

105TH CONGRESS
1ST SESSION

H. R. 1373

To establish a grant program to improve the quality and expand the availability of child care services, and of family support services, for families with children less than 3 years of age; to amend the Internal Revenue Code of 1986 to modify the taxation of income of controlled foreign corporations attributable to imported property; to amend the Family and Medical Leave Act of 1993 to cover employers that have more than 20 employees; to amend the Head Start Act to authorize appropriations for fiscal years 1999 through 2002 and to increase the funds reserved for services for families with children less than 3 years of age; and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 1997

Ms. DELAURO (for herself, Mr. HOYER, and Mr. MCGOVERN) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a grant program to improve the quality and expand the availability of child care services, and of family support services, for families with children less than 3 years of age; to amend the Internal Revenue Code of 1986 to modify the taxation of income of controlled foreign corporations attributable to imported property; to amend the Family and Medical Leave Act of 1993 to cover employers that have more than 20

employees; to amend the Head Start Act to authorize appropriations for fiscal years 1999 through 2002 and to increase the funds reserved for services for families with children less than 3 years of age; 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 “Early Learning and
5 Opportunity Act of 1997”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) The first 3 years of life are a critical period
9 of brain development, intellectual growth, and emo-
10 tional, social, affective, and moral development, that
11 help determine the health and productivity of a child
12 in later life.

13 (2) Scientific research shows that how individ-
14 uals function from preschool through adolescence
15 and adulthood hinges to a significant extent on the
16 experiences children have in their first 3 years of
17 life.

18 (3) One in 3 victims of physical abuse is a baby
19 less than 1 year of age.

20 (4) In 1993 the National Educational Goals
21 Panel reported that nearly half of infants in the

1 United States do not have what they need to grow
2 and thrive.

3 (5) High-quality care from a parent or other
4 adult is necessary to facilitate growth and develop-
5 ment.

6 (6) More than 50 percent of mothers with chil-
7 dren less than 1 year of age are working outside the
8 home.

9 (7) More than 50 percent of working women
10 are not covered by the Family and Medical Leave
11 Act of 1993, an Act that provides a 12-week, unpaid
12 parental leave.

13 (8) The United States is the only industrialized
14 country in the world which does not provide paid
15 maternity leave. Thirty developing countries provide
16 paid maternity leave.

17 (9) Five million children under age 3 are in the
18 care of other adults while their parents work outside
19 the home.

20 (10) Parents of very young children have few
21 child care service options. Many cannot afford to
22 stay home with their children, or to pay for safe,
23 high-quality developmental child care services.

24 (11) Statewide and multistate studies have
25 found that less than 20 percent of child care services

1 for very young children is of good quality; nearly 50
2 percent is of such substandard quality that it ad-
3 versely affects such children's development and may
4 put their health and safety at risk.

5 (12) Families with children less than 3 years of
6 age are the single largest group living in poverty.
7 Twenty-five percent of such children, 3,000,000 chil-
8 dren, are living below the poverty line, are at greater
9 risk for malnutrition, poor health, and maltreat-
10 ment, and are less likely to receive the care they
11 need from parents or other child care service provid-
12 ers to grow and develop normally.

13 **SEC. 3. PURPOSES.**

14 The purposes of this Act are—

15 (1) to improve the quality, and to increase the
16 availability, of child care services for children less
17 than 3 years of age,

18 (2) to improve the affordability of child care
19 services available to such children,

20 (3) to improve the quality, and to increase the
21 availability, of services to assist families to nurture
22 such children, and

23 (4) to improve the coordination and effective-
24 ness of existing programs that provide such services
25 to such children and their families.

1 **TITLE I—EARLY LEARNING AND**
2 **OPPORTUNITY GRANTS**

3 **SEC. 101. GRANTS FOR SERVICES.**

4 (a) **AUTHORITY TO MAKE GRANTS.**—The Secretary
5 of Health and Human Services may make grants, on a
6 competitive basis, to eligible States to improve the quality,
7 and to increase the availability, of child care services for
8 very young children and of support services for the fami-
9 lies of such children.

10 (b) **PRIORITY.**—For the purpose of making grants
11 under subsection (a), the Secretary shall give priority to
12 eligible States to the extent that such State, as dem-
13 onstrated in the application for a grant under such sub-
14 section—

15 (1) will minimize the administrative costs to be
16 incurred to carry out the plan contained in such ap-
17 plication,

18 (2) has coordinated the activities described in
19 the plan contained in such application, with provid-
20 ers of child care services for children between 3 and
21 6 years of age, and with providers of family support
22 services for families of such children, located in the
23 State,

1 (3) has taken substantial legislative or executive
2 action to reduce the duplication of, and barriers to
3 providing, such services, and

4 (4) during the fiscal year for which such grant
5 is received, will reimburse such providers for such
6 services at rates that reflect—

7 (A) the higher costs incurred by such pro-
8 viders who are accredited by national associa-
9 tion that provides accreditation for providers of
10 the respective types of such services and that is
11 recognized by the Secretary, and

12 (B) the higher costs incurred by such pro-
13 viders to provide child care services to children
14 who are very young children.

15 **SEC. 102. ELIGIBILITY FOR GRANTS.**

16 To be eligible to receive a grant under section 101,
17 a State shall submit to the Secretary an application that
18 satisfies the following requirements:

19 (1) Such application is prepared by the State
20 after consultation with providers of child care serv-
21 ices for very young children, and with providers of
22 family support services for families of such children,
23 located in the State.

1 (2) Such application contains a plan that de-
2 scribes how the State will expend such grant to do
3 1 or more of the following:

4 (A) To improve quality of child care serv-
5 ices.

6 (B) To improve licensing standards appli-
7 cable to providers of child care services for very
8 young children in the State by specifying mat-
9 ters that apply to providing child care services,
10 such as child-to-staff ratios, group size, staff
11 preparation and qualifications, ongoing staff
12 training, health and safety, and linkages to par-
13 ents and community services.

14 (C) To improve enforcement of licensing
15 standards applicable to providers of child care
16 services for care for very young children in the
17 State.

18 (D) To improve salaries for caregivers of
19 such child care services.

20 (E) To support ongoing and more ad-
21 vanced training for such caregivers (including
22 training to provide child care services for chil-
23 dren with special needs) and to create incen-
24 tives for individuals to obtain, and child care
25 centers to employ individuals who have ob-

1 tained, more advanced training in providing
2 child care services.

3 (F) To improve accessibility to child care
4 services for very young children, including im-
5 proving the quality of, and expanding the avail-
6 ability of, resource and referral services and
7 transportation services for families with very
8 young children.

9 (G) To improve affordability of child care
10 services for very young children.

11 (H) To improve and expand support serv-
12 ices to families with very young children.

13 (I) To improve coordination of existing
14 Federal and State programs that provide sup-
15 port services for families with very young chil-
16 dren.

17 (3) Such application shall contain assurances
18 that—

19 (i) not more than 70 percent of the cost of
20 carrying out the plan contained in such applica-
21 tion will be paid with such grant together with
22 any other available Federal funds,

23 (ii) such grant will be used to supplement,
24 not supplant, non-Federal funds otherwise
25 available to provide child care services for very

1 young children and support services for the
2 families of such children,

3 (iii) the State will expend in cash or in
4 kind, from State resources (including private
5 contributions and excluding resources available
6 to local governmental entities) an amount not
7 less than 30 percent of the amount of such
8 grant, and

9 (iv) such grant will be administered by the
10 lead agency that is designated by the State
11 under section 658D of the Child Care and De-
12 velopment Block Grant Act of 1990 (42 U.S.C.
13 9858b).

14 (4) Such application shall contain such other
15 information and assurances as the Secretary may re-
16 quire by rule.

17 **SEC. 103. MODEL TRAINING PROGRAM FOR EMPLOYEES OF**
18 **CHILD CARE PROVIDERS.**

19 The Secretary shall—

20 (1) by adapting the requirements in effect
21 under section 1792(a) of title 10, United States
22 Code, develop a voluntary model training program
23 applicable to individuals who are employed as
24 caregivers by providers of child care services,

1 (2) make available to Head Start agencies and
2 providers of child care services the model training
3 code developed under paragraph (1), and

4 (3) provide to such agencies and such providers
5 technical assistance to implement such program.

6 **SEC. 104. DEFINITIONS.**

7 For purposes of this title:

8 (1) CAREGIVER.—The term “caregiver” means
9 an individual who provides a service directly to a
10 child on a person-to-person basis.

11 (2) FAMILY SUPPORT SERVICES.—The term
12 “family support services” means community-based
13 activities designed to promote parental competencies
14 and behaviors that will increase the ability of fami-
15 lies to successfully nurture their children.

16 (3) SECRETARY.—The term “Secretary” means
17 the Secretary of Health and Human Services.

18 (4) VERY YOUNG CHILDREN.—The term “very
19 young children” means children who are less than 3
20 years of age.

21 **SEC. 105. AUTHORIZATION OF APPROPRIATIONS.**

22 There is authorized to be appropriated to carry out
23 this title \$360,000,000 for each of the fiscal years 1998,
24 1999, 2000, 2001, and 2002.

1 **TITLE II—AMENDMENT TO IN-**
2 **TERNAL REVENUE CODE OF**
3 **1986**

4 **SEC. 201. REFERENCES.**

5 Except as otherwise expressly provided, whenever in
6 this title an amendment or repeal is expressed in terms
7 of an amendment to, or repeal of, a section or other provi-
8 sion, the reference shall be considered to be made to a
9 section or other provision of the Internal Revenue Code
10 of 1986.

11 **SEC. 202. TAXATION OF INCOME OF CONTROLLED FOREIGN**
12 **CORPORATIONS ATTRIBUTABLE TO IM-**
13 **PORTED PROPERTY.**

14 (a) **GENERAL RULE.**—Subsection (a) of section 954
15 (defining foreign base company income) is amended by
16 striking “and” at the end of paragraph (4), by striking
17 the period at the end of paragraph (5) and inserting “,
18 and”, and by adding at the end the following new para-
19 graph:

20 “(6) imported property income for the taxable
21 year (determined under subsection (h) and reduced
22 as provided in subsection (b)(5)).”

23 (b) **DEFINITION OF IMPORTED PROPERTY IN-**
24 **COME.**—Section 954 is amended by adding at the end the
25 following new subsection:

1 “(h) IMPORTED PROPERTY INCOME.—

2 “(1) IN GENERAL.—For purposes of subsection
3 (a)(6), the term ‘imported property income’ means
4 income (whether in the form of profits, commissions,
5 fees, or otherwise) derived in connection with—

6 “(A) manufacturing, producing, growing,
7 or extracting imported property,

8 “(B) the sale, exchange, or other disposi-
9 tion of imported property, or

10 “(C) the lease, rental, or licensing of im-
11 ported property.

12 Such term shall not include any foreign oil and gas
13 extraction income (within the meaning of section
14 907(c)) or any foreign oil related income (within the
15 meaning of section 907(c)).

16 “(2) IMPORTED PROPERTY.—For purposes of
17 this subsection—

18 “(A) IN GENERAL.—Except as otherwise
19 provided in this paragraph, the term ‘imported
20 property’ means property which is imported
21 into the United States by the controlled foreign
22 corporation or a related person.

23 “(B) IMPORTED PROPERTY INCLUDES CER-
24 TAIN PROPERTY IMPORTED BY UNRELATED
25 PERSONS.—The term ‘imported property’ in-

1 includes any property imported into the United
2 States by an unrelated person if, when such
3 property was sold to the unrelated person by
4 the controlled foreign corporation (or a related
5 person), it was reasonable to expect that—

6 “(i) such property would be imported
7 into the United States, or

8 “(ii) such property would be used as
9 a component in other property which would
10 be imported into the United States.

11 “(C) EXCEPTION FOR PROPERTY SUBSE-
12 QUENTLY EXPORTED.—The term ‘imported
13 property’ does not include any property which is
14 imported into the United States and which—

15 “(i) before substantial use in the
16 United States, is sold, leased, or rented by
17 the controlled foreign corporation or a re-
18 lated person for direct use, consumption,
19 or disposition outside the United States, or

20 “(ii) is used by the controlled foreign
21 corporation or a related person as a com-
22 ponent in other property which is so sold,
23 leased, or rented.

24 “(3) DEFINITIONS AND SPECIAL RULES.—

1 “(A) IMPORT.—For purposes of this sub-
2 section, the term ‘import’ means entering, or
3 withdrawal from warehouse, for consumption or
4 use. Such term includes any grant of the right
5 to use an intangible (as defined in section
6 936(b)(3)(B)) in the United States.

7 “(B) UNRELATED PERSON.—For purposes
8 of this subsection, the term ‘unrelated person’
9 means any person who is not a related person
10 with respect to the controlled foreign corpora-
11 tion.

12 “(C) COORDINATION WITH FOREIGN BASE
13 COMPANY SALES INCOME.—For purposes of this
14 section, the term ‘foreign base company sales
15 income’ shall not include any imported property
16 income.”

17 (c) SEPARATE APPLICATION OF LIMITATIONS ON
18 FOREIGN TAX CREDIT FOR IMPORTED PROPERTY IN-
19 COME.—

20 (1) IN GENERAL.—Paragraph (1) of section
21 904(d) (relating to separate application of section
22 with respect to certain categories of income) is
23 amended by striking “and” at the end of subpara-
24 graph (H), by redesignating subparagraph (I) as

1 subparagraph (J), and by inserting after subpara-
2 graph (H) the following new subparagraph:

3 “(I) imported property income, and”.

4 (2) IMPORTED PROPERTY INCOME DEFINED.—

5 Paragraph (2) of section 904(d) is amended by re-
6 designating subparagraphs (H) and (I) as subpara-
7 graphs (I) and (J), respectively, and by inserting
8 after subparagraph (G) the following new subpara-
9 graph:

10 “(H) IMPORTED PROPERTY INCOME.—The
11 term ‘imported property income’ means any in-
12 come received or accrued by any person which
13 is of a kind which would be imported property
14 income (as defined in section 954(h)).”

15 (3) LOOK-THROUGH RULES TO APPLY.—Sub-
16 paragraph (F) of section 904(d)(3) is amended by
17 striking “or (E)” and inserting “(E), or (H)”.

18 (d) TECHNICAL AMENDMENTS.—

19 (1) Clause (iii) of section 952(c)(1)(B) (relating
20 to certain prior year deficits may be taken into ac-
21 count) is amended by inserting the following sub-
22 clause after subclause (II) (and by redesignating the
23 following subclauses accordingly):

24 “(III) imported property income,”.

1 (2) Paragraph (5) of section 954(b) (relating to
2 deductions to be taken into account) is amended by
3 striking “and the foreign base company oil related
4 income” and inserting “the foreign base company oil
5 related income, and the imported property income”.

6 (e) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as provided in para-
8 graph (2), the amendments made by this section
9 shall apply to taxable years of foreign corporations
10 beginning after December 31, 1996, and to taxable
11 years of United States shareholders within which or
12 with which such taxable years of such foreign cor-
13 porations end.

14 (2) SUBSECTION (c).—The amendments made
15 by subsection (c) shall apply to taxable years begin-
16 ning after December 31, 1996.

17 **TITLE III—AMENDMENT TO FAM-**
18 **ILY AND MEDICAL LEAVE ACT**
19 **OF 1993**

20 **SEC. 301. COVERAGE OF EMPLOYEES.**

21 Paragraphs (2)(B)(ii) and (4)(A)(i) of section 101 of
22 the Family and Medical Leave Act of 1993(29 U.S.C.
23 2611 (2)(B)(ii) and (4)(A)(i)) are each amended by strik-
24 ing “50” each place it appears and inserting “20”.

1 **SEC. 302. EFFECTIVE DATE.**

2 This title shall take effect 120 days after the date
3 of the enactment of this Act.

4 **TITLE IV—AMENDMENTS TO THE**
5 **HEAD START ACT**

6 **SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

7 Section 639(a) of the Head Start Act (42 U.S.C.
8 9834(a)) is amended by inserting before the period at the
9 end the following: “, \$4,900,000,000 for fiscal year 1999,
10 \$5,500,000,000 for fiscal year 2000, \$6,100,000,000 for
11 fiscal year 2001, and \$6,700,000,000 for fiscal year
12 2002”.

13 **SEC. 402. ALLOTMENT OF FUNDS.**

14 (a) **TRAINING AND TECHNICAL ASSISTANCE.**—Sec-
15 tion 640(a)(2)(C) of the Head Start Act (42 U.S.C.
16 9835(a)(2)(C)) is amended by striking “2 percent” and
17 inserting “3 percent”.

18 (b) **PROGRAMS FOR FAMILIES WITH INFANTS AND**
19 **TODDLERS.**—Section 640(a)(6) of the Head Start Act (42
20 U.S.C. 9835(a)(6)) is amended—

21 (1) by striking “1997, and” and inserting
22 “1997,”, and

23 (2) by inserting after “1998,” the following: “,
24 6 percent for fiscal year 1999, 7 percent for fiscal
25 year 2000, 8 percent for fiscal year 2001, and 9 per-
26 cent for fiscal year 2002”.

1 **SEC. 403. EFFECTIVE DATE.**

2 This title and the amendments made by this title
3 shall take effect on October 1, 1997.

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