

114TH CONGRESS
2D SESSION

S. 2539

To amend the Social Security Act to provide for mandatory funding, to ensure that the families that have infants and toddlers, have a family income of not more than 200 percent of the applicable Federal poverty guideline, and need child care have access to high-quality infant and toddler child care by the end of fiscal year 2026, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 2016

Mr. CASEY (for himself, Mrs. GILLIBRAND, Mr. FRANKEN, Ms. BALDWIN, Mr. REED, Ms. WARREN, Mr. DURBIN, Ms. HIRONO, and Mr. MERKLEY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to provide for mandatory funding, to ensure that the families that have infants and toddlers, have a family income of not more than 200 percent of the applicable Federal poverty guideline, and need child care have access to high-quality infant and toddler child care by the end of fiscal year 2026, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Child Care Access to
3 Resources for Early-learning Act” or the “Child CARE
4 Act”.

5 **SEC. 2. PURPOSES.**

6 The purposes of this Act are—

7 (1) to provide funding to ensure that the fami-
8 lies that have infants and toddlers, that have a fam-
9 ily income of not more than 200 percent of the ap-
10 plicable Federal poverty guideline, and that need
11 child care have access to high-quality infant and tod-
12 dler child care by the end of fiscal year 2026, in
13 order to promote family economic security and pa-
14 rental employment, to support parents in balancing
15 work and family obligations, and to promote chil-
16 dren’s health, early care, and learning;

17 (2) to provide sufficient funding to ensure that
18 both families and child care providers have the re-
19 sources they need to support high-quality early care
20 and learning for infants and toddlers;

21 (3) to ensure that provider payment rates, for
22 infant and toddler child care providers, are set at a
23 level high enough to support high-quality child care
24 for infants and toddlers, including infants and tod-
25 dlers with disabilities;

1 (4) to assist eligible infant and toddler child
2 care providers in improving the quality of their pro-
3 grams—

4 (A) by strengthening the skills, com-
5 petencies, and compensation of the workforce of
6 those providers, in a manner aligned with the
7 report entitled “Transforming the Workforce
8 for Children Birth Through Age 8: A Unifying
9 Foundation”, issued by the National Academy
10 of Sciences in April 2015; and

11 (B) by helping those providers ensure that
12 children receive the comprehensive services they
13 need, by coordinating activities with other com-
14 munity service providers; and

15 (5) to ensure that high-quality infant and tod-
16 dler child care is a strong component of a continuum
17 of quality early care and learning activities within
18 States and Indian and Native Hawaiian commu-
19 nities, starting with prenatal care and continuing
20 through activities in the early school years, with
21 seamless transitions between programs.

1 **TITLE I—CHILD CARE ACCESS**
 2 **TO RESOURCES FOR EARLY**
 3 **LEARNING**

4 **SEC. 101. APPROPRIATION.**

5 Title IV of the Social Security Act is amended by in-
 6 serting after section 418 (42 U.S.C. 618) the following:

7 **“SEC. 418A. APPROPRIATION.**

8 “For grants under the Child CARE Act, there is ap-
 9 propriated—

10 “(1) \$3,664,862,604 for fiscal year 2017;

11 “(2) \$4,121,731,861 for fiscal year 2018;

12 “(3) \$4,819,546,318 for fiscal year 2019;

13 “(4) \$5,843,784,371 for fiscal year 2020; and

14 “(5) \$6,887,236,056 for fiscal year 2021.”.

15 **SEC. 102. DEFINITIONS.**

16 In this Act:

17 (1) **CHILD CARE AND DEVELOPMENT FUND.**—

18 The term “Child Care and Development Fund”
 19 means the funds appropriated under the Child Care
 20 and Development Block Grant Act of 1990 (42
 21 U.S.C. 9858 et seq.) and the funds appropriated
 22 under section 418 of the Social Security Act (42
 23 U.S.C. 618).

24 (2) **ELIGIBLE FAMILY.**—The term “eligible
 25 family” means a family that has, and needs child

1 care for, an infant or toddler, and is a low-income
2 family.

3 (3) ELIGIBLE INFANT OR TODDLER.—The term
4 “eligible infant or toddler” means an infant or tod-
5 dler from a low-income family.

6 (4) INDIAN; INDIAN TRIBE.—The terms “In-
7 dian” and “Indian tribe” have the meanings given
8 the terms in section 4 of the Indian Self-Determina-
9 tion and Education Assistance Act (25 U.S.C.
10 450b).

11 (5) HIGH-QUALITY.—The term “high-quality”,
12 used with respect to child care (including early care
13 and learning), means child care provided in a man-
14 ner consistent with the quality standards described
15 in section 105(a)(3).

16 (6) INFANT OR TODDLER.—The term “infant
17 or toddler” means a child under age 4.

18 (7) INFANT OR TODDLER WITH A DIS-
19 ABILITY.—The term “infant or toddler with a dis-
20 ability” has the meaning given the term in section
21 632 of the Individuals with Disabilities Education
22 Act (20 U.S.C. 1432).

23 (8) LOW-INCOME FAMILY.—The term “low-in-
24 come family” means a family with a family income

1 of not more than 200 percent of the applicable Fed-
 2 eral poverty guideline.

3 (9) NATIVE HAWAIIAN.—The term “Native Ha-
 4 waiian” has the meaning given the term in section
 5 6207 of the Elementary and Secondary Education
 6 Act of 1965 (20 U.S.C. 7517).

7 (10) SECRETARY.—The term “Secretary”
 8 means the Secretary of Health and Human Services.

9 (11) STATE.—The term “State” means any of
 10 the several States, the District of Columbia, the Vir-
 11 gin Islands of the United States, the Commonwealth
 12 of Puerto Rico, Guam, American Samoa, and the
 13 Commonwealth of the Northern Mariana Islands.

14 (12) TRIBAL ORGANIZATION.—The term “tribal
 15 organization” has the meaning given the term in
 16 section 658P of the Child Care and Development
 17 Block Grant Act of 1990 (42 U.S.C. 9858n).

18 **SEC. 103. FUNDING ALLOTMENTS.**

19 (a) DISTRIBUTION BY ACTIVITY.—From the amounts
 20 appropriated under this Act for each fiscal year, the Sec-
 21 retary shall—

22 (1) reserve a portion for providing the allot-
 23 ments described in subsection (b) (relating to ex-
 24 panding access to high-quality child care);

1 (2) reserve a portion of not less than 2 percent
 2 of the appropriated amounts for providing the allot-
 3 ments described in subsection (d) (relating to Indian
 4 and Native Hawaiian child care);

5 (3) reserve a portion, of not more than 0.5 per-
 6 cent of the appropriated amounts, for carrying out
 7 research and evaluation activities under this Act;

8 (4) reserve a portion, of not more than 0.5 per-
 9 cent of the appropriated amounts, for carrying out
 10 technical assistance activities under this Act;

11 (5) reserve 6 percent of the appropriated
 12 amounts for making grants under subsection (e) (re-
 13 lating to child care provided during nontraditional
 14 and unpredictable hours); and

15 (6) use the remainder for providing the allot-
 16 ments described in subsection (c) (relating to main-
 17 taining access to child care).

18 (b) ALLOTMENTS FOR EXPANDING ACCESS TO HIGH-
 19 QUALITY CHILD CARE.—

20 (1) ALLOTMENTS.—Using funds reserved under
 21 subsection (a)(1) for a fiscal year, the Secretary
 22 shall allot to each eligible State an amount that
 23 bears the same relationship to the reserved funds as
 24 the number of infants and toddlers from low-income

1 families in the State bears to the total number of
2 such infants and toddlers in all eligible States.

3 (2) USE OF FUNDS.—A State that receives an
4 allotment under this subsection shall use the allot-
5 ment funds—

6 (A) to expand access to high-quality child
7 care for infants and toddlers who do not receive
8 child care funded through the Child Care and
9 Development Fund;

10 (B) to increase, as described in this Act,
11 the quality of child care for infants and toddlers
12 who receive child care funded through the Child
13 Care and Development Fund;

14 (C)(i) to support payment rates, for child
15 care providers that serve infants and toddlers,
16 that reflect the cost of high-quality child care
17 and are sufficient to attract, support, and re-
18 tain providers who meet quality standards that
19 relate to the unique needs of infants and tod-
20 dlers, including infants and toddlers with dis-
21 abilities; and

22 (ii) to increase the compensation of, and
23 provide other financial incentives for, the highly
24 qualified infant and toddler child care work-
25 force; and

1 (D) as otherwise described in section 105.

2 (c) ALLOTMENTS FOR MAINTAINING ACCESS TO
3 CHILD CARE.—

4 (1) ALLOTMENTS.—Using the remainder de-
5 scribed in subsection (a)(6) for a fiscal year, the
6 Secretary shall allot to each eligible State an amount
7 that bears the same relationship to the reserved
8 funds as the amount the State receives for the fiscal
9 year under section 418(a)(2)(B) of the Social Secu-
10 rity Act (42 U.S.C. 618(a)(2)(B)) bears to the total
11 amount received by all eligible States under that sec-
12 tion.

13 (2) USE OF FUNDS.—A State that receives an
14 allotment under this subsection shall use the allot-
15 ment funds in accordance with the Child Care and
16 Development Block Grant Act of 1990.

17 (d) ALLOTMENTS FOR INDIAN AND NATIVE HAWAI-
18 IAN CHILD CARE.—

19 (1) FORMULA.—

20 (A) IN GENERAL.—In order to ensure that
21 Indian and Native Hawaiian children have
22 equal access to high-quality infant and toddler
23 child care, the Secretary shall develop a formula
24 for allotting the funds reserved under sub-

1 section (a)(2) to Indian tribes and tribal organi-
2 zations.

3 (B) FORMULA FACTORS.—In developing
4 the formula, the Secretary shall—

5 (i) provide for a level of funding that
6 will ensure that, by the end of fiscal year
7 2026, the Indian and Native Hawaiian in-
8 fants and toddlers in eligible families will
9 receive a level of services that is equivalent
10 to the high-quality child care received by
11 infants and toddlers in the general popu-
12 lation under this Act;

13 (ii) take into consideration the unique
14 needs and circumstances of individuals in
15 Indian and Native Hawaiian communities,
16 such as unemployment rates; and

17 (iii) the cost of providing high-quality
18 child care that addresses Indian and Na-
19 tive Hawaiian culture and language.

20 (2) USE OF FUNDS.—An Indian tribe or tribal
21 organization that receives an allotment under this
22 subsection shall use the allotment funds as described
23 in section 107.

24 (e) GRANTS FOR CHILD CARE DURING UNCONVEN-
25 TIONAL HOURS.—

1 (1) IN GENERAL.—Using funds reserved under
2 subsection (a)(5) for a fiscal year, the Secretary may
3 make grants to States for child care provided during
4 nontraditional and unpredictable hours.

5 (2) ADJUSTMENTS.—The Secretary may adjust
6 the requirement that providers serving children that
7 require child care during those hours meet quality
8 standards as described in section 105(a)(3), as nec-
9 essary to address the need for nontraditional and
10 unpredictable hours care.

11 (3) APPLICABLE REQUIREMENTS.—Except as
12 provided in paragraph (2), a State that receives a
13 grant under this subsection shall use the grant
14 funds in accordance with the Child Care and Devel-
15 opment Block Grant Act of 1990 (42 U.S.C. 9859
16 et seq.) and this Act.

17 **SEC. 104. STATE APPLICATION.**

18 (a) IN GENERAL.—To be eligible to receive a grant
19 under this Act through allotments made under subsection
20 (b), (c), or (e) of section 103, a State shall submit to the
21 Secretary an application, as a supplement to the State
22 plan described in section 658E of the Child Care and De-
23 velopment Block Grant Act of 1990 (42 U.S.C. 9858c).

24 (b) INFORMATION.—Each such application shall in-
25 clude a description of each of the following:

1 (1)(A) How the State will increase the number
2 of high-quality child care slots for eligible families,
3 to ensure, by the end of fiscal year 2026, access to
4 high-quality infant and toddler child care for the eli-
5 gible families in the State (referred to in this section
6 as “universal high-quality child care”).

7 (B) The ambitious goals and measurable bench-
8 marks that the State will use to demonstrate
9 progress toward achieving universal high-quality
10 child care, including—

11 (i) substantially increasing the percentage
12 of eligible families served; and

13 (ii) addressing the needs identified in the
14 needs assessment under section 105(a)(4).

15 (2) How the State will measurably improve, by
16 the end of fiscal year 2026, the quality of child care
17 available to children who are infants and toddlers,
18 including such children who are dual language learn-
19 ers or are children with disabilities, and the ambi-
20 tious goals and measurable benchmarks that the
21 State will use to demonstrate progress toward
22 achieving this improvement.

23 (3) How the State will maintain, using the
24 Child Care and Development Fund and the funds
25 made available under section 103(c), the caseload of

1 children that were served using the Child Care and
2 Development Fund on the date of enactment of this
3 Act.

4 (4)(A) How the State will conduct a study on
5 the cost of high-quality child care for infants and
6 toddlers, at least once every 3 years, consistent with
7 this supplement—

8 (i) to determine provider payment rates
9 that are sufficient—

10 (I) to ensure fair and competitive
11 compensation for high-quality infant and
12 toddler child care providers;

13 (II) to recognize child care providers
14 who have the specialized knowledge and
15 competencies of early childhood educators;
16 and

17 (III) to recognize child care providers
18 who offer a rich learning environment, use
19 evidence-based classroom practices, and
20 have provider competencies in engaging in
21 stimulating, warm, and responsive adult-
22 child interactions, consistent with the pro-
23 gram performance standards referred to in
24 section 641A(a)(1) of the Head Start Act

1 (42 U.S.C. 9836a), appropriate to the age
2 of the child; and

3 (ii) to assess the compensation levels nec-
4 essary to attract, support, and retain a work-
5 force of child care providers described in clause
6 (i).

7 (B) Whether the State proposes to conduct the
8 study required under subparagraph (A) by carrying
9 out a cost of quality study or survey that the State
10 is currently conducting, as a requirement of its State
11 plan under section 658E of the Child Care and De-
12 velopment Block Grant Act of 1990 (42 U.S.C.
13 9858c).

14 (C) How the State will incorporate into the
15 study information gathered through a public hearing
16 to solicit input from relevant stakeholders including
17 the infant and toddler child care workforce.

18 (D) How the State will use the results of the
19 study to establish and annually update reimburse-
20 ment rates for high-quality infant and toddler child
21 care providers in the State.

22 (5) How the State will ensure and demonstrate
23 that—

24 (A) the higher provider payment rates that
25 the State proposes to pay under this Act are

sufficient to achieve the compensation levels described in paragraph (4)(A)(ii), and attract, support, and retain child care providers described in paragraph (4)(A)(i); and

(B) the rates described in subparagraph (A) will keep pace with inflation.

(6) The need in the State for high-quality child care for infants and toddlers, based on a needs assessment—

(A) that is conducted prior to the receipt of the corresponding allotment and at least once every 3 years consistent with the State plan;

(B) that is conducted by the State Advisory Council on Early Childhood Education and Care (designated or established pursuant to section 642B(b)(1)(A)(i) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A)(i))) or another entity as determined by the State; and

(C) that identifies such need for geographic areas and special populations of infants and toddlers, including children with disabilities, children experiencing cognitive issues as a result of exposure to lead or another toxic substance (as the terms “cognitive issues”, “exposure”, and “toxic substance” are defined by the

1 Secretary), homeless children, children in foster
2 care, children who are dual language learners,
3 children living in rural areas, and children
4 whose families work nontraditional hours.

5 (7) A unified approach to early care and learn-
6 ing that begins prenatally and supports children and
7 their families at least until the children enter kinder-
8 garten, which includes a description of how the State
9 will align infant and toddler child care with—

10 (A) other early care and learning pro-
11 grams, including State-supported programs of
12 quality preschool if applicable; and

13 (B) programs carried out under section
14 619 and part C of the Individuals with Disabil-
15 ities Education Act (20 U.S.C. 1419, 1431 et
16 seq.).

17 (8) How the State will support early childhood
18 educators and K–3 teachers, including the best prac-
19 tices that the State will use to support transitions
20 into kindergarten and alignment of curricula, profes-
21 sional development, and early learning standards, to
22 reflect an integrated approach to enabling children
23 to achieve substantial gains in key skill areas across
24 their development.

1 (9) How the State will coordinate activities with
2 other public or private agencies to ensure that, to
3 the extent that services are available in the commu-
4 nity, infants and toddlers are referred to local agen-
5 cies or other appropriate providers, including com-
6 munity-based organizations, for comprehensive
7 health, mental health, family, and nutrition services
8 similar to those provided through Early Head Start
9 programs.

10 (10) How the State will address infant and tod-
11 dler child care needs for populations that have acute
12 barriers to accessing high-quality child care and the
13 State's plan to increase the supply of high-quality
14 child care slots for populations for which the unmet
15 need is greatest, including populations listed in sec-
16 tion 658E(c)(2)(M) of the Child Care and Develop-
17 ment Block Grant Act of 1990 (42 U.S.C.
18 9858e(c)(2)(M)), with methods such as grants and
19 contracts.

20 (11) How the State will, at the option of an In-
21 dian tribe or tribal organization in the State, col-
22 laborate and coordinate activities with the Indian
23 tribe or tribal organization in the development of the
24 State plan.

1 (12) A plan that describes how the State will
2 ensure successful engagement by parents and fami-
3 lies in their child's early care and learning and how
4 this plan will promote engagement that continues
5 from infant and toddler programs into preschool
6 programs and beyond.

7 (13) How the State will collaborate and coordi-
8 nate activities with early childhood educators and or-
9 ganizations that foster the professional development
10 and collective engagement of the child care work-
11 force.

12 (c) ASSURANCES.—Each such application shall in-
13 clude each of the following:

14 (1) An assurance that the State will maintain,
15 using the Child Care and Development Fund and
16 the funds made available under section 103(c), the
17 caseload of children that were served using the Child
18 Care and Development Fund on the date of enact-
19 ment of this Act.

20 (2) An assurance that the State will establish
21 and support standards for high-quality child care for
22 infants and toddlers in the State as described in sec-
23 tion 105(a)(3).

24 (3) An assurance that the State will contribute
25 a percentage toward the cost of activities authorized

1 under section 103(b), toward the cost of activities
 2 authorized under section 103(c), and toward the cost
 3 of activities authorized under section 103(e), that is
 4 equal to the percentage that the State contributes
 5 under section 418(a)(2)(C) of the Social Security
 6 Act (42 U.S.C. 618(a)(2)(C)) toward the cost of the
 7 child care authorized under section 418 of that Act
 8 (42 U.S.C. 618).

9 **SEC. 105. STATE EXPANSION AND QUALITY ENHANCEMENT**
 10 **ACTIVITIES.**

11 (a) **EXPANDING ACCESS TO HIGH-QUALITY CHILD**
 12 **CARE.—**

13 (1) **IN GENERAL.**—Using funds made available
 14 through an allotment under section 103(b), the
 15 State shall reserve at least 80 percent for direct
 16 services provided through grants, contracts, or cer-
 17 tificates, to expand access to high-quality child care
 18 for infants and toddlers and to increase parental op-
 19 tions for and access to such care.

20 (2) **PROMOTION OF QUALITY.**—During the pe-
 21 riod beginning not later than the date on which the
 22 allotment is made and ending not later than 6
 23 months after that date, and every third year there-
 24 after, the State shall use the cost of high-quality
 25 child care study, described in section 104(b)(4), to

1 ensure that, for all infant and toddler child care
2 slots—

3 (A) the child care is of sufficient quality;

4 (B) the providers of the care are supported
5 along a career pathway to achieve higher levels
6 of training and education; and

7 (C) provider payment rates are sufficient
8 as described in section 104(b)(4)(A)(i).

9 (3) QUALITY STANDARDS.—The State shall en-
10 sure that all infant and toddler child care providers,
11 who participate in activities funded through the
12 Child Care and Development Fund, meet quality
13 standards by the end of fiscal year 2026, includ-
14 ing—

15 (A) ensuring that the providers enable lead
16 teachers and educators, regardless of setting, to
17 receive program quality funds reserved under
18 subsection (b), through grants, contracts, or
19 certificates, to prepare for meeting higher
20 standards of quality and to progress through
21 professional development goals; and

22 (B)(i) offering full-day, full-year care or
23 otherwise meeting the needs of working fami-
24 lies;

1 (ii) meeting the requirements described in
2 section 104(b)(4)(A)(i)(III);

3 (iii) ensuring individuals working directly
4 with infants and toddlers have the qualifica-
5 tions, knowledge, and skills to promote the
6 healthy social, emotional, cognitive, and phys-
7 ical development of children as appropriate to
8 the children's age, and attain the compensation
9 levels necessary to attract, support, and retain
10 a well-qualified workforce, in a manner aligned
11 with the findings in the study entitled "Trans-
12 forming the Workforce for Children Birth
13 Through Age 8: A Unifying Foundation",
14 issued by the National Academy of Sciences in
15 April 2015;

16 (iv) aligning its activities with the State's
17 Early Learning and Development Guidelines
18 that apply to infants and toddlers and the Head
19 Start Early Learning Outcomes Framework;

20 (v) coordinating activities with other public
21 or private agencies to ensure that, to the extent
22 that services are available in the community, in-
23 fants and toddlers are referred to local agencies
24 or other appropriate providers, including com-
25 munity-based organizations, for comprehensive

1 health, mental health, family, and nutrition
2 services, similar to those provided through
3 Early Head Start programs; and

4 (vi) engaging with parents in their roles as
5 first teachers and partnering with parents in
6 their child's early care and learning and transi-
7 tion to pre-kindergarten or a Head Start pro-
8 gram.

9 (4) ADDRESSING UNDERSERVED GEOGRAPHIC
10 AREAS AND SPECIAL POPULATIONS.—

11 (A) IDENTIFICATION.—Based on a valid
12 needs assessment referred to in section
13 104(b)(6), the State shall identify geographic
14 areas and special populations described in that
15 section.

16 (B) INCREASING AVAILABILITY OF CHILD
17 CARE.—The State shall develop and implement
18 a plan to increase the availability of high-qual-
19 ity child care (including by stabilizing the in-
20 come of providers of such care)—

21 (i) in geographic areas and for popu-
22 lations identified under subparagraph (A);
23 and

24 (ii) to the extent practicable, in hard-
25 to-serve areas or populations.

1 (b) ENHANCING THE QUALITY OF INFANT AND TOD-
 2 DLER CHILD CARE.—

3 (1) FINDINGS.—Congress finds that the activi-
 4 ties described in paragraph (3) are interconnected
 5 and that each of the activities is critical to enhanc-
 6 ing the quality of infant and toddler child care.

7 (2) GENERAL AUTHORITY.—The State shall re-
 8 serve at least 12 percent of funds made available
 9 through each allotment made under subsection (b),
 10 (c), or (e) of section 103 to carry out activities de-
 11 scribed in paragraph (3), to increase the quality of
 12 child care programs for infants and toddlers in eligi-
 13 ble families.

14 (3) ACTIVITIES.—The activities referred to in
 15 paragraph (2) shall consist of—

16 (A) activities that improve the skills and
 17 competencies of the infant and toddler child
 18 care workforce, including competencies specific
 19 to working with children who are culturally and
 20 linguistically diverse and children with disabil-
 21 ities, by providing a pathway to higher levels of
 22 training and education consistent with the find-
 23 ings in the National Academy of Sciences study
 24 described in subsection (a)(3)(B)(iii);

1 (B) activities that support training and
2 technical assistance through a statewide net-
3 work of infant and toddler specialists, infant
4 and early childhood mental health consultants,
5 or coach mentors, that provide onsite assistance
6 directly to providers who receive funds under
7 this Act;

8 (C) activities that provide startup grants,
9 to purchase equipment and materials needed to
10 provide high-quality early care and learning ex-
11 periences to infants and toddlers, such as cribs,
12 changing tables, safety equipment, infant and
13 toddler curricula, and age- and developmentally
14 appropriate toys; or

15 (D) activities that establish networks of
16 family child care providers to share workforce
17 training and technical assistance.

18 (4) STANDARDS.—The State shall use the
19 funds described in paragraph (2) to ensure that in-
20 fant and toddler child care providers meet relevant
21 standards and shall develop statewide plans to im-
22 prove the knowledge and competencies of the infant
23 and toddler child care workforce, by implementing 1
24 or more of the activities described in paragraph (3).

1 (5) COORDINATION.—The State shall coordi-
2 nate the activities carried out under this subsection
3 with other quality enhancement efforts funded
4 through the Child Care and Development Fund.

5 (c) APPLICABLE REQUIREMENTS.—In carrying out
6 activities under this section, a State shall comply with the
7 requirements of this Act and the Child Care and Develop-
8 ment Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

9 (d) SUPPLEMENT NOT SUPPLANT.—Amounts made
10 available under this Act shall be used to supplement and
11 not supplant other Federal, State, and local public funds
12 expended to provide child care for children under age 13.

13 **SEC. 106. TRIBAL APPLICATION.**

14 To be eligible to receive a grant under this Act
15 through an allotment made under section 103(d), an In-
16 dian tribe or tribal organization shall submit to the Sec-
17 retary an application, as a supplement to the application
18 the tribe or tribal organization submits under section
19 658O(c) of the Child Care and Development Block Grant
20 Act of 1990 (42 U.S.C. 9858m(c)). Each such application
21 shall contain such information as the Secretary may re-
22 quire, including:

23 (1) Information demonstrating that the Indian
24 tribe or tribal organization meets the requirements

1 for a grant or contract on section 658O(c) of such
2 Act.

3 (2) At the election of the Indian tribe or tribal
4 organization, a plan—

5 (A) to align programs for child care funded
6 through the Child Care and Development Fund,
7 Head Start (including Early Head Start) pro-
8 grams, early childhood home visitation pro-
9 grams under section 511 of the Social Security
10 Act (42 U.S.C. 711), preschool programs, and
11 early childhood programs relating to Indian and
12 Native Hawaiian culture and language, to cre-
13 ate more aligned and seamless early care and
14 learning in tribal communities; and

15 (B) to combine funding for the programs
16 described in subparagraph (A).

17 (3)(A) Information describing how the Indian
18 tribe or tribal organization will increase the number
19 of high-quality child care slots for eligible families
20 with Indian or Native Hawaiian children, to ensure,
21 by the end of fiscal year 2026, access to high-qual-
22 ity, culturally and linguistically appropriate infant
23 and toddler child care for such eligible families in
24 the tribal community (referred to in this section as
25 “universal high-quality child care”).

1 (B) The ambitious goals and measurable bench-
 2 marks that the Indian tribe or tribal organization
 3 will use to demonstrate progress toward achieving
 4 universal high-quality child care.

5 **SEC. 107. TRIBAL EARLY CARE AND LEARNING EXPANSION**
 6 **ACTIVITIES.**

7 (a) IN GENERAL.—An Indian tribe or tribal organi-
 8 zation that receives a grant through an allotment made
 9 under section 103(d) shall use the grant funds to provide,
 10 by the end of fiscal year 2026, access to high-quality, cul-
 11 turally and linguistically appropriate child care (or, in the
 12 case of an entity that submits a plan described in section
 13 106(2), high-quality, culturally and linguistically appro-
 14 priate early care and learning) (including related sup-
 15 ports) for infants and toddlers for such eligible families
 16 in the tribal community.

17 (b) APPLICABLE REQUIREMENTS.—In carrying out
 18 activities under this section, an Indian tribe or tribal orga-
 19 nization shall comply with the requirements of this Act
 20 and the Child Care and Development Block Grant Act of
 21 1990 (42 U.S.C. 9858 et seq.).

TITLE II—INVERTED CORPORATIONS

SEC. 201. MODIFICATIONS TO RULES RELATING TO IN- VERTED CORPORATIONS.

(a) IN GENERAL.—Subsection (b) of section 7874 of the Internal Revenue Code of 1986 is amended to read as follows:

“(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

“(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if—

“(A) such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting ‘80 percent’ for ‘60 percent’, or

“(B) such corporation is an inverted domestic corporation.

“(2) INVERTED DOMESTIC CORPORATION.—For purposes of this subsection, a foreign corporation shall be treated as an inverted domestic corporation if, pursuant to a plan (or a series of related transactions)—

“(A) the entity completes after February 10, 2016, the direct or indirect acquisition of—

1 “(i) substantially all of the properties
2 held directly or indirectly by a domestic
3 corporation, or

4 “(ii) substantially all of the assets of,
5 or substantially all of the properties consti-
6 tuting a trade or business of, a domestic
7 partnership, and

8 “(B) after the acquisition, more than 50
9 percent of the stock (by vote or value) of the
10 entity is held—

11 “(i) in the case of an acquisition with
12 respect to a domestic corporation, by
13 former shareholders of the domestic cor-
14 poration by reason of holding stock in the
15 domestic corporation, or

16 “(ii) in the case of an acquisition with
17 respect to a domestic partnership, by
18 former partners of the domestic partner-
19 ship by reason of holding a capital or prof-
20 its interest in the domestic partnership.

21 “(3) EXCEPTION FOR CORPORATIONS WITH
22 SUBSTANTIAL BUSINESS ACTIVITIES IN FOREIGN
23 COUNTRY OF ORGANIZATION.—A foreign corporation
24 described in paragraph (2) shall not be treated as an
25 inverted domestic corporation if after the acquisition

1 the expanded affiliated group which includes the en-
 2 tity has substantial business activities in the foreign
 3 country in which or under the law of which the enti-
 4 ty is created or organized when compared to the
 5 total business activities of such expanded affiliated
 6 group. For purposes of subsection (a)(2)(B)(iii) and
 7 the preceding sentence, the term ‘substantial busi-
 8 ness activities’ shall have the meaning given such
 9 term under regulations in effect on February 10,
 10 2016, except that the Secretary may issue regula-
 11 tions increasing the threshold percent in any of the
 12 tests under such regulations for determining if busi-
 13 ness activities constitute substantial business activi-
 14 ties for purposes of this paragraph.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Clause (i) of section 7874(a)(2)(B) of such
 17 Code is amended by striking “after March 4, 2003,”
 18 and inserting “after March 4, 2003, and before Feb-
 19 ruary 11, 2016,”.

20 (2) Subsection (c) of section 7874 of such Code
 21 is amended—

22 (A) in paragraph (2)—

23 (i) by striking “subsection
 24 (a)(2)(B)(ii)” and inserting “subsections
 25 (a)(2)(B)(ii) and (b)(2)(B)”, and

1 (ii) by inserting “or (b)(2)(A)” after
 2 “(a)(2)(B)(i)” in subparagraph (B),
 3 (B) in paragraph (3), by inserting “or
 4 (b)(2)(B), as the case may be,” after
 5 “(a)(2)(B)(ii)”,
 6 (C) in paragraph (5), by striking “sub-
 7 section (a)(2)(B)(ii)” and inserting “sub-
 8 sections (a)(2)(B)(ii) and (b)(2)(B)”, and
 9 (D) in paragraph (6), by inserting “or in-
 10 verted domestic corporation, as the case may
 11 be,” after “surrogate foreign corporation”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years ending after Feb-
 14 ruary 10, 2016.

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