.

15 “(vi) LOOKBACK PERIOD.—The term
16 ‘lookback period’ means the two month pe-
17 riod that begins on the date preceding the
18 date of account review and ends on the
19 corresponding date of the month two
20 months earlier, or on the last date of the
21 month two months earlier if the cor-
22 responding date does not exist.”.

23 (B) CONFORMING AMENDMENT.—Section
24 24(h)(2)(B) of such Code (as amended by the
25 preceding provisions of this division) is amend-

1 ed by striking “section 7527A(e)(4)(A)” and in-
2 serting “section 7527(e)(5)(A)”.

3 (c) COORDINATION WITH EXEMPTION FOR DEPEND-
4 ENTS AFTER 2025.—Section 151(d) of such Code is
5 amended by adding at the end the following new para-
6 graph:

7 “(6) COORDINATION WITH CHILD TAX CREDIT
8 AFTER 2025.—

9 “(A) IN GENERAL.—In the case of any
10 taxable year beginning after December 31,
11 2025, the exemption amount with respect to
12 any dependent taken into account under section
13 24(a) is zero.

14 “(B) REFERENCES.—For purposes of any
15 other provision of this title, the reduction of the
16 exemption amount to zero under subparagraph
17 (A) shall not be taken into account in deter-
18 mining whether a reduction is allowed or allow-
19 able, or whether a taxpayer is entitled to a de-
20 duction, under this section.

21 “(C) CROSS REFERENCE.—For election to
22 not take dependents into account , see section
23 24(f)(5).”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) Section 26(b)(2)(Z) of such Code is amend-
2 ed by striking “section 24(j)(2)” and inserting “sec-
3 tion 24(g)(2)”.

4 (2) Section 3402(f)(1)(C) of such Code is
5 amended by striking “subsection (j) thereof” and in-
6 serting “subsection (g) thereof”.

7 (3) Section 6211(b)(4)(A) of such Code is
8 amended by striking “subsections (d) and (i)(1)”
9 and inserting “subsection (c)”.

10 (4) Section 6213(g)(2)(I) of such Code is
11 amended by striking “section 24(e)” and inserting
12 “section 24(d)”.

13 (5) Section 6213(g)(2)(P) of such Code is
14 amended—

15 (A) by striking “section 24(g)(2)” and in-
16 serting “section 24(e)(2)”, and

17 (B) by striking “subsection (g)(1)” and in-
18 serting “subsection (e)(1)”.

19 (6) Subsections (b) and (e)(4)(A)(i) of section
20 7527A of such Code (prior to redesignation by sub-
21 section (b)) are each amended by striking “section
22 24(i)(1)” each place it appears and inserting “sec-
23 tion 24(e)”.

24 (7) Section 7527A(e)(4)(A)(ii) of such Code
25 (prior to redesignation by subsection (b)) is amended

1 by striking “section 24(k)(3)(C)(ii)(I)” and inserting
2 “section 24(h)(3)(C)(ii)”.

3 (8) Section 7527A(e)(4)(B) of such Code (prior
4 to redesignation by subsection (b)) is amended by
5 striking “section 24(k)” and inserting “section
6 24(h)”.

7 (9) Section 7527A(e)(4)(C)(i) of such Code
8 (prior to redesignation by subsection (b)) is amend-
9 ed—

10 (A) by striking “section 24(k)(1)(A)” and
11 inserting “section 24(h)(1)(A)”, and

12 (B) by inserting “or any calendar year
13 thereafter” after “2021”.

14 (10) Section 7527A(e)(4)(C)(ii) of such Code
15 (prior to redesignation by subsection (b)) is amend-
16 ed—

17 (A) by striking “section 24(k)(3)” and in-
18 serting “section 24(h)(3)”, and

19 (B) by inserting “or any calendar year
20 thereafter” after “2021”.

21 (11) Section 7527A(f) of such Code, as redesign-
22 nated by subsection (e), is amended by striking
23 “subsections (i)(1) and (j)” and inserting “sub-
24 sections (c) and (g)”.

1 **[(e) REPORT RELATED TO ADVANCE PAYMENTS TO**
2 **RESIDENTS OF PUERTO RICO.—**Not later than 2 years
3 after the date of the enactment of this Act, the Secretary
4 of the Treasury shall submit a written report to Congress
5 regarding a program for making advance payments under
6 section 7527A of the Internal Revenue Code of 1986 of
7 the refundable qualifying child credit to residents of Puer-
8 to Rico. Such report shall include detailed legislative rec-
9 ommendations for enacting such a program.]

10 **(f) APPROPRIATIONS TO CARRY OUT ADVANCE PAY-**
11 **MENTS.—**Immediately upon the enactment of this Act, in
12 addition to amounts otherwise available, there are appro-
13 priated for fiscal year 2021, out of any money in the
14 Treasury not otherwise appropriated:

15 (1) **[\$_____]** to remain available until Sep-
16 tember 30, 2022, for necessary expenses for the In-
17 ternal Revenue Service to carry out this section (and
18 the amendments made by this section), which shall
19 supplement and not supplant any other appropria-
20 tions that may be available for this purpose, and

21 (2) **[\$_____]** to remain available until Sep-
22 tember 30, 2022, for necessary expenses for the Bu-
23 reau of the Fiscal Service to carry out this section
24 (and the amendments made by this section), which

1 shall supplement and not supplant any other appro-
2 priations that may be available for this purpose.

3 (g) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, the amendments made by
6 this section shall apply to taxable years beginning
7 after December 31, 2021.

8 (2) ADVANCE PAYMENT OF CREDIT.—The
9 amendments made by subsection (b) shall apply to
10 payments made with respect to periods after Decem-
11 ber 31, 2021.

12 **DIVISION F—EARNED INCOME**
13 **TAX CREDIT**

14 **SEC. 601. CERTAIN IMPROVEMENTS TO THE EARNED IN-**
15 **COME TAX CREDIT MADE PERMANENT.**

16 (a) DECREASE IN MINIMUM AGE REQUIREMENT.—

17 (1) IN GENERAL.—Section 32(c)(1)(A)(ii)(II) of
18 the Internal Revenue Code of 1986 is amended by
19 striking “age 25” and inserting “the applicable min-
20 imum age”.

21 (2) APPLICABLE MINIMUM AGE.—Section 32(c)
22 of such Code is amended by adding at the end the
23 following new paragraph:

24 “(5) APPLICABLE MINIMUM AGE.—

1 “(A) IN GENERAL.—The term ‘applicable
2 minimum age’ means—

3 “(i) except as otherwise provided in
4 this subparagraph, age 19,

5 “(ii) in the case of a specified student
6 (other than a qualified former foster youth
7 or a qualified homeless youth), age 24, and

8 “(iii) in the case of a qualified former
9 foster youth or a qualified homeless youth,
10 age 18.

11 “(B) SPECIFIED STUDENT.—For purposes
12 of this paragraph, the term ‘specified student’
13 means, with respect to any taxable year, an in-
14 dividual who is an eligible student (as defined
15 in section 25A(b)(3)) during at least 5 calendar
16 months during the taxable year.

17 “(C) QUALIFIED FORMER FOSTER
18 YOUTH.—For purposes of this paragraph, the
19 term ‘qualified former foster youth’ means an
20 individual who—

21 “(i) on or after the date that such in-
22 dividual attained age 14, was in foster care
23 provided under the supervision or adminis-
24 tration of an entity administering (or eligi-
25 ble to administer) a plan under part B or

1 part E of title IV of the Social Security
2 Act (without regard to whether Federal as-
3 sistance was provided with respect to such
4 child under such part E), and

5 “(ii) provides (in such manner as the
6 Secretary may provide) consent for entities
7 which administer a plan under part B or
8 part E of title IV of the Social Security
9 Act to disclose to the Secretary informa-
10 tion related to the status of such individual
11 as a qualified former foster youth.

12 “(D) QUALIFIED HOMELESS YOUTH.—For
13 purposes of this paragraph, the term ‘qualified
14 homeless youth’ means, with respect to any tax-
15 able year, an individual who certifies, in a man-
16 ner as provided by the Secretary, that such in-
17 dividual is either an unaccompanied youth who
18 is a homeless child or youth, or is unaccom-
19 panied, at risk of homelessness, and self-sup-
20 porting.”.

21 (b) ELIMINATION OF MAXIMUM AGE FOR CREDIT.—
22 Section 32(c)(1)(A)(ii)(II) of such Code is amended by
23 striking “but not attained age 65”.

24 (c) INCREASE IN CREDIT AND PHASEOUT PERCENT-
25 AGES.—The table contained in section 32(b)(1) of such

1 Code is amended by striking “7.65” each place it appears
2 therein and inserting “15.3”.

3 (d) INCREASE IN EARNED INCOME AND PHASEOUT
4 AMOUNTS.—

5 (1) IN GENERAL.—The table contained in sec-
6 tion 32(b)(2)(A) of such Code is amended—

7 (A) by striking “\$4,220” and inserting
8 “\$9,820”, and

9 (B) by striking “\$5,280” and inserting
10 “\$11,610”.

11 (2) APPLICATION OF INFLATION ADJUST-
12 MENT.—Section 32(j)(1) of such Code is amended—

13 (A) by striking “(2021 in the case of the
14 dollar amount in subsection (i)(1))” and insert-
15 ing “(2021 in the case of each of dollar amount
16 in subsection (b)(2)(A) or (i)(1))” after
17 “2015”, and

18 (B) in subparagraph (B)—

19 (i) by amending clause (i) to read as
20 follows:

21 “(i) in the case of each of dollar
22 amounts in subsection (b)(2)(A) or (i)(1),
23 ‘calendar year 2020’ for ‘calendar year
24 2016’, and”,

1 (ii) by striking “, and” at the end of
2 clause (ii) and inserting a period, and
3 (iii) by striking clause (iii).

4 (e) Section 32 of such Code, as amended by sub-
5 section (f), is amended by adding at the end the following
6 new subsection:

7 “(n) ELECTION TO DETERMINE EARNED INCOME
8 BASED ON PRIOR TAXABLE YEAR.—

9 “(1) IN GENERAL.—In the case of a taxpayer
10 whose earned income for any taxable year is less
11 than the earned income of such taxpayer for the pre-
12 ceding taxable year, if such taxpayer elects (at such
13 time and in such manner as the Secretary may pro-
14 vide) the application of this subsection for such tax-
15 able year, the earned income of such taxpayer for
16 such taxable year shall be treated for purposes of
17 this section as being equal to the earned income of
18 such taxpayer for such preceding taxable year.

19 “(2) JOINT RETURNS.—For purposes of this
20 subsection, in the case of a joint return, the earned
21 income of the taxpayer for the preceding taxable
22 year shall be the sum of the earned income of each
23 spouse for the preceding taxable year.

24 “(3) TREATMENT AS MATHEMATICAL OR CLER-
25 ICAL ERROR.—In the case of a taxpayer described in

1 paragraph (1) who makes the election described in
2 such paragraph, the use on the return for purposes
3 of this section of an amount of earned income for
4 the preceding taxable year which differs from the
5 amount of such earned income as shown in the elec-
6 tronic files of the Internal Revenue Service shall be
7 treated as a mathematical or clerical error for pur-
8 poses of section 6213.

9 “(4) TREATMENT OF REFERENCES.—Any pro-
10 vision of this title which defines or determines
11 earned income by reference to this section shall be
12 applied without regard to this subsection unless such
13 provision specifically provides otherwise.”.

14 (f) REPEAL OF TEMPORARY PROVISIONS.—Section
15 32 of such Code is amended by striking subsection (n).

16 (g) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2021.