

105TH CONGRESS  
2D SESSION

# H. R. 4030

To make child care more affordable for working families and for stay-at-home parents with children under the age of 4, to double the number of children receiving child care assistance, to provide for after-school care, and to improve child care safety and quality and enhance early childhood development.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1998

Mrs. KENNELLY of Connecticut (for herself, Mrs. TAUSCHER, Mr. FAZIO of California, Mr. GEPHARDT, Ms. DELAURO, Mr. LEVIN, Mr. WEYGAND, Ms. LOFGREN, Mr. DOGGETT, Mrs. CLAYTON, Mr. MCDERMOTT, Mr. ABERCROMBIE, Ms. SLAUGHTER, Ms. WOOLSEY, Mr. HOYER, Mrs. MALONEY of New York, Mrs. LOWEY, Mr. ALLEN, Ms. CARSON, Ms. STABENOW, Mr. MANTON, Mr. MORAN of Virginia, Ms. JACKSON-LEE of Texas, Mr. ACKERMAN, Mr. ANDREWS, Mr. BALDACCI, Mr. BARRETT of Wisconsin, Mr. BECERRA, Mr. BENTSEN, Mr. BLUMENAUER, Mr. BONIOR, Mr. BORSKI, Mr. BOSWELL, Mr. BOUCHER, Mr. BRADY of Pennsylvania, Ms. BROWN of Florida, Mr. BROWN of California, Mr. BROWN of Ohio, Mrs. CAPPS, Ms. CHRISTIAN-GREEN, Mr. CLAY, Mr. CLEMENT, Mr. CONYERS, Mr. COSTELLO, Mr. CUMMINGS, Mr. DAVIS of Illinois, Ms. DEGETTE, Mr. DELAHUNT, Mr. DICKS, Mr. DINGELL, Mr. ENGEL, Mr. EVANS, Mr. FALEOMAVAEGA, Mr. FARR of California, Mr. FATTAH, Mr. FILNER, Mr. FORD, Mr. FROST, Ms. FURSE, Mr. GEJDENSON, Mr. GORDON, Ms. HARMAN, Mr. HASTINGS of Florida, Mr. HEFNER, Mr. HINCHEY, Mr. HINOJOSA, Mr. HOLDEN, Ms. HOOLEY of Oregon, Mr. JEFFERSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. KANJORSKI, Ms. KAPTUR, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of Rhode Island, Ms. KILPATRICK, Mr. LAMPSON, Mr. LANTOS, Mr. LEE, Mr. LEWIS of Georgia, Mr. MARTINEZ, Mr. MATSUI, Mrs. MCCARTHY of New York, Ms. MCCARTHY of Missouri, Mr. MCGOVERN, Mr. McNULTY, Mrs. MEEK of Florida, Mr. MEEKS of New York, Ms. MILLENDER-McDONALD, Mr. MILLER of California, Mrs. MINK of Hawaii, Mr. MOAKLEY, Mr. NADLER, Mr. NEAL of Massachusetts, Ms. NORTON, Mr. OBERSTAR, Mr. OLVER, Mr. PALLONE, Mr. PAYNE, Ms. PELOSI, Mr. POSHARD, Mr. PRICE of North Carolina, Mr. RAHALL, Mr. RODRIGUEZ, Mr. ROMERO-BARCELÓ, Mr. SABO, Ms. SANCHEZ, Mr. SANDLIN, Mr. SAWYER, Mr. SCHUMER, Mr. SCOTT, Mr. SERRANO, Mr. SHERMAN, Mr. SNYDER, Mr. STARK, Mr. STOKES, Mrs. THURMAN, Mr.

TORRES, Mr. UNDERWOOD, Ms. VELÁZQUEZ, Mr. VENTO, Ms. WATERS, Mr. WAXMAN, Mr. WEXLER, Mr. WYNN, and Mr. YATES) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, Banking and Financial Services, and the Judiciary, 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

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## A BILL

To make child care more affordable for working families and for stay-at-home parents with children under the age of 4, to double the number of children receiving child care assistance, to provide for after-school care, and to improve child care safety and quality and enhance early childhood development.

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 “Affordable and Quality  
 5 Child Care Act of 1998”.

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

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

- Sec. 1. Short title.
- Sec. 2. Table of contents.

### TITLE I—FUNDING FOR CHILD CARE

- Sec. 101. Child care subsidy funding.

### TITLE II—DEPENDENT CARE TAX CREDIT REFORM

- Sec. 201. Increase in dependent care tax credit; equivalent benefit where one parent stays at home to provide child care for child under age 4.
- Sec. 202. Allowance of credit for employer expenses for child care assistance.
- Sec. 203. Dependent care credit allowed against the alternative minimum tax.

TITLE III—GRANTS TO BUSINESS CONSORTIA

Subtitle A—Grant Program

- Sec. 301. Authority to make grants.
- Sec. 302. Application.
- Sec. 303. Use of amounts.
- Sec. 304. Requirement of matching funds.

Subtitle B—General Provisions

- Sec. 351. Definitions.
- Sec. 352. Authorization of appropriations.

TITLE IV—AFTER SCHOOL PROGRAM

Subtitle A—21st Century Community Learning Centers

- Sec. 401. Program authorization.
- Sec. 402. Applications.
- Sec. 403. Uses of funds.
- Sec. 404. Definition.
- Sec. 405. Continuation awards under current statute.
- Sec. 406. Effective date.

Subtitle B—After School Snacks

- Sec. 411. Child and Adult Care Food Program; meal supplements for children in afterschool care.

Subtitle C—After-School Prevention Programs

- Sec. 421. Authorized activities.

TITLE V—MODEL STATES EARLY LEARNING PROGRAM

- Sec. 501. Model States early learning program.

TITLE VI—STANDARDS ENFORCEMENT PROGRAM

- Sec. 601. Child care standards enforcement program.

TITLE VII—CHILD CARE PROVIDER SCHOLARSHIP PROGRAM

- Sec. 701. National child care provider scholarship program.

TITLE VIII—RESEARCH AND DEMONSTRATION PROGRAM

- Sec. 801. Research and demonstrations.

TITLE IX—MISCELLANEOUS

Subtitle A—Child and Adult Food Program

- Sec. 901. Revision of reimbursement rates for family or group day care homes under the child and adult care food program under the National School Lunch Act.

Subtitle B—Mortgage Insurance for Child Care and Development Facilities

- Sec. 951. Short title.

Sec. 952. Congressional findings.

Sec. 953. Insurance for mortgages on new and rehabilitated child care and development facilities.

Sec. 954. Insurance for mortgages for acquisition or refinancing debt of existing child care and development facilities.

Sec. 955. Children's Development Commission.

Sec. 956. Study of availability of secondary markets for mortgages on child care facilities.

Subtitle C—Sense of the Congress

Sec. 971. Sense of the Congress.

1     **TITLE I—FUNDING FOR CHILD**  
 2                                     **CARE**

3     **SEC. 101. CHILD CARE SUBSIDY FUNDING.**

4             (a) APPROPRIATION; ALLOCATION.—Section 418 of  
 5 the Social Security Act (42 U.S.C. 618) is amended—

6                     (1) by redesignating subsections (b), (c), and

7                     (d) as subsections (d), (e), and (f), respectively; and

8                     (2) by inserting after subsection (a) the follow-  
 9 ing:

10           “(b) CHILD CARE SUBSIDY FUNDING.—

11                     “(1) APPROPRIATION.—Out of any money in  
 12 the Treasury of the United States not otherwise ap-  
 13 propriated, there are appropriated to carry out this  
 14 subsection—

15                             “(A) \$1,155,000,000 for fiscal year 1999;

16                             “(B) \$1,280,000,000 for fiscal year 2000;

17                             “(C) \$1,400,000,000 for fiscal year 2001;

18                             “(D) \$1,600,000,000 for fiscal year 2002;

19                     and

20                             “(E) \$2,065,000,000 for fiscal year 2003.

1           “(2) RESERVATION AND ALLOTMENT OF  
2 FUNDS.—

3           “(A) AMONG INDIAN TRIBES.—The Sec-  
4 retary shall reserve 2 percent of the total  
5 amount appropriated pursuant to paragraph (1)  
6 of this subsection for any fiscal year for pay-  
7 ments to Indian tribes. From the amount so re-  
8 served for a fiscal year, the Secretary shall allot  
9 to an Indian tribe for the fiscal year an amount  
10 that bears the same proportion to the amount  
11 so reserved as the proportion of funds provided  
12 to the Indian tribe under section 6580(c) of the  
13 CCDBG Act for the fiscal year bears to the  
14 total amount paid to all Indian tribes under  
15 such section for the fiscal year.

16           “(B) QUALITY ASSURANCE AND QUALITY  
17 IMPROVEMENT ACTIVITIES.—From all amounts  
18 appropriated pursuant to paragraph (1) of this  
19 subsection, the Secretary shall reserve an aggre-  
20 gate of \$1,000,000, which shall be available  
21 only for quality assurance and quality improve-  
22 ment activities relating to programs under the  
23 CCDBG Act.

24           “(C) AMONG THE STATES AND TERRI-  
25 TORIES.—The Secretary shall allot the total

1 amount appropriated pursuant to paragraph (1)  
2 of this subsection for a fiscal year that remains  
3 after applying subparagraphs (A) and (B) of  
4 this paragraph for the fiscal year, among the  
5 States and the territories pursuant to the for-  
6 mula specified in section 403(n) (as such sec-  
7 tion was in effect before August 22, 1996),  
8 without regard to any limitation imposed by  
9 section 1108.

10 “(3) MATCHING PAYMENTS TO STATES AND  
11 TERRITORIES.—

12 “(A) IN GENERAL.—Notwithstanding sec-  
13 tion 1108, the Secretary shall pay to each State  
14 and territory for a fiscal year an amount equal  
15 to the lesser of—

16 “(i) the amount allotted to the State  
17 or territory for the fiscal year under para-  
18 graph (2)(C) of this subsection; or

19 “(ii) 80 percent of expenditures by the  
20 State or territory during the fiscal year—

21 “(I) that are for any purpose au-  
22 thorized under the approved plan of  
23 the State or territory under the  
24 CCDBG Act;

1                   “(II) that, in the case of a State,  
2                   are in excess of expenditures nec-  
3                   essary to secure payment of the full  
4                   amount of the State’s allotment (if  
5                   any) under subsection (a)(2) of this  
6                   section (determined without regard to  
7                   subparagraph (D) thereof); and

8                   “(III) for which Federal match-  
9                   ing payments or reimbursements are  
10                  not otherwise authorized to be made.

11                  “(B)           REDISTRIBUTION.—Subsection  
12                  (a)(2)(D) shall apply to amounts allotted to  
13                  States under this subsection.

14                  “(4) PAYMENTS TO INDIAN TRIBES.—The Sec-  
15                  retary shall pay to an Indian tribe for a fiscal year  
16                  an amount equal to the lesser of—

17                  “(A) the amount allotted to the Indian  
18                  tribe under paragraph (2)(A) of this subsection  
19                  for the fiscal year; or

20                  “(B) the total amount of expenditures by  
21                  the Indian tribe during the fiscal year for pur-  
22                  poses authorized under the CCDBG Act for  
23                  which Federal payments are not otherwise au-  
24                  thorized to be made.

25                  “(5) TARGETING OF FUNDS.—

1           “(A) CHILD CARE ASSISTANCE FOR WORK-  
2           ING NON-WELFARE FAMILIES.—A State or ter-  
3           ritory to which amounts are provided under this  
4           subsection shall use not less than 70 percent of  
5           the amounts for child care assistance to work-  
6           ing families who are not recipients of assistance  
7           under the State or territory program funded  
8           under section 403(a)(1).

9           “(B) CHILD CARE ASSISTANCE FOR YOUNG  
10           CHILDREN.—A State or territory to which  
11           amounts are provided under this subsection  
12           shall use not less than 40 percent of the  
13           amounts for child care assistance for children  
14           who have not attained 4 years of age.”.

15           (b) INCLUSION OF TERRITORIES IN DEFINITIONS.—  
16           Section 418(f) of such Act, as so redesignated by sub-  
17           section (a)(1) of this section, is amended to read as fol-  
18           lows:

19           “(f) DEFINITIONS.—In this section:

20           “(1) CCDBG ACT.—The term ‘CCDBG Act’  
21           means the Child Care and Development Block Grant  
22           Act of 1990 (42 U.S.C. 9801 et seq.).

23           “(2) STATE.—The term ‘State’ means each of  
24           the 50 States, the District of Columbia, and (except



1 for purposes of subsection (a)) the Commonwealth of  
 2 Puerto Rico.

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

7 (c) CONFORMING AMENDMENTS.—

8 (1) Section 418(a)(3) of such Act (42 U.S.C.  
 9 618(a)(3)) is amended by striking “section” and in-  
 10 sserting “subsection”.

11 (2) Section 418(c) of such Act, as so redesign-  
 12 nated by subsection (a)(1) of this section, is amend-  
 13 ed in paragraphs (1) and (2) by striking “under this  
 14 section” each place it appears and inserting “under  
 15 subsection (a)”.

## 16 **TITLE II—DEPENDENT CARE TAX** 17 **CREDIT REFORM**

### 18 **SEC. 201. INCREASE IN DEPENDENT CARE TAX CREDIT;** 19 **EQUIVALENT BENEFIT WHERE ONE PARENT** 20 **STAYS AT HOME TO PROVIDE CHILD CARE** 21 **FOR CHILD UNDER AGE 4.**

22 (a) IN GENERAL.—Paragraph (2) of section 21(a) of  
 23 the Internal Revenue Code of 1986 (relating to expenses  
 24 for household and dependent care services necessary for  
 25 gainful employment) is amended to read as follows:

1           “(2) APPLICABLE PERCENTAGE DEFINED.—For  
2 purposes of paragraph (1), the term ‘applicable per-  
3 centage’ means 50 percent reduced (but not below  
4 20 percent) by 1 percentage point for each \$1,000  
5 (or fraction thereof) by which the taxpayer’s ad-  
6 justed gross income for the taxable year exceeds  
7 \$30,000.”

8           (b) EQUIVALENT OF INCREASED BENEFIT WHERE  
9 PARENT STAYS AT HOME TO PROVIDE CHILD CARE FOR  
10 CHILD UNDER AGE 4.—

11           (1) IN GENERAL.—Section 24 of such Code (re-  
12 lating to child tax credit) is amended by redesignat-  
13 ing subsections (e) and (f) as subsections (f) and  
14 (g), respectively, and by inserting after subsection  
15 (e) the following new subsection:

16           “(f) ADDITIONAL CREDIT IF TAXPAYER HAS QUALI-  
17 FYING CHILD UNDER AGE 4.—

18           “(1) IN GENERAL.—If any qualifying child of  
19 the taxpayer is a young child, the credit allowed by  
20 subsection (a) shall be increased by the increased de-  
21 pendent care credit equivalent amount.

22           “(2) INCREASED DEPENDENT CARE CREDIT  
23 EQUIVALENT AMOUNT.—For purposes of paragraph  
24 (1), the term ‘increased dependent care credit equiv-  
25 alent amount’ means, with respect to any taxable

1 year beginning in a calendar year, an amount equal  
2 to—

3 “(A) the amount estimated by the Sec-  
4 retary (for taxable years beginning in the pre-  
5 ceeding calendar year) as being equal to the av-  
6 erage employment-related expenses which are  
7 taken into account under section 21(a) by tax-  
8 payers who have only one qualifying individual  
9 and that qualifying individual is a young child,  
10 multiplied by

11 “(B) the percentage equal to the excess (if  
12 any) of—

13 “(i) the percentage applicable to the  
14 taxpayer under section 21(a)(2), over

15 “(ii) the percentage which would be  
16 applicable to the taxpayer under section  
17 21(a)(2) as in effect on the day before the  
18 date of the enactment of this paragraph.

19 “(3) YOUNG CHILD.—For purposes of this sub-  
20 section, the term ‘young child’ means any individual  
21 who has not attained the age of 4 as of the close of  
22 the calendar year in which the taxable year of the  
23 taxpayer begins.

24 “(4) COORDINATION WITH DEPENDENT CARE  
25 CREDIT.—Credit shall be allowed under this sub-

1 section to a taxpayer for a taxable year only if the  
2 taxpayer elects not to have section 21 apply for such  
3 year.”

4 (2) CONFORMING AMENDMENT.—Subparagraph  
5 (I) of section 6213(g)(2) of such Code is amended  
6 by striking “section 24(e)” and inserting “section  
7 24(f)”.

8 (c) INFLATION ADJUSTMENT OF DOLLAR  
9 AMOUNTS.—

10 (1) Section 21 of such Code is amended by add-  
11 ing at the end the following new subsection:

12 “(c) INFLATION ADJUSTMENT.—In the case of any  
13 taxable year beginning in a calendar year after 1999, the  
14 \$30,000 amount contained in subsection (a) and the  
15 \$2,400 amount in subsection (c) shall be increased by an  
16 amount equal to—

17 “(1) such dollar amount, multiplied by

18 “(2) the cost-of-living adjustment determined  
19 under section 1(f)(3) for such calendar year by sub-  
20 stituting ‘calendar year 1998’ for ‘calendar year  
21 1992’ in subparagraph (B) thereof.

22 If the increase determined under the preceding sentence  
23 is not a multiple of \$50, such amount shall be rounded  
24 to the next lowest multiple of \$50.”

1           (2) Paragraph (2) of section 21(c) of such Code  
2 is amended by striking “\$4,800” and inserting  
3 “twice the dollar amount applicable under paragraph  
4 (1)”.

5           (3) Paragraph (2) of section 21(d) of such Code  
6 is amended by striking “less than—” and all that  
7 follows through the end of the first sentence and in-  
8 serting “less than  $\frac{1}{12}$  of the amount which applies  
9 under subsection (c) to the taxpayer for the taxable  
10 year.”

11          (d) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1998.

14 **SEC. 202. ALLOWANCE OF CREDIT FOR EMPLOYER EX-**  
15 **PENSES FOR CHILD CARE ASSISTANCE.**

16          (a) IN GENERAL.—Subpart D of part IV of sub-  
17 chapter A of chapter 1 of the Internal Revenue Code of  
18 1986 (relating to business related credits) is amended by  
19 adding at the end the following new section:

20 **“SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.**

21          “(a) IN GENERAL.—For purposes of section 38, the  
22 employer-provided child care credit determined under this  
23 section for the taxable year is an amount equal to 25 per-  
24 cent of the qualified child care expenditures of the tax-  
25 payer for such taxable year.

1       “(b) DOLLAR LIMITATION.—The credit allowable  
2 under subsection (a) for any taxable year shall not exceed  
3 \$150,000.

4       “(c) DEFINITIONS.—For purposes of this section—

5           “(1) QUALIFIED CHILD CARE EXPENDITURE.—

6       The term ‘qualified child care expenditure’ means  
7 any amount paid or incurred—

8           “(A) to acquire, construct, rehabilitate, or  
9       expand property—

10           “(i) which is to be used as part of a  
11       qualified child care facility of the taxpayer,

12           “(ii) with respect to which a deduction  
13       for depreciation (or amortization in lieu of  
14       depreciation) is allowable, and

15           “(iii) which does not constitute part of  
16       the principal residence (within the meaning  
17       of section 121) of the taxpayer or any em-  
18       ployee of the taxpayer,

19           “(B) for the operating costs of a qualified  
20       child care facility of the taxpayer, including  
21       costs related to the training of employees, to  
22       scholarship programs, and to the providing of  
23       increased compensation to employees with high-  
24       er levels of child care training,

1           “(C) under a contract with a qualified  
2 child care facility to provide child care services  
3 to employees of the taxpayer,

4           “(D) under a contract to provide child care  
5 resource and referral services to employees of  
6 the taxpayer, or

7           “(E) for the costs of seeking accreditation  
8 from a child care credentialing or accreditation  
9 entity.

10           “(2) QUALIFIED CHILD CARE FACILITY.—

11           “(A) IN GENERAL.—The term ‘qualified  
12 child care facility’ means a facility—

13                   “(i) the principal use of which is to  
14 provide child care assistance, and

15                   “(ii) which meets the requirements of  
16 all applicable laws and regulations of the  
17 State or local government in which it is lo-  
18 cated, including, but not limited to, the li-  
19 censing of the facility as a child care  
20 facility.

21           Clause (i) shall not apply to a facility which is  
22 the principal residence (within the meaning of  
23 section 121) of the operator of the facility.

24           “(B) SPECIAL RULES WITH RESPECT TO A  
25 TAXPAYER.—A facility shall not be treated as a

1 qualified child care facility with respect to a  
2 taxpayer unless—

3 “(i) enrollment in the facility is open  
4 to employees of the taxpayer during the  
5 taxable year,

6 “(ii) services available at such facility  
7 do not discriminate in favor of employees  
8 of the taxpayer who are highly com-  
9 pensated employees (within the meaning of  
10 section 414(q)), and

11 “(iii) in the case of a facility which is  
12 owned or operated by the taxpayer, at least  
13 30 percent of the enrollees of such facility  
14 are dependents of employees of the tax-  
15 payer.

16 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-  
17 TION CREDIT.—

18 “(1) IN GENERAL.—If, as of the close of any  
19 taxable year, there is a recapture event with respect  
20 to any qualified child care facility of the taxpayer,  
21 then the tax of the taxpayer under this chapter for  
22 such taxable year shall be increased by an amount  
23 equal to the product of—

24 “(A) the applicable recapture percentage,  
25 and



1           “(B) the aggregate decrease in the credits  
 2           allowed under section 38 for all prior taxable  
 3           years which would have resulted if the qualified  
 4           child care expenditures of the taxpayer de-  
 5           scribed in subsection (c)(1)(A) with respect to  
 6           such facility had been zero.

7           “(2) APPLICABLE RECAPTURE PERCENTAGE.—

8           “(A) IN GENERAL.—For purposes of this  
 9           subsection, the applicable recapture percentage  
 10          shall be determined from the following table:

<b>“If the recapture event occurs in:</b>	<b>The applicable recapture percentage is:</b>
Years 1–3 .....	100
Year 4 .....	85
Year 5 .....	70
Year 6 .....	55
Year 7 .....	40
Year 8 .....	25
Years 9 and 10 .....	10
Years 11 and thereafter .....	0.

11           “(B) YEARS.—For purposes of subpara-  
 12           graph (A), year 1 shall begin on the first day  
 13           of the taxable year in which the qualified child  
 14           care facility is placed in service by the taxpayer.

15           “(3) RECAPTURE EVENT DEFINED.—For pur-  
 16           poses of this subsection, the term ‘recapture event’  
 17           means—

18           “(A) CESSATION OF OPERATION.—The  
 19           cessation of the operation of the facility as a  
 20           qualified child care facility.

1 “(B) CHANGE IN OWNERSHIP.—

2 “(i) IN GENERAL.—Except as pro-  
3 vided in clause (ii), the disposition of a  
4 taxpayer’s interest in a qualified child care  
5 facility with respect to which the credit de-  
6 scribed in subsection (a) was allowable.

7 “(ii) AGREEMENT TO ASSUME RECAP-  
8 TURE LIABILITY.—Clause (i) shall not  
9 apply if the person acquiring such interest  
10 in the facility agrees in writing to assume  
11 the recapture liability of the person dispos-  
12 ing of such interest in effect immediately  
13 before such disposition. In the event of  
14 such an assumption, the person acquiring  
15 the interest in the facility shall be treated  
16 as the taxpayer for purposes of assessing  
17 any recapture liability (computed as if  
18 there had been no change in ownership).

19 “(4) SPECIAL RULES.—

20 “(A) TAX BENEFIT RULE.—The tax for  
21 the taxable year shall be increased under para-  
22 graph (1) only with respect to credits allowed  
23 by reason of this section which were used to re-  
24 duce tax liability. In the case of credits not so  
25 used to reduce tax liability, the carryforwards

1 and carrybacks under section 39 shall be appro-  
2 priately adjusted.

3 “(B) NO CREDITS AGAINST TAX.—Any in-  
4 crease in tax under this subsection shall not be  
5 treated as a tax imposed by this chapter for  
6 purposes of determining the amount of any  
7 credit under subpart A, B, or D of this part.

8 “(C) NO RECAPTURE BY REASON OF CAS-  
9 UALTY LOSS.—The increase in tax under this  
10 subsection shall not apply to a cessation of op-  
11 eration of the facility as a qualified child care  
12 facility by reason of a casualty loss to the ex-  
13 tent such loss is restored by reconstruction or  
14 replacement within a reasonable period estab-  
15 lished by the Secretary.

16 “(e) SPECIAL RULES.—For purposes of this  
17 section—

18 “(1) AGGREGATION RULES.—All persons which  
19 are treated as a single employer under subsections  
20 (a) and (b) of section 52 shall be treated as a single  
21 taxpayer.

22 “(2) PASS-THRU IN THE CASE OF ESTATES AND  
23 TRUSTS.—Under regulations prescribed by the Sec-  
24 retary, rules similar to the rules of subsection (d) of  
25 section 52 shall apply.

1           “(3) PARTNERSHIPS.—In the case of partner-  
2           ships, the credit under this section shall be deter-  
3           mined at the partnership level and allocated among  
4           the partners under regulations prescribed by the  
5           Secretary; except that—

6                   “(A) subsection (b) shall be applied at the  
7                   partner level, and

8                   “(B) the employees of the partnership and  
9                   of each partner shall be treated as employees of  
10                  the taxpayer for purposes of applying sub-  
11                  section (c)(2)(B)(iii).

12          “(f) NO DOUBLE BENEFIT.—

13                  “(1) REDUCTION IN BASIS.—For purposes of  
14                  this subtitle—

15                   “(A) IN GENERAL.—If a credit is deter-  
16                   mined under this section with respect to any  
17                   property by reason of expenditures described in  
18                   subsection (c)(1)(A), the basis of such property  
19                   shall be reduced by the amount of the credit so  
20                   determined.

21                   “(B) CERTAIN DISPOSITIONS.—If during  
22                   any taxable year there is a recapture amount  
23                   determined with respect to any property the  
24                   basis of which was reduced under subparagraph  
25                   (A), the basis of such property (immediately be-

1 fore the event resulting in such recapture) shall  
2 be increased by an amount equal to such recap-  
3 ture amount. For purposes of the preceding  
4 sentence, the term ‘recapture amount’ means  
5 any increase in tax (or adjustment in  
6 carrybacks or carryovers) determined under  
7 subsection (d).

8 “(2) OTHER DEDUCTIONS AND CREDITS.—No  
9 deduction or credit shall be allowed under any other  
10 provision of this chapter with respect to the amount  
11 of the credit determined under this section.”

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 38(b) of such Code is amended—

14 (A) by striking “plus” at the end of para-  
15 graph (11),

16 (B) by striking the period at the end of  
17 paragraph (12), and inserting a comma and  
18 “plus”, and

19 (C) by adding at the end the following new  
20 paragraph:

21 “(13) the employer-provided child care credit  
22 determined under section 45D.”.

23 (2) Subsection (d) of section 39 of such Code  
24 (relating to carryback and carryforward of unused

1 credits) is amended by adding at the end the follow-  
2 ing new paragraph:

3 “(9) NO CARRYBACK OF SECTION 45D CREDIT  
4 BEFORE JANUARY 1, 1999.—No portion of the un-  
5 used business credit for any taxable year which is  
6 attributable to the credit determined under section  
7 45D may be carried back to a taxable year begin-  
8 ning before January 1, 1999.”.

9 (3) The table of sections for subpart D of part  
10 IV of subchapter A of chapter 1 of such Code is  
11 amended by adding at the end the following new  
12 item:

“Sec. 45D. Employer-provided child care credit.”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 1998.

16 **SEC. 203. DEPENDENT CARE CREDIT ALLOWED AGAINST**  
17 **THE ALTERNATIVE MINIMUM TAX.**

18 (a) IN GENERAL.—Subsection (a) of section 26 of the  
19 Internal Revenue Code of 1986 is amended by inserting  
20 “(other than the credit allowed by section 21)” after  
21 “credits allowed by this subpart”.

22 (b) CONFORMING AMENDMENT.—Section 21 of such  
23 Code is amended by adding at the end the following new  
24 subsection:

1 “(f) LIMITATION BASED ON AMOUNT OF TAX.—The  
2 aggregate credit allowed by this section for the taxable  
3 year shall not exceed the sum of—

4 “(1) the taxpayer’s regular tax liability for the  
5 taxable year reduced by the sum of the credits al-  
6 lowed by this subpart other than this section, plus

7 “(2) the tax imposed by section 55 for such  
8 taxable year.”

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 1998.

## 12 **TITLE III—GRANTS TO BUSINESS** 13 **CONSORTIA**

### 14 **Subtitle A—Grant Program**

#### 15 **SEC. 301. AUTHORITY TO MAKE GRANTS.**

16 (a) IN GENERAL.—The Secretary shall make grants  
17 to States to be used to provide grants to eligible entities  
18 described in subsection (b) to assist such entities to im-  
19 prove access to affordable, local, quality child care serv-  
20 ices.

21 (b) ELIGIBLE ENTITIES DESCRIBED.—

22 (1) IN GENERAL.—An eligible entity described  
23 in this subsection is a consortium that—

24 (A) shall consist of representatives from  
25 not fewer than 5 businesses (or a nonprofit or-

1 organization that represents not fewer than 5  
2 businesses); and

3 (B) has not received a grant under this  
4 title.

5 (2) **ADDITIONAL REQUIREMENT.**—To the maxi-  
6 mum extent practicable, each business or organiza-  
7 tion that forms an eligible entity under paragraph  
8 (1) shall be located in the same geographical region  
9 of the United States.

10 (c) **PRIORITY FOR SMALL BUSINESSES.**—In provid-  
11 ing grants under subsection (a), a State shall give priority  
12 to eligible entities that consist of a majority of representa-  
13 tives from small businesses.

14 (d) **MAXIMUM AMOUNT OF GRANT.**—The amount of  
15 a grant provided to an eligible entity under subsection (a)  
16 may not exceed \$50,000 for any fiscal year.

17 **SEC. 302. APPLICATION.**

18 The Secretary may not provide a grant under section  
19 301 to an eligible entity unless such entity submits to the  
20 Secretary an application that contains—

21 (1) a proposal to use such grant to provide  
22 quality child care services; and

23 (2) such information as the Secretary may rea-  
24 sonably require by rule.



1 **SEC. 303. USE OF AMOUNTS.**

2 (a) IN GENERAL.—The Secretary may not provide a  
3 grant under section 301 to an eligible entity unless such  
4 entity agrees to use such grant to initiate a quality, afford-  
5 able, local child care program that carries out the proposal  
6 included in the application submitted under section 302  
7 by such entity.

8 (b) CONDUCT OF PROGRAM.—In carrying out the  
9 program described in subsection (a), the eligible entity  
10 may—

11 (1) establish a board of directors to oversee the  
12 program; and

13 (2) provide child care services on a sliding fee  
14 scale that provides for cost sharing by the families  
15 of the children who receive such services.

16 (c) ADMINISTRATIVE COSTS.—The eligible entity  
17 may use not more than 15 percent of the amount of a  
18 grant to pay for administrative costs associated with the  
19 program described in subsection (a).

20 **SEC. 304. REQUIREMENT OF MATCHING FUNDS.**

21 The Secretary may not provide a grant under section  
22 301 to an eligible entity unless such entity agrees that—

23 (1) it will make available non-Federal contribu-  
24 tions toward the costs of carrying out a program  
25 under section 303 in an amount that is not less than

1       \$1 for each \$1 of Federal funds provided under a  
2       grant under section 301; and

3               (2) of such non-Federal contributions, not less  
4       than \$1 of each such \$2 shall be from businesses  
5       participating in the eligible entity.

## 6       **Subtitle B—General Provisions**

### 7       **SEC. 351. DEFINITIONS.**

8       For purposes of this title:

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

11              (2) STATE.—The term “State” has the mean-  
12       ing given such term in section 658P of the of the  
13       Child Care and Development Block Grant Act of  
14       1990 (42 U.S.C. 9858n).

### 15       **SEC. 352. AUTHORIZATION OF APPROPRIATIONS.**

16       There is authorized to be appropriated \$75,000,000  
17       for each of the fiscal years 1999, 2000, 2001, 2002, and  
18       2003 to carry out this title.

1           **TITLE IV—AFTER SCHOOL**  
2                           **PROGRAM**  
3                           **Subtitle A—21st Century**  
4           **Community Learning Centers**

5   **SEC. 401. PROGRAM AUTHORIZATION.**

6           Section 10903 of the 21st Century Community  
7   Learning Centers Act (referred to in this subtitle as “the  
8   Act”) is amended—

9                   (1) subsection (a)—

10                           (A) by inserting “(1) GRANTS TO LEAS.”  
11                   after “SECRETARY.—”;

12                           (B) in paragraph (1), as so designated—

13                                   (i) by striking “rural and inner-city”  
14                                   and all that follows through “or to” and  
15                                   inserting the following: “local educational  
16                                   agencies, on behalf of public elementary or  
17                                   secondary schools, including middle  
18                                   schools, that serve communities with a sub-  
19                                   stantial need for expanded learning oppor-  
20                                   tunities, to enable them to establish or”;  
21                                   and

22                                   (ii) by striking “a rural or inner-city  
23                                   community” and inserting “those commu-  
24                                   nities”; and

1 (C) by adding after paragraph (1), as re-  
2 designated, a new paragraph (2) to read as fol-  
3 lows:

4 “(2) GRANTS TO CBOS.—The Secretary may re-  
5 serve not more than 10 percent of the funds appro-  
6 priated to carry out this part for any fiscal year to  
7 make grants to community-based organizations to  
8 carry out projects, consistent with the purpose of  
9 this part, with the concurrence of the local edu-  
10 cational agencies in their respective communities.”;

11 (2) in subsection (b)—

12 (A) by striking “States, among” and in-  
13 serting “States and among”; and

14 (B) by striking “United States,” and all  
15 that follows through “a State” and inserting  
16 “United States”; and

17 (3) in subsection (c), by striking “3” and in-  
18 serting “5”.

19 **SEC. 402. APPLICATIONS.**

20 Section 10904(a) of the Act is amended—

21 (1) in the first sentence, by striking “an ele-  
22 mentary or secondary school or consortium” and in-  
23 serting “a local educational agency, on behalf of one  
24 or more elementary or secondary schools,”;

1           (2) in paragraph (1), by striking “or consor-  
2           tium”;

3           (3) in paragraph (2), by striking “and” after  
4           the semicolon;

5           (4) in paragraph (3)—

6                 (A) in subparagraph (D), by striking “or  
7                 consortium”; and

8                 (B) in subparagraph (E)—

9                         (i) by striking “or consortium”; and

10                        (ii) in clause (ii), by striking the pe-  
11                        riod at the end and inserting a semicolon;

12                        and

13           (5) by adding at the end the following:

14                 “(4) information demonstrating that the appli-  
15                 cant will—

16                         “(A) provide not less than  $\frac{1}{2}$  the annual  
17                         cost of project activities from sources other  
18                         than funds under this part, which may be pro-  
19                         vided in cash or in kind, fairly evaluated, pro-  
20                         vided that not more than 50 percent of the ap-  
21                         plicant’s contribution may come from funds  
22                         provided by the Secretary under other programs  
23                         that permit the use of those funds for those ac-  
24                         tivities, if the applicant determines, in good

1 faith, that it cannot otherwise meet the require-  
2 ment of this subparagraph; and

3 “(B) in the 4th and 5th years of its  
4 project, increase the percentage of the project’s  
5 cost that is paid for by funds other than those  
6 received under this part; and

7 “(5) an assurance that the applicant will, in  
8 each year of the project, maintain its fiscal effort,  
9 from non-Federal sources, from the preceding fiscal  
10 year for the services it provides with its grant under  
11 this part.”.

12 **SEC. 403. USES OF FUNDS.**

13 Section 10905 of the Act is amended by striking  
14 “may be used” and all that follows through “four” and  
15 inserting the following: “shall be used to establish or ex-  
16 pand community learning centers that provide activities  
17 that offer significant expanded learning opportunities,  
18 such as before and after school, for children and youth  
19 in the community and that also may include any”.

20 **SEC. 404. DEFINITION.**

21 Section 10906(1) of the Act is amended to read as  
22 follows:

23 “(1) provides extended learning services and  
24 that may provide services that address other health,

1 social services, cultural, and recreational needs of  
2 the community; and;”.

3 **SEC. 405. CONTINUATION AWARDS UNDER CURRENT STAT-**  
4 **UTE.**

5 The Act is further amended—

6 (1) in section 10907, by striking “appro-  
7 priated” and all that follows to the end and insert-  
8 ing the following: “appropriated \$200,000,000 for  
9 each of fiscal years 1999 through 2003.”; and

10 (2) by adding after section 10907 a new section  
11 10908 to read as follows:

12 **“SEC. 10908. CONTINUATION AWARDS.**

13 “Notwithstanding any other provision of law, the Sec-  
14 retary may use funds appropriated under this part to  
15 make continuation awards for projects that were funded  
16 under this part with fiscal year 1998 funds, under the  
17 terms and conditions that applied to the original awards  
18 for those projects.”.

19 **SEC. 406. EFFECTIVE DATE.**

20 This subtitle, and the amendments made by this sub-  
21 title, shall take effect on October 1, 1998.

1       **Subtitle B—After School Snacks**

2       **SEC. 411. CHILD AND ADULT CARE FOOD PROGRAM; MEAL**  
3                   **SUPPLEMENTS FOR CHILDREN IN AFTER-**  
4                   **SCHOOL CARE.**

5           (a) PARTICIPATION BY CERTAIN ADDITIONAL INSTI-  
6 TUTIONS UNDER THE CHILD AND ADULT CARE FOOD  
7 PROGRAM.—Section 17 of the National School Lunch Act  
8 (42 U.S.C. 1766) is amended by adding at the end the  
9 following:

10           “(q) PARTICIPATION BY CERTAIN ADDITIONAL IN-  
11 STITUTIONS UNDER THE PROGRAM.—

12                   “(1) IN GENERAL.—Subject to the conditions in  
13 this subsection, institutions that provide care to  
14 school children during after-school hours, weekends,  
15 or holidays during the regular school year may par-  
16 ticipate in the program authorized under this sec-  
17 tion. Unless otherwise specified in this subsection,  
18 all other provisions of this section shall apply to  
19 these institutions.

20                   “(2) ELIGIBLE CHILDREN.—Reimbursement  
21 may be provided under this subsection only for sup-  
22 plements served to children who are not more than  
23 18 years of age.

24                   “(3) SUPPLEMENT REIMBURSEMENT.—



1           “(A) LIMITATION.—Only supplements  
2 served to eligible school children during after-  
3 school hours, weekends, or holidays during the  
4 regular school year may be claimed for reim-  
5 bursement. Institutions may claim reimburse-  
6 ment for only one supplement per child per day.

7           “(B) RATE.—Eligible supplements shall be  
8 reimbursed at the rate for free supplements  
9 under subsection (c)(3).

10           “(C) NO CHARGE.—All supplements  
11 claimed for reimbursement shall be served with-  
12 out charge.”.

13           (b) CHANGES TO ELIGIBILITY REQUIREMENTS FOR  
14 MEAL SUPPLEMENTS FOR CHILDREN IN AFTERSCHOOL  
15 CARE.—Section 17A of such Act (42 U.S.C. 1766a) is  
16 amended—

17           (1) in subsection (a)(2)—

18           (A) in subparagraph (A), by adding “and”  
19 at the end;

20           (B) in subparagraph (B), by striking “;  
21 and” and inserting a period; and

22           (C) by striking subparagraph (C);

23           (2) by striking subsection (b); and

24           (3) by redesignating subsections (c) and (d) as  
25 subsections (b) and (c), respectively.

1                   **Subtitle C—After-School**  
2                   **Prevention Programs**

3 **SEC. 421. AUTHORIZED ACTIVITIES.**

4           The provisions of part R of title I of the Omnibus  
5 Crime Control and Safe Streets Act of 1968, as set forth  
6 in the amendment under section 302(a) of H.R. 3, as  
7 passed by the House on May 8, 1997, and in effect for  
8 purposes of title I (under the heading ‘Violent Crime Re-  
9 duction Programs, State and Local Law Enforcement As-  
10 sistance) of the Departments of Commerce, Justice, and  
11 State Appropriations Act, 1998 (Public Law 105–119),  
12 shall apply for purposes of such Appropriations Act as if  
13 the following amendments were made to such provisions:

14                   (1) In section 1801(b) by striking “amounts”  
15                   and inserting the following: “Fifty percent of the  
16                   amount”.

17                   (2) By adding at the end of section 1801 the  
18                   following:

19                   “(c) PREVENTION.—50 percent of the amount paid  
20 to a State, unit of local government, or an eligible unit  
21 under this part shall be used by the State, unit of local  
22 government, or eligible unit for the purpose of improving  
23 prevention programs in juvenile justice system. The pro-  
24 grams must include all of the following:

1           “(1) Operating after-school programs with high  
2           priority given to programs designed and operated by  
3           law enforcement personnel, such as police athletic  
4           leagues.

5           “(2) Targeting high-crime neighborhood and at-  
6           risk juveniles.

7           “(3) Providing educational or recreational ac-  
8           tivities designed to encourage law-abiding conduct,  
9           reduce the incidence of criminal activity, or teach ju-  
10          veniles alternatives to crime.

11          “(4) Coordinating with State or local juvenile  
12          crime control and juvenile offender accountability  
13          programs.”.

14          (3) In section 1807(4), by striking “section  
15          1801(b)” and inserting “subsections (b) and (c) of  
16          section 1801”.

## 17   **TITLE V—MODEL STATES EARLY** 18                   **LEARNING PROGRAM**

### 19   **SEC. 501. MODEL STATES EARLY LEARNING PROGRAM.**

20          (a) **FUNDING.**—Section 418 of the Social Security  
21   Act (42 U.S.C. 618), as amended by section 101 of this  
22   Act, is amended—

23                  (1) by redesignating subsections (c), (d), and  
24                  (e) as subsections (d), (e), and (f), respectively; and

1           (2) by inserting after subsection (b) the follow-  
2           ing:

3           “(c) APPROPRIATIONS FOR MODEL STATES EARLY  
4 LEARNING PROGRAM.—

5           “(1) APPROPRIATION.—Out of any money in  
6           the Treasury of the United States not otherwise ap-  
7           propriated, there are appropriated \$600,000,000 for  
8           each of fiscal years 1999 through 2003 for carrying  
9           out activities related to early learning programs in  
10          accordance with section 658T of the CCDBG Act.

11          “(2) RESERVATION AND ALLOTMENT OF  
12 FUNDS.—

13          “(A) INDIAN TRIBES.—The Secretary shall  
14          reserve 2 percent of the total amount appro-  
15          priated pursuant to paragraph (1) of this sub-  
16          section for each fiscal year for payments to In-  
17          dian tribes. From the amount so reserved for a  
18          fiscal year, the Secretary shall allot to an In-  
19          dian tribe for the fiscal year an amount that  
20          bears the same proportion to the amount so re-  
21          served as the proportion of funds provided to  
22          the Indian tribe under section 658O(c) of the  
23          CCDBG Act for the fiscal year bears to the  
24          total amount paid to all Indian tribes under  
25          such section for the fiscal year.

1           “(B) TERRITORIES.—The Secretary shall  
2 reserve ½ of 1 percent of the total amount ap-  
3 propriated pursuant to paragraph (1) of this  
4 subsection for any fiscal year for payments to  
5 the territories. From the amount so reserved  
6 for a fiscal year, the Secretary shall allot to a  
7 territory for the fiscal year an amount that  
8 bears the same ratio to the amount so reserved  
9 as the amount provided to the territory under  
10 the CCDBG Act for fiscal year 1997 bears to  
11 the total amount provided to all territories  
12 under such Act for fiscal year 1997.

13           “(C) TECHNICAL ASSISTANCE FOR, AND  
14 EVALUATION OF, EARLY LEARNING PRO-  
15 GRAMS.—From all amounts appropriated pur-  
16 suant to paragraph (1) of this subsection, the  
17 Secretary shall reserve an aggregate of  
18 \$6,000,000, which shall be available only for  
19 costs of providing technical assistance to, and  
20 conducting national evaluations of, State, local,  
21 and tribal early learning programs under sec-  
22 tion 658T of the CCDBG Act.

23           “(D) STATES.—The Secretary shall allot  
24 the total amount appropriated for a fiscal year  
25 pursuant to paragraph (1) of this subsection

1 that remains after applying subparagraphs (A),  
2 (B), and (C) of this paragraph for the fiscal  
3 year, among the Model States pursuant to the  
4 formula used for determining the amount to be  
5 allotted to the State under section 658O of the  
6 CCDBG Act.

7 “(3) MATCHING PAYMENTS TO STATES AND  
8 TERRITORIES.—

9 “(A) IN GENERAL.—The Secretary shall  
10 pay to each State and each territory that is a  
11 Model State for a fiscal year an amount equal  
12 to the lesser of—

13 “(i) the amount allotted to the State  
14 or territory under paragraph (2) of this  
15 subsection; or

16 “(ii) 80 percent of expenditures by the  
17 State or territory for an early learning pro-  
18 gram under a plan approved under section  
19 658T of the CCDBG Act.

20 “(B) REDISTRIBUTION.—Subsection  
21 (a)(2)(D) shall apply to amounts allotted to  
22 States under this subsection.

23 “(4) PAYMENTS TO INDIAN TRIBES.—The Sec-  
24 retary shall pay to each Indian tribe for a fiscal year  
25 an amount equal to the lesser of—

1           “(A) the amount allotted to the Indian  
2           tribe under paragraph (2)(A) of this subsection;  
3           or

4           “(B) the total amount of expenditures by  
5           the tribe for an early learning program under  
6           section 658T of the CCDBG Act.

7           “(5) MODEL STATE.—In this subsection, the  
8           term ‘Model State’ means a State that has in effect  
9           under its plan under section 658E of the CCDBG  
10          Act an early learning program plan meeting the re-  
11          quirements specified in section 658T(b)(2) of such  
12          Act.”.

13          (b) ESTABLISHMENT OF MODEL STATES EARLY  
14          LEARNING PROGRAM.—

15                 (1) STATE PLAN REQUIREMENT.—Section  
16                 658E(c) of the Child Care and Development Block  
17                 Grant Act of 1990 (42 U.S.C. 9858c(c)) is amended  
18                 by adding at the end the following:

19                         “(6) MODEL STATES EARLY LEARNING PRO-  
20                         GRAM PLAN REQUIREMENTS.—In the case of a State  
21                         electing to implement an early learning program  
22                         under section 658T, the State plan shall meet the  
23                         requirements specified in section 658T(b)(2).”.

24                         (2) MODEL STATES EARLY LEARNING PRO-  
25                         GRAM.—The Child Care and Development Block

1 Grant Act of 1990 (42 U.S.C. 9858 et seq.) is  
2 amended by adding at the end the following:

3 **“SEC. 658T. MODEL STATES EARLY LEARNING PROGRAM.**

4 “(a) PROGRAM PURPOSE.—The purpose of the pro-  
5 gram under this section is to enable States, through  
6 grants to communities, to support activities that promote  
7 children’s healthy development during the earliest years  
8 of life and improve the quality of child care for children  
9 aged five and under, including those with disabilities.

10 “(b) REQUIREMENTS FOR STATE PARTICIPATION.—

11 “(1) IN GENERAL.—In order to be eligible for  
12 Federal matching funds under section 418(c) of the  
13 Social Security Act, the State shall have in effect  
14 under its plan under section 658E an early learning  
15 program plan meeting the requirements specified in  
16 paragraph (2).

17 “(2) MODEL STATES EARLY LEARNING PRO-  
18 GRAM PLAN REQUIREMENTS.—The model states  
19 early learning program plan shall meet the following  
20 requirements:

21 “(A) LEAD AGENCY.—The plan shall pro-  
22 vide that the program will be administered by  
23 the lead agency designated under 658D.

24 “(B) CERTIFICATION.—The plan shall in-  
25 clude a certification that—



1           “(i) there is in effect in such State,  
2           and that the State maintains a mechanism  
3           to enforce, a requirement that each center-  
4           based child care provider, and each group  
5           home child care provider, in such State ob-  
6           tain from such State, or from an entity of  
7           local government designated by such State,  
8           a preemployment criminal background  
9           check of each individual subsequently em-  
10          ployed by such provider to provide child  
11          care services,

12          “(ii) there is in effect in such State,  
13          and that such State enforces, a require-  
14          ment that an entity of State or local gov-  
15          ernment periodically inspect center-based  
16          child care providers, group home child care  
17          providers, family child care providers, and  
18          all other child care providers for compli-  
19          ance with the health and safety require-  
20          ments applicable to such providers under  
21          State law.

22          “(iii) there is in effect in such State,  
23          and that such State enforces, a require-  
24          ment that all caregivers who provide child  
25          care services for which assistance is pro-

1           vided under the Child Care and Develop-  
2           ment Block Grant Act of 1990 (42 U.S.C.  
3           9858 et seq.), receive training in providing  
4           medical first aid.

5           “(iv) there is in effect in such State,  
6           and that such State enforces, a require-  
7           ment that caregivers who are, or are em-  
8           ployed by, child care providers who provide  
9           child care services for compensation have  
10          specific minimum training as determined  
11          and provided by the lead agency.

12          “(v) there is in effect in such State,  
13          and that such State enforces, a require-  
14          ment that all child care providers in such  
15          State who provide child care services for  
16          compensation obtain from the parents (or  
17          legal guardians) of the children who receive  
18          such services information regarding wheth-  
19          er such children have received age-appro-  
20          priate immunizations in accordance with  
21          the then current immunization rec-  
22          ommendations issued by the Centers for  
23          Disease Control and Prevention.

24          “(vi) there is in effect in such State,  
25          and that such State enforces, a require-

1           ment that specifies developmentally appro-  
2           priate child-per-caregiver ratios applicable  
3           to center-based child care providers in such  
4           State.

5           “(vii) such State complies with section  
6           58E(c)(4)(A) of the Child Care and Devel-  
7           opment Block Grant Act (42 U.S.C.  
8           9858c(c)(4)(A)).

9           “(C) ASSURANCES.—The plan shall include  
10          an assurance that—

11           “(i) such State will comply with the  
12           requirements of this subtitle applicable  
13           with respect to such grant.

14           “(ii) the State will not reduce or re-  
15           move any requirement applicable to child  
16           care providers, that exceeds any require-  
17           ment applicable under this title.

18           “(D) COMMUNITY GRANT PROCEDURES.—  
19          The plan shall describe the standards and pro-  
20          cedures to be applied in the review and approval  
21          of community applications, and in setting  
22          amounts, terms, and conditions of community  
23          grants, including the methods to be used to en-  
24          sure that no less than 70 percent of grant  
25          funds are awarded to low-income communities.

1           “(E) COMMUNITY PARTICIPATION IN PLAN-  
2           NING AND MONITORING.—The plan shall de-  
3           scribe the methods to be used to ensure partici-  
4           pation, in planning and monitoring activities  
5           under the community plan, of representatives of  
6           concerned elements of the community, including  
7           parents of young children, child care providers,  
8           child development professionals, early interven-  
9           tion specialists, health care providers, public  
10          school representatives, local interagency coordi-  
11          nating councils for children with disabilities,  
12          local government, and business leaders.

13          “(F) PROGRAM ACTIVITIES.—The plan  
14          shall specify which of the allowable activities  
15          enumerated in subsection (c) may be carried  
16          out under community grants under the plan.

17          “(G) PERFORMANCE GOALS AND MEAS-  
18          URES.—The plan shall specify—

19                  “(i) performance goals to be achieved  
20                  and the performance measures to be used  
21                  to assess progress toward such goals under  
22                  the plan, which—

23                          “(I) shall be developed pursuant  
24                          to guidance provided by the Secretary  
25                          and in consultation with local govern-

1                   ment authorities in accordance with  
2                   section 658D(b)(2); and

3                   “(II) shall be designed to im-  
4                   prove child development through co-  
5                   ordination with health care services;  
6                   enhanced early learning environments;  
7                   parental involvement; consumer edu-  
8                   cation; and increased rates of accredi-  
9                   tation by nationally recognized accredi-  
10                  tation organizations;

11                  “(ii) interim benchmarks and interim  
12                  and long term timetables, as appropriate,  
13                  for achieving each goal; and

14                  “(iii) the steps to be taken by the  
15                  State or grantees in accordance with guid-  
16                  ance provided by the Secretary if the speci-  
17                  fied benchmarks are not achieved.

18                  “(H) COORDINATION WITH ACTIVITIES TO  
19                  IMPROVE THE QUALITY OF CHILD CARE.—The  
20                  State plan shall specify the methods to be used  
21                  to coordinate activities under this section and  
22                  section 658G(a), including coordination of plan-  
23                  ning and of performance goals and measures, in  
24                  order to maximize the effectiveness of both pro-  
25                  grams.

1       “(c) ALLOWABLE ACTIVITIES.—A model states early  
2 learning program under a State plan under this section  
3 may provide for any or all of the following activities:

4               “(1) INFORMATION AND RESOURCES.—

5                       “(A) PARENTING EDUCATION.—Provision  
6 of parenting education, including use of or col-  
7 laboration with Even Start or similar programs,  
8 for parents of young children by means includ-  
9 ing use of community-based resource centers,  
10 family literacy programs with parenting edu-  
11 cation components, collaboration with early  
12 intervention and preschool providers of services  
13 for children, public elementary schools, centers  
14 that serve children with special health care  
15 needs or disabilities and their families, and  
16 home visiting programs.

17                       “(B) INFORMATION AND REFERRAL.—Ini-  
18 tiatives to develop or increase the availability of  
19 consumer education information and referral  
20 services and other resources to assist parents to  
21 locate and assess the quality of available child  
22 care services.

23                       “(C) FAMILY CHILD CARE NETWORKS.—  
24 Development of support networks, information  
25 and referral services, and other supportive serv-

1 ices addressing needs of family child care pro-  
2 viders for access to such resources as education,  
3 training, and community support services.

4 “(2) QUALITY AND AVAILABILITY.—

5 “(A) PROVIDER TRAINING.—Training of  
6 child care personnel, which may include train-  
7 ing in early childhood development, early lit-  
8 eracy, health, nutrition, hygiene, first-aid and  
9 safety, best practices for serving children with  
10 disabilities in child care, and other appropriate  
11 matters.

12 “(B) IMPROVED STAFFING RATIOS.—Ini-  
13 tiatives to increase ratios of child care staff to  
14 children in care and to reduce child care group  
15 sizes.

16 “(C) LICENSING AND ACCREDITATION AS-  
17 SISTANCE.—Assistance to entities and individ-  
18 uals in meeting applicable child care accredita-  
19 tion and licensing requirements and in obtain-  
20 ing licensing or accreditation.

21 “(D) HEALTH SERVICES.—Improving co-  
22 ordination of child care with appropriate health  
23 services including health and mental health con-  
24 sultations, hearing and vision testing, and im-  
25 munizations, by methods such as co-location of

1 health and child care services, referrals of chil-  
2 dren in child care to health care providers or  
3 screening services, and transfer of child health  
4 records to public school at school entry. Serv-  
5 ices under this subparagraph shall not include  
6 direct provision of or payment for health care  
7 services.

8 “(E) CARE FOR CHILDREN WITH SPECIAL  
9 NEEDS.—Increasing the availability and quality  
10 of child care for young children with special  
11 health care needs, developmental delays, and  
12 disabilities; and coordinating with early inter-  
13 vention and preschool special education services.

14 “(F) SALARY AND BENEFIT ENHANCE-  
15 MENT.—Assistance to child care programs to  
16 increase the quality and continuity of care by  
17 retaining highly qualified child care staff work-  
18 ing directly with children through enhanced  
19 compensation.

20 “(G) MONITORING AND TECHNICAL AS-  
21 SISTANCE.—Technical assistance to grantees,  
22 and monitoring of programs, assisted under this  
23 section. State expenditures under this subpara-  
24 graph shall not exceed a percentage of total  
25 State expenditures for the program under this



1 section equal to 10 percent for each of fiscal  
2 years 1999 through 2001, and 5 percent for fis-  
3 cal year 2002 and each succeeding fiscal year.

4 “(H) COMPREHENSIVE BACKGROUND  
5 CHECKS.—To pay costs incurred to obtain com-  
6 prehensive background checks required by sec-  
7 tion 658T(b)(2)(B)(I),

8 “(I) SMALL GRANT PROGRAM.—Funding in  
9 the aggregate amount of \$1,000,000 or 5 per-  
10 cent of such State’s allotment, whichever is less,  
11 may be used to make small grants to persons  
12 on a competitive basis, established by the Sec-  
13 retary by rule, to be used for improvements and  
14 startup costs (as defined by the Secretary by  
15 rule) incurred to become eligible childcare pro-  
16 viders.”.

17 (c) ANNUAL REPORT.—Section 658K(a)(2) of the  
18 Child Care and Development Block Grant Act of 1990 (42  
19 U.S.C. 9858i(a)(2)) is amended—

20 (1) by striking “and” at the end of subpara-  
21 graph (D);

22 (2) by striking the period at the end of sub-  
23 paragraph (E) and inserting a semicolon; and

24 (3) by inserting after and below subparagraph  
25 (E) the following subparagraph:

1           “(F) the model states early learning pro-  
2           gram under section 658T, including—

3                   “(i) the number and average dollar  
4                   amount of grants awarded;

5                   “(ii) the number, average dollar  
6                   amount, and percentage of the total State  
7                   award of such grants made to low-income  
8                   communities;

9                   “(iii) the number of early learning  
10                  programs;

11                  “(iv) the number of children served  
12                  with special health care needs, disabilities  
13                  or developmental delays;

14                  “(v) the number of early learning pro-  
15                  grams that assist children with special  
16                  needs;

17                  “(vi) progress toward achievement of  
18                  each performance goal, for each specific,  
19                  quantifiable and measurable objective;

20                  “(vii) expenditures for each allowable  
21                  activity listed in section 658T(c), total ex-  
22                  penditures and, to the extent feasible, the  
23                  volume or frequency of such activity and  
24                  the average expenditure per unit of such  
25                  activity; and

1           “(viii) with respect to any allowable  
2           activity listed in section 658T(e) for which  
3           expenditures are made by the State both  
4           under section 658G(a) and under section  
5           658T, the amount expended under each  
6           such section; and

7           “(ix) such other data as the Secretary  
8           may require;.”.

9           **TITLE VI—STANDARDS**  
10          **ENFORCEMENT PROGRAM**

11       **SEC. 601. CHILD CARE STANDARDS ENFORCEMENT PRO-**  
12               **GRAM.**

13       (a) ESTABLISHMENT OF PROGRAM.—Section 658G  
14 of the Child Care and Development Block Grant Act of  
15 1990 (42 U.S.C. 9858e) is amended—

16           (1) by inserting “(a) CONSUMER EDUCATION.—  
17       ” before “A”; and

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

19       “(b) CHILD CARE STANDARDS ENFORCEMENT.—

20           “(1) STATE PLAN REQUIREMENT.—In order to  
21       be eligible for funds under section 658J(a)(2), a  
22       State shall include in its plan under section 658E a  
23       child care standards enforcement plan, with the fol-  
24       lowing elements:

1           “(A) ASSESSMENT OF CURRENT ENFORCE-  
2           MENT PROGRAM.—An assessment of state en-  
3           forcement programs in effect in fiscal year  
4           1998 (or, if later, the base year as defined in  
5           section 658B(b)(2)(E)(i)) by provider type, in-  
6           cluding number of inspections, percentage of  
7           providers inspected, and scope of inspection.

8           “(B) GOALS AND MEASURES FOR IMPROV-  
9           ING ENFORCEMENT PROGRAMS.—A statement  
10          of goals to be achieved with respect to increas-  
11          ing the number of annual inspections, expan-  
12          sion of the scope or improvement of the quality  
13          of inspections, or a combination thereof, and  
14          performance measures to be used to assess  
15          progress toward such goals by provider type.

16          “(C) ENFORCEMENT IMPROVEMENT AC-  
17          TIVITIES.—A description of the activities to be  
18          carried out with funds allotted to the State  
19          from amounts appropriated under section  
20          658B(b), which may include—

21                  “(i) initiatives to increase numbers of  
22                  qualified staff engaged in licensing of child  
23                  care providers and enforcement of licens-  
24                  ing, health, safety, and other applicable  
25                  standards;

1           “(ii) increased monitoring and en-  
2           forcement activities, including unan-  
3           nounced inspections;

4           “(iii) development, and dissemination  
5           to the public, of information on health,  
6           safety and licensing violations, by provider;  
7           and

8           “(iv) other activities designed to en-  
9           sure provider compliance with applicable  
10          standards including coordination with sec-  
11          tion 658T(c)(2) activities under the early  
12          learning program such as licensing, accred-  
13          itation, and monitoring of and technical  
14          assistance to grantees.

15          “(2) SUPPLEMENTATION OF OTHER FUND-  
16          ING.—The State plan described in paragraph (1)  
17          shall contain assurances that Federal funds provided  
18          to the State under this subsection will not be used  
19          to supplant Federal or non-Federal funds for exist-  
20          ing services and activities that promote the purposes  
21          of this subsection.”.

22          (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
23          658B of the Child Care and Development Block Grant Act  
24          of 1990 (42 U.S.C. 9858) is amended—

1 (1) by inserting “(a) IN GENERAL.—” before  
2 “There”; and

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

4 “(b) CHILD CARE STANDARDS ENFORCEMENT.—

5 “(1) APPROPRIATION.—There is authorized to  
6 be appropriated to carry out section 658G(b)  
7 \$100,000,000 for each of fiscal years 1999 through  
8 2003.

9 “(2) ALLOCATION OF APPROPRIATIONS.—

10 Amounts appropriated for each fiscal year pursuant  
11 to paragraph (1) shall be allocated among States (as  
12 defined in section 658O) as follows:

13 “(A) BASIC GRANT.—The Secretary shall  
14 allocate to States, in accordance with the for-  
15 mula set forth in section 658O—

16 “(i) the amount appropriated under  
17 this section for fiscal year 1999, and

18 “(ii) the first \$75,000,000 of such ap-  
19 propriations (or, if less, the total amount  
20 appropriated) for each of fiscal years 2000,  
21 2001, and 2002.

22 “(B) SUPPLEMENT TO ACHIEVE \$1 MIL-  
23 LION GRANT.—From the amount (if any) re-  
24 maining after application of subparagraph (A),  
25 the Secretary shall allocate to each State that

1 received an allocation of less than \$1,000,000  
2 under subparagraph (A) the lesser of—

3 “(i) the difference between such allo-  
4 cation and \$1,000,000, or

5 “(ii) an amount bearing the same  
6 ratio to the amount remaining for alloca-  
7 tion under this subparagraph as the dif-  
8 ference determined for such State under  
9 clause (i) bears to the sum of such dif-  
10 ferences, as so determined, for all States  
11 described in this subparagraph.

12 “(C) PERFORMANCE BONUSES.—

13 “(i) IN GENERAL.—From the amount  
14 (if any) of the appropriation under para-  
15 graph (1) for each fiscal year remaining  
16 after application of subparagraphs (A) and  
17 (B), the Secretary shall allocate in accord-  
18 ance with the formula set forth in section  
19 658O, to each State that has achieved in  
20 the preceding fiscal year either the inspec-  
21 tion rate or the inspection change percent-  
22 age specified in clause (ii) the lesser of—

23 “(I) 20 percent of the State’s al-  
24 location under subparagraph (A); or

1                   “(II) an amount bearing the  
2                   same ratio to the amount available for  
3                   allocation under this subparagraph as  
4                   the amount determined for such State  
5                   under subclause (I) bears to the sum  
6                   of such amounts, as so determined,  
7                   for all States described in this sub-  
8                   paragraph.

9                   “(ii) PERFORMANCE TARGETS.—For  
10                  purposes of clause (i)—

11                   “(I) the inspection rate shall be  
12                   not less than 75 percent for fiscal  
13                   year 1999, 85 percent for fiscal year  
14                   2000, and 95 percent for fiscal year  
15                   2001; and

16                   “(II) the inspection change percentage  
17                   shall be not less than 110 for fiscal year  
18                   1999, 115 for fiscal year 2000, and 125  
19                   for fiscal year 2001.

20                   “(D) REMAINDER.—Amounts not allocated  
21                   under subparagraphs (A), (B), and (C) shall re-  
22                   main available for allocation for the succeeding  
23                   fiscal year in accordance with this subsection.

24                   “(E) DEFINITIONS.—For the purposes of  
25                   this paragraph the follow definitions apply—



1           “(i) ‘base year’, with respect to a  
2           State, means the fiscal year preceding the  
3           first fiscal year for which the State seeks  
4           funding under section 658J(a)(2);

5           “(ii) ‘inspection change percentage’  
6           means, with respect to a fiscal year, the  
7           ratio of the number of child care facilities  
8           and providers in a State that were in-  
9           spected in such fiscal year to the number  
10          of such facilities and providers that were  
11          inspected in the base year expressed as a  
12          percentage; and

13          “(iii) ‘inspection rate’ means the ratio  
14          of the number of child care facilities or  
15          providers receiving at least one inspection  
16          during a fiscal year to the total number of  
17          facilities or providers in operation in the  
18          State during that fiscal year.”.

19          (c) PAYMENTS.—Section 658J(a) of the Child Care  
20          and Development Block Grant Act of 1990 (42 U.S.C.  
21          9858h(a)) is amended—

22                 (1) by striking “(a) IN GENERAL.—Subject to  
23                 the availability of appropriations” and inserting the  
24                 following:

25                 “(a) BASIC GRANT.—A State—

1 “(1) IN GENERAL.—”; and

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

3 “(2) CHILD CARE STANDARDS ENFORCEMENT  
4 PROGRAM.—A State described in paragraph (1)  
5 whose plan under section 658E provides for child  
6 care standards enforcement under section 658G(b)  
7 shall be entitled to payment under this section in an  
8 amount equal to the lesser of its expenditures or al-  
9 lotment for such purpose under section 658O.”.

10 (d) ANNUAL REPORT.—Section 658K(a)(2) of the  
11 Child Care and Development Block Grant Act of 1990 (42  
12 U.S.C. 9858(i)(A)(2)), as amended by section 501(c), is  
13 amended by inserting after subparagraph (F) the follow-  
14 ing:

15 “(G) enforcement of child care quality and  
16 safety standards, including data, by type of pro-  
17 vider, on—

18 “(i) the number and percentage of fa-  
19 cilities or providers inspected (and the  
20 number and percentage of facilities or pro-  
21 viders receiving more than one inspection)  
22 and a comparison to the prior year’s in-  
23 spection rate;

24 “(ii) the numbers and types of defi-  
25 ciencies identified (and the numbers of se-

1           rious deficiencies presenting risks to health  
2           or safety);

3                   “(iii) the number of deficiencies rem-  
4           edied upon subsequent inspection, by type  
5           of deficiency; and

6                   “(iv) such other data as the Secretary  
7           may require; and.”.

8   **TITLE VII—CHILD CARE PRO-**  
9   **VIDER SCHOLARSHIP PRO-**  
10 **GRAM**

11 **SEC. 701. NATIONAL CHILD CARE PROVIDER SCHOLARSHIP**  
12 **PROGRAM.**

13       (a) ESTABLISHMENT OF PROGRAM.—Section 658G  
14 of the Child Care and Development Block Grant Act of  
15 1990 (42 U.S.C. 9858e), as amended by section 601(a),  
16 is amended by adding at the end the following:

17       “(c) CHILD CARE PROVIDER SCHOLARSHIP PRO-  
18 GRAM.—

19           “(1) STATE PLAN REQUIREMENT.—In order to  
20 be eligible for funds under section 658J(a)(3), a  
21 State shall include in its plan under section 658E a  
22 child care provider scholarship program plan, meet-  
23 ing the requirements of this subsection, designed to  
24 further the goals of child care provider recruitment,  
25 training, credentialing, and retention.

1           “(2) ELIGIBILITY CRITERIA FOR SCHOLARSHIP  
2 APPLICANTS.—The State plan shall provide that, in  
3 order for an individual to be eligible for a scholar-  
4 ship grant under this subsection, the following re-  
5 quirements shall be met:

6           “(A) DEMONSTRATED COMMITMENT TO  
7 CHILD CARE CAREER.—The individual—

8           “(i) must be a child care worker who  
9 is (or is employed by) a licensed or reg-  
10 istered child care provider, or has a com-  
11 mitment for employment from a licensed or  
12 registered child care provider; and

13           “(ii) must agree in writing to continue  
14 to be employed in the field of child care for  
15 at least one year after receiving the train-  
16 ing for which assistance is provided.

17           “(B) COST SHARING BY APPLICANT.—

18           “(i) IN GENERAL.—The individual (ei-  
19 ther as provided in clause (ii) or otherwise)  
20 will provide funds for payment of a share  
21 of the cost of the education or training.

22           “(ii) APPLICATION FOR PELL  
23 GRANTS.—In the case of an application for  
24 a scholarship intended for use in an edu-  
25 cational institution participating in the

1 Pell Grant program under title IV of the  
2 Higher Education Act, the individual shall  
3 apply for a grant under such program for  
4 which the individual is eligible.

5 “(C) EMPLOYER REQUIREMENTS.—In the  
6 case of an individual employed by (or who has  
7 a commitment for employment from) a licensed  
8 or registered child care provider—

9 “(i) COST SHARING.—The individual’s  
10 employer must pay a share of the cost of  
11 the education or training.

12 “(ii) EMPLOYMENT AND REMUNERA-  
13 TION.—The individual’s employer must  
14 agree to provide increased financial incen-  
15 tives to the individual, such as a salary in-  
16 crease or bonus, when the individual com-  
17 pletes the education or training.

18 “(3) QUALIFYING EDUCATIONAL INSTITU-  
19 TIONS.—The State plan shall specify the types of  
20 educational and training programs for which schol-  
21 arships granted under the State program may be  
22 used, which shall be limited to (but may include any  
23 or all) programs that—

24 “(A) are administered by institutions of  
25 higher education that are eligible to participate

1 in student financial assistance programs under  
2 title IV of the Higher Education Act of 1965;  
3 and

4 “(B) that lead to a State or national cre-  
5 dential in child care or early childhood or early  
6 childhood special education, or to an associate  
7 or bachelor’s degree in child development or  
8 early childhood education.

9 “(4) ANNUAL MAXIMUM SCHOLARSHIP GRANT  
10 AMOUNT.—The maximum amount of a scholarship  
11 awarded to an eligible individual under this section  
12 shall not exceed \$1,500 per year.

13 “(5) SUPPLEMENTATION OF OTHER FUND-  
14 ING.—The State plan shall contain assurances that  
15 Federal funds provided to the State under this sub-  
16 section will not be used to supplant Federal or non-  
17 Federal funds for existing services and activities  
18 that promote the purposes of this subsection.”.

19 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
20 658B of the Child Care and Development Block Grant Act  
21 of 1990 (42 U.S.C. 9858), as amended by section 601(b),  
22 is amended by adding at the end the following:

23 “(c) CHILD CARE PROVIDER SCHOLARSHIP PRO-  
24 GRAM.—There is authorized to be appropriated to carry

1 out section 658G(c) \$50,000,000 for each of fiscal years  
2 1999 through 2003.”.

3 (c) ALLOTMENT.—Section 658O of the Child Care  
4 and Development Block Grant Act of 1990 (42 U.S.C.  
5 9858m) is amended—

6 (1) in subsection (a)(1), by striking “this sub-  
7 chapter” and inserting “each subsection of section  
8 658B”;

9 (2) in subsection (a)(2), by striking “section  
10 658B” and inserting “section 658B(a)”;

11 (3) in subsection (b)(1), in the matter preced-  
12 ing subparagraph (A), by inserting “each subsection  
13 of” before “section 658B”; and

14 (4) in subsection (e)(1), by striking “the allot-  
15 ment under subsection (b)” and inserting “an allot-  
16 ment under subsection (b)”.

17 (d) PAYMENTS.—Section 658J(a) of the Child Care  
18 and Development Block Grant Act of 1990 (42 U.S.C.  
19 9858h), as amended by section 601(c), is amended by add-  
20 ing at the end the following:

21 “(3) CHILD CARE SCHOLARSHIP PROGRAM.—A  
22 State described in paragraph (1) whose plan under  
23 section 658E provides for a child care scholarship  
24 program under section 658G(c) shall be entitled to  
25 payment under this section in an amount equal to

1 the lesser of its allotment under section 658O or 80  
2 percent of expenditures by the State for such pro-  
3 gram.”.

4 (e) ANNUAL REPORT.—Section 658K(a)(2) of the  
5 Child Care and Development Block Grant Act of 1990 (42  
6 U.S.C. 9858i), as amended by section 601(d), is amended  
7 by inserting after subparagraph (G) the following:

8 “(H) the child care scholarship program,  
9 including—

10 “(i) the number of child care workers  
11 receiving scholarship grants;

12 “(ii) the amount of each scholarship  
13 grant;

14 “(iii) the number of course credits or  
15 credentials completed by individuals receiv-  
16 ing scholarships;

17 “(iv) the number and percentage of  
18 child care workers receiving scholarship  
19 grants in the previous year who fulfilled  
20 their one-year commitment; and

21 “(v) such other data as the Secretary  
22 may require.”



1       **TITLE VIII—RESEARCH AND**  
2       **DEMONSTRATION PROGRAM**

3       **SEC. 801. RESEARCH AND DEMONSTRATIONS.**

4       (a) ESTABLISHMENT OF RESEARCH AND DEM-  
5       ONSTRATION ACTIVITIES.—The Child Care and Develop-  
6       ment Block Grant Act of 1990 (42 U.S.C. 9858 et seq.)  
7       is amended by adding at the end the following:

8       **“SEC. 658U. RESEARCH AND DEMONSTRATIONS.**

9       “(a) IN GENERAL.—The Secretary is authorized, ei-  
10      ther directly or through grants, contracts, cooperative  
11      agreements, or other arrangements, to carry out research,  
12      demonstration projects, and other activities relating to  
13      child care, including activities designed to improve the  
14      quality and increase the availability of child care. Such  
15      activities shall be coordinated with activities under the De-  
16      partment of Education’s Office of Educational Research  
17      and Improvement.

18      “(b) ALLOWABLE ACTIVITIES.—Activities under this  
19      section may include the following:

20              “(1) RESEARCH ON CHILD CARE NEEDS OF  
21      LOW-INCOME FAMILIES.—Research designed to iden-  
22      tify and overcome barriers restricting availability, af-  
23      fordability, and quality of child care for low-income  
24      families.

1           “(2) RESEARCH ON GOOD POLICIES AND PRAC-  
2           TICES.—Research designed to identify good child  
3           care policies and practices, including the types of  
4           child care settings, parent activities, and provider  
5           training that most benefit the early development of  
6           children.

7           “(3) RESEARCH ON RETENTION OF CHILD CARE  
8           PROVIDER STAFF.—Research on factors affecting re-  
9           tention of child care provider staff, including the  
10          National Child Care Provider Scholarship Program  
11          under section 658G(b) and its subsequent effect on  
12          outcomes for children.

13          “(4) DEMONSTRATIONS OF TECHNOLOGY-  
14          BASED EDUCATION AND TRAINING.—Demonstration  
15          projects testing use of remote site and interactive  
16          computer technology to provide education and train-  
17          ing to child care providers and parents.

18          “(5) DEMONSTRATION PROJECTS FOR NEW  
19          METHODS.—Demonstration projects addressing ways  
20          to assist parents, such as parents who choose to stay  
21          at home with their children and parents with par-  
22          ticular child care needs, including parents of chil-  
23          dren with special health care needs or disabilities,  
24          homeless families, migrant families, teen parents  
25          and foster parents.

1           “(6) NATIONAL CENTER ON CHILD CARE STA-  
2           TISTICS.—Establishment and operation of a Na-  
3           tional Center on Child Care Statistics for the collec-  
4           tion and dissemination of data and information on  
5           child care.

6           “(7) HOTLINE AND CONSUMER EDUCATION.—  
7           Establishment and operation of a hotline to assist  
8           parents to locate their local child care resource and  
9           referral agency and public education activities to as-  
10          sist parents in becoming informed consumers of  
11          quality child care.

12          “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
13          is authorized to be appropriated to carry out this section  
14          \$30,000,000 for each of fiscal years 1999 through 2003.”.

15          (b) REPORT TO CONGRESS.—Section 658L of the  
16          Child Care and Development Block Grant Act of 1990 (42  
17          U.S.C. 9858j) is amended by inserting “and progress on  
18          development of research and demonstration projects as  
19          carried out under section 658U” after “under section  
20          658K”.

1           **TITLE IX—MISCELLANEOUS**  
2           **Subtitle A—Child and Adult Food**  
3           **Program**

4   **SEC. 901. REVISION OF REIMBURSEMENT RATES FOR FAM-**  
5                   **ILY OR GROUP DAY CARE HOMES UNDER THE**  
6                   **CHILD AND ADULT CARE FOOD PROGRAM**  
7                   **UNDER THE NATIONAL SCHOOL LUNCH ACT.**

8           Section 17(f)(3) of the National School Lunch Act  
9 (42 U.S.C. 1766(f)(3)) is amended—

10                   (1) in subparagraph (A)(iii)(I)—

11                           (A) in division (aa), by striking “95 cents  
12                           for lunches and suppers, 27 cents for break-  
13                           fasts, and 13 cents for supplements” and in-  
14                           serting “\$1.03 for lunches and suppers, 38  
15                           cents for breakfasts, and 18 cents for supple-  
16                           ments”; and

17                           (B) in division (bb), by striking “1997”  
18                           and inserting “1998”; and

19                   (2) in the second sentence of subparagraph (B),  
20                   by inserting after “Such levels” the following: “shall  
21                   be those levels in effect on June 30, 1998, increased  
22                   by \$2.00 per home and”.

1 **Subtitle B—Mortgage Insurance for**  
2 **Child Care and Development**  
3 **Facilities**

4 **SEC. 951. SHORT TITLE.**

5 This subtitle may be cited as the “Children’s Devel-  
6 opment Commission Act”.

7 **SEC. 952. CONGRESSIONAL FINDINGS.**

8 The Congress finds the following:

9 (1) The need for quality nursery schools, both  
10 full-time and part-time child care centers and after-  
11 school programs, after school programs, neighbor-  
12 hood-run mothers-day-out programs, and family  
13 child care providers has grown among working par-  
14 ents, and parents who stay at home, who want their  
15 children to have access to early childhood education.

16 (2) All parents should have access to safe, stim-  
17 ulating, and educational early childhood education  
18 programs for their children, whether such programs  
19 are carried out in a child care center, a part-time  
20 nursery school (including a nursery school operated  
21 by a religious organization), or a certified child care  
22 provider’s home.

23 (3) The number of available enrollment oppor-  
24 tunities for children to receive quality child care  
25 services is not meeting the demand for such services.

1           (4) In 1995 there were about 21,000,000 chil-  
2           dren less than 6 years of age, of whom 31 percent  
3           were participating in center-based child care services  
4           and 14 percent were receiving child care in homes.  
5           Between 1992 and 2005 the participation of women  
6           24 to 54 years of age in the labor force is projected  
7           to increase from 75 percent to 83 percent.

8           (5) In States that have set up a mechanism to  
9           provide capital improvements for child care facilities,  
10          the demand for services of such facilities still has  
11          not been met.

12          (6) The United States is behind other western,  
13          industrialized countries when it comes to providing  
14          child care services. In France, almost 100 percent of  
15          all children 3 to 5 years of age attend nursery  
16          school. In Germany this number is 65 to 70 percent.  
17          In Japan 90 percent of such children attend some  
18          form of preschool care. In all of these countries early  
19          childhood care has proven to increase children's de-  
20          velopment and performance.

1 **SEC. 953. INSURANCE FOR MORTGAGES ON NEW AND RE-**  
2 **HABILITATED CHILD CARE AND DEVELOP-**  
3 **MENT FACILITIES.**

4 Title II of the National Housing Act (12 U.S.C. 1707  
5 et seq.) is amended by adding at the end the following  
6 new section:

7 “MORTGAGE INSURANCE FOR CHILD CARE AND  
8 DEVELOPMENT FACILITIES

9 “SEC. 257. (a) PURPOSE.—The purpose of this sec-  
10 tion is to facilitate and assist in the provision and develop-  
11 ment of licensed child care and development facilities.

12 “(b) GENERAL INSURANCE AUTHORITY.—The Sec-  
13 retary may insure mortgages (including advances on such  
14 mortgages during construction) in accordance with the  
15 provisions of this section and upon such terms and condi-  
16 tions as the Secretary may prescribe and may make com-  
17 mitments for insurance of such mortgages before the date  
18 of their execution or disbursement thereon.

19 “(c) ELIGIBLE MORTGAGES.—To carry out the pur-  
20 pose of this section, the Secretary may insure any mort-  
21 gage that covers a new child care and development facility,  
22 including a new addition to an existing child care and de-  
23 velopment facility (regardless of whether the existing facil-  
24 ity is being rehabilitated), or a substantially rehabilitated  
25 child care and development facility, including equipment

1 to be used in the operation of the facility, subject to the  
2 following conditions:

3           “(1) APPROVED MORTGAGOR.—The mortgage  
4 shall be executed by a mortgagor approved by the  
5 Secretary. The Secretary may, in the discretion of  
6 the Secretary, require any such mortgagor to be reg-  
7 ulated or restricted as to charges and methods of fi-  
8 nancing and, if the mortgagor is a corporate entity,  
9 as to capital structure and rate of return. As an aid  
10 to the regulation or restriction of any mortgagor  
11 with respect to any of the foregoing matters, the  
12 Secretary may make such contracts with and acquire  
13 for not more than \$100 such stock or interest in  
14 such mortgagor as the Secretary may consider nec-  
15 essary. Any stock or interest so purchased shall be  
16 paid for out of the General Insurance Fund, and  
17 shall be redeemed by the mortgagor at par upon the  
18 termination of all obligations of the Secretary under  
19 the insurance.

20           “(2) PRINCIPAL OBLIGATION.—The mortgage  
21 shall involve a principal obligation in an amount not  
22 to exceed 90 percent of the estimated value of the  
23 property or project, or 95 percent of the estimated  
24 value of the property or project in the case of a  
25 mortgagor that is a private nonprofit corporation or



1 association (as such term is defined pursuant to sec-  
2 tion 221(d)(3)), including—

3 “(A) equipment to be used in the operation  
4 of the facility when the proposed improvements  
5 are completed and the equipment is installed; or

6 “(B) a solar energy system (as defined in  
7 subparagraph (3) of the last paragraph of sec-  
8 tion 2(a)) or residential energy conservation  
9 measures (as defined in subparagraphs (A)  
10 through (G) and (I) of section 210(11) of the  
11 National Energy Conservation Policy Act), in  
12 cases in which the Secretary determines that  
13 such measures are in addition to those required  
14 under the minimum property standards and will  
15 be cost-effective over the life of the measure.

16 “(3) AMORTIZATION AND INTEREST.—The  
17 mortgage shall—

18 “(A) provide for complete amortization by  
19 periodic payments under such terms as the Sec-  
20 retary shall prescribe;

21 “(B) have a maturity satisfactory to the  
22 Secretary, but in no event longer than 25 years;  
23 and

24 “(C) bear interest at such rate as may be  
25 agreed upon by the mortgagor and the mortga-

1           gee, and the Secretary shall not issue any regu-  
2           lations or establish any terms or conditions that  
3           interfere with the ability of the mortgagor and  
4           mortgagee to determine the interest rate.

5           “(d) CERTIFICATION BY CHILDREN’S DEVELOPMENT  
6   COMMISSION.—The Secretary may not insure a mortgage  
7   under this section unless the Children’s Development  
8   Commission established under section 258 certifies that  
9   the facility is in compliance, or will be in compliance not  
10  later than 12 months after such certification, with—

11           “(1) any laws, standards, and requirements ap-  
12   plicable to such facilities under the laws of the  
13   State, municipality, or other unit of general local  
14   government in which the facility is or is to be lo-  
15   cated; and

16           “(2) after the effective date of the standards  
17   and requirements established under section  
18   258(c)(2), such standards and requirements.

19           “(e) RELEASE.—The Secretary may consent to the  
20   release of a part or parts of the mortgaged property or  
21   project from the lien of any mortgage insured under this  
22   section upon such terms and conditions as the Secretary  
23   may prescribe.

24           “(f) MORTGAGE INSURANCE TERMS.—The provisions  
25   of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n)

1 of section 207 shall apply to mortgages insured under this  
2 section, except that all references in such subsections to  
3 section 207 shall be considered, for purposes of mortgage  
4 insurance under this section, to refer to this section.

5 “(g) MORTGAGE INSURANCE FOR FIRE SAFETY  
6 EQUIPMENT LOANS.—

7 “(1) AUTHORITY.—The Secretary may, upon  
8 such terms and condition as the Secretary may pre-  
9 scribe, make commitments to insure and insure  
10 loans made by financial institutions or other ap-  
11 proved mortgagees to child care and development fa-  
12 cilities to provide for the purchase and installation  
13 of fire safety equipment necessary for compliance  
14 with the 1967 edition of the Life Safety Code of the  
15 National Fire Protection Association (or any subse-  
16 quent edition specified by the Secretary of Health  
17 and Human Services).

18 “(2) LOAN REQUIREMENTS.—To be eligible for  
19 insurance under this subsection a loan shall—

20 “(A) not exceed the Secretary’s estimate of  
21 the reasonable cost of the equipment fully in-  
22 stalled;

23 “(B) bear interest at such rate as may be  
24 agreed upon by the mortgagor and the mortga-  
25 gee;

1           “(C) have a maturity satisfactory to the  
2           Secretary;

3           “(D) be made by a financial institution or  
4           other mortgagee approved by the Secretary as  
5           eligible for insurance under section 2 or a mort-  
6           gagee approved under section 203(b)(1);

7           “(E) comply with other such terms, condi-  
8           tions, and restrictions as the Secretary may  
9           prescribe; and

10          “(F) be made with respect to a child care  
11          and development facility that complies with the  
12          requirement under subsection (d).

13          “(3) INSURANCE REQUIREMENTS.—The provi-  
14          sions of paragraphs (5), (6), (7), (9), and (10) of  
15          section 220(h) shall apply to loans insured under  
16          this subsection, except that all references in such  
17          paragraphs to home improvement loans shall be con-  
18          sidered, for purposes of this subsection, to refer to  
19          loans under this subsection. The provisions of sub-  
20          sections (c), (d), and (h) of section 2 shall apply to  
21          loans insured under this subsection, except that all  
22          references in such subsections to ‘this section’ or  
23          ‘this title’ shall be considered, for purposes of this  
24          subsection, to refer to this subsection.

1       “(h) SCHEDULES AND DEADLINES.—The Secretary  
2 shall establish schedules and deadlines for the processing  
3 and approval (or provision of notice of disapproval) of ap-  
4 plications for mortgage insurance under this section.

5       “(i) DEFINITIONS.—For the purposes of this section,  
6 the following definitions shall apply:

7           “(1) CHILD CARE AND DEVELOPMENT FACIL-  
8       ITY.—The term ‘child care and development facility’  
9       means a public facility, proprietary facility, or facil-  
10      ity of a private nonprofit corporation or association  
11      that—

12           “(A) has as its purpose the care and devel-  
13      opment of children less than 12 years of age;  
14      and

15           “(B) is licensed or regulated by the State  
16      in which it is located (or, if there is no State  
17      law providing for such licensing and regulation  
18      by the State, by the municipality or other politi-  
19      cal subdivision in which the facility is located).

20      The term does not include facilities for school-age  
21      children primarily for use during normal school  
22      hours. The term includes facilities for training indi-  
23      viduals to provide child care and development serv-  
24      ices.

1           “(2) EQUIPMENT.—The term ‘equipment’ in-  
2           cludes machinery, utilities, and built-in equipment  
3           and any necessary enclosures or structures to house  
4           them, and any other items necessary for the func-  
5           tioning of a particular facility as a child care and  
6           development facility, including necessary furniture.  
7           Such term includes books, curricular, and program  
8           materials.

9           “(3) MORTGAGE; FIRST MORTGAGE; MORTGA-  
10          GEE.—The term ‘mortgage’ means a first mortgage  
11          on real estate in fee simple, or on the interest of ei-  
12          ther the lessor or lessee thereof under a lease having  
13          a period of not less than 7 years to run beyond the  
14          maturity date of the mortgage. The term ‘first mort-  
15          gage’ means such classes of first liens as are com-  
16          monly given to secure advances (including advances  
17          during construction) on, or the unpaid purchase  
18          price of, real estate under the laws of the State in  
19          which the real estate is located, together with the  
20          credit instrument or instruments (if any) secured  
21          thereby, and any mortgage may be in the form of  
22          one or more trust mortgages or mortgage indentures  
23          or deeds of trust, securing notes, bonds, or other  
24          credit instruments, and, by the same instrument or  
25          by a separate instrument, may create a security in-

1       terest in initial equipment, whether or not attached  
2       to the realty. The term ‘mortgagor’ has the meaning  
3       given the term in section 207(a).

4       “(j) LIMITATION ON INSURANCE AUTHORITY.—

5               “(1) TERMINATION.—No mortgage may be in-  
6       sured under this section or section 223(h) after Sep-  
7       tember 30, 2005, except pursuant to a commitment  
8       to insure issued on or before such date.

9               “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-  
10       TION.—The aggregate principal amount of mort-  
11       gages for which the Secretary enters into commit-  
12       ments to insure under this section or section 223(h)  
13       on or before the date under paragraph (1) may not  
14       exceed \$2,000,000,000. If, upon the date under  
15       paragraph (1), the aggregate insurance authority  
16       provided under this paragraph has not been fully  
17       used, the Secretary of the Treasury shall submit a  
18       report to the Congress evaluating the need for con-  
19       tinued mortgage insurance under this section.”.

20       “(k) REGULATIONS.—The Secretary shall issue any  
21       regulations necessary to carry out this section. In issuing  
22       such regulations, the Secretary shall consult with the Sec-  
23       retary of Health and Human Services with respect to any  
24       aspects of the regulations regarding child care and devel-  
25       opment facilities.”.

1 **SEC. 954. INSURANCE FOR MORTGAGES FOR ACQUISITION**  
2 **OR REFINANCING DEBT OF EXISTING CHILD**  
3 **CARE AND DEVELOPMENT FACILITIES.**

4 Section 223 of the National Housing Act (12 U.S.C.  
5 1715n) is amended by adding at the end the following new  
6 subsection:

7 “(h) MORTGAGE INSURANCE FOR PURCHASE OR RE-  
8 FINANCING OF EXISTING CHILD CARE AND DEVELOP-  
9 MENT FACILITIES.—

10 “(1) AUTHORITY.—Notwithstanding any other  
11 provision of this Act, the Secretary may insure  
12 under any section of this title a mortgage executed  
13 in connection with the purchase or refinancing of an  
14 existing child care and development facility, the pur-  
15 chase of a structure to serve as a child care and  
16 development facility, or the refinancing of existing  
17 debt of an existing child care and development facil-  
18 ity.

19 “(2) PURCHASE OF EXISTING FACILITIES AND  
20 STRUCTURES.—In the case of the purchase under  
21 this subsection of an existing child care and develop-  
22 ment facility or purchase of an existing structure to  
23 serve as such a facility, the Secretary shall prescribe  
24 any terms and conditions that the Secretary consid-  
25 ers necessary to ensure that—



1           “(A) the facility or structure purchased  
2 continues to be used as a child care and devel-  
3 opment facility; and

4           “(B) the facility complies with the same  
5 requirements applicable under subsections (d)  
6 and (e) of section 257 to facilities having mort-  
7 gages insured under such section.

8           “(3) REFINANCING OF EXISTING FACILITIES.—  
9 In the case of refinancing of an existing child care  
10 and development facility, the Secretary shall pre-  
11 scribe any terms and conditions that the Secretary  
12 considers necessary to ensure that—

13           “(A) the refinancing is used to lower the  
14 monthly debt service costs (taking into account  
15 any fees or charges connected with such refi-  
16 nancing) of the existing facility;

17           “(B) the proceeds of any refinancing will  
18 be employed only to retire the existing indebted-  
19 ness and pay the necessary cost of refinancing  
20 on the existing facility;

21           “(C) the existing facility is economically  
22 viable; and

23           “(D) the facility complies with the same  
24 requirements applicable under section 257(d) to

1 facilities having mortgages insured under such  
2 section.

3 “(4) DEFINITIONS.—For purposes of this sub-  
4 section, the terms defined in section 257(i) shall  
5 have the same meanings as provided under such sec-  
6 tion.

7 “(5) LIMITATION ON INSURANCE AUTHORITY.—  
8 The authority of the Secretary to enter into commit-  
9 ments to insure mortgages under this subsection is  
10 subject to the limitations under section 257(j).”.

11 **SEC. 955. CHILDREN’S DEVELOPMENT COMMISSION.**

12 Title II of the National Housing Act (12 U.S.C. 1707  
13 et seq.) is amended by adding at the end (after section  
14 257, as added by section 953 of this Act) the following  
15 new section:

16 “CHILDREN’S DEVELOPMENT COMMISSION

17 “SEC. 258. (a) ESTABLISHMENT.—There is hereby  
18 established a commission to be known as the Children’s  
19 Development Commission.

20 “(b) MEMBERSHIP.—

21 “(1) APPOINTMENT.—The Commission shall be  
22 composed of 7 members appointed by the President,  
23 not later than the expiration of the 3-month period  
24 beginning upon the enactment of this section, by and  
25 with the advice and consent of the Senate, as fol-  
26 lows:

1           “(A) 1 member shall be appointed from  
2 among 3 individuals recommended by the Sec-  
3 retary of Housing and Urban Development or  
4 the Secretary’s designee.

5           “(B) 1 member shall be appointed from  
6 among 3 individuals recommended by the Sec-  
7 retary of Health and Human Services or the  
8 Secretary’s designee.

9           “(C) 1 member shall be appointed from  
10 among 3 individuals recommended by the Sec-  
11 retary of the Treasury or the Secretary’s des-  
12 ignedee.

13           “(D) 4 members shall be appointed from  
14 among 12 individuals recommended jointly by  
15 the Speaker of the House of Representatives,  
16 the Majority Leader of the Senate, Minority  
17 Leader of the House of Representatives, the  
18 Minority Leader of the Senate.

19           “(2) QUALIFICATIONS OF CONGRESSIONALLY  
20 RECOMMENDED MEMBERS.—Of the members ap-  
21 pointed under paragraph (1)(D)—

22           “(A) each shall be an individual who ac-  
23 tively participates or is employed in the field of  
24 child care and has academic, licensing, or other

1           credentials relating to such participation or em-  
2           ployment; and

3           “(B) not more than 2 may be of the same  
4           political party.

5           “(3) TERMS.—Each appointed member of the  
6           Commission shall serve for a term of 3 years.

7           “(4) VACANCIES.—Any member appointed to  
8           fill a vacancy occurring before the expiration of the  
9           term for which the member’s predecessor was ap-  
10          pointed shall be appointed only for the remainder of  
11          that term. A member may serve after the expiration  
12          of that member’s term until a successor has taken  
13          office. A vacancy in the Commission shall be filled  
14          in the manner in which the original appointment was  
15          made.

16          “(5) CHAIRPERSON.—The chairperson of the  
17          Commission shall be designated by the President at  
18          the time of appointment.

19          “(6) QUORUM.—A majority of the members of  
20          the Commission shall constitute a quorum for the  
21          transaction of business.

22          “(7) VOTING.—Each member of the Commis-  
23          sion shall be entitled to 1 vote, which shall be equal  
24          to the vote of every other member of the Commis-  
25          sion.

1           “(8) PROHIBITION ON ADDITIONAL PAY.—  
2           Members of the Commission shall serve without  
3           compensation, but shall be reimbursed for travel,  
4           subsistence, and other necessary expenses incurred  
5           in the performance of their duties as members of the  
6           Commission.

7           “(c) FUNCTIONS.—The Commission shall carry out  
8           the following functions:

9           “(1) CERTIFICATION OF COMPLIANCE.—The  
10          Commission shall collect such information and make  
11          such determinations as may be necessary to deter-  
12          mine, for purposes of section 257(d), whether child  
13          care and development facilities comply, or will be in  
14          compliance within 12 months, with—

15                 “(A) any laws, standards, and require-  
16                 ments applicable to such facilities under the  
17                 laws of the State, municipality, or other unit of  
18                 general local government in which the facility is  
19                 or is to be located, and

20                 “(B) after the effective date of the stand-  
21                 ards and requirements established under para-  
22                 graph (2), such standards and requirements,  
23                 and shall issue certifications of such compliance.

24           “(2) ESTABLISHMENT OF STANDARDS.—

1           “(A) STUDY.—Not later than 12 months  
2 after the date on which appointment of initial  
3 membership of the Commission is completed,  
4 the Commission, in consultation with the Sec-  
5 retary of Housing and Urban Development and  
6 the Secretary of Health and Human Services,  
7 shall conduct a study to determine the laws,  
8 standards, and requirements referred to in  
9 paragraph (1)(A) that are applicable in each  
10 State. Taking into consideration the findings of  
11 the study, the Secretary shall establish stand-  
12 ards and requirements regarding child care and  
13 development facilities that are designed to en-  
14 sure that mortgage insurance is provided under  
15 section 257 and section 223(h) only for safe,  
16 clean, and healthy facilities that provide appro-  
17 priate care and development services for chil-  
18 dren.

19           “(B) PUBLICATION.—The Commission  
20 shall issue regulations providing for the stand-  
21 ards and requirements established under sub-  
22 paragraph (A) to take effect, for purposes of  
23 sections 257(d)(2) and 223(h)(2)(B) and para-  
24 graph (1)(B) of this section, not later than 18

1 months after the date of the enactment of this  
2 section.

3 “(3) SMALL PURPOSE LOANS.—The Commis-  
4 sion shall, to the extent amounts are made available  
5 for such purpose pursuant to subsection (i) and  
6 qualified requests are received, make loans, directly  
7 or indirectly to providers of child care and develop-  
8 ment facilities for reconstruction or renovation of  
9 such facilities, subject to the following requirements:

10 “(A) Loans under this paragraph shall be  
11 made only for such facilities that are financially  
12 and operationally viable, as determined under  
13 standards and guidelines to be established by  
14 the Commission.

15 “(B) The aggregate amount of loans made  
16 under this paragraph to a single borrower may  
17 not exceed \$50,000.

18 “(C) A loan made under this paragraph  
19 may not have a term to maturity exceeding 7  
20 years.

21 “(D) Loans under this paragraph shall  
22 bear interest at rates and be made under such  
23 other conditions and terms as the Commission  
24 shall provide.

1           “(4) NOTIFICATION.—The Commission shall  
2 take such actions as may be necessary to publicize  
3 the availability of the programs for mortgage insur-  
4 ance under sections 257 and 223(h) and loans under  
5 paragraph (3) of this subsection in a manner that  
6 ensures that information concerning such programs  
7 will be available to child care providers throughout  
8 the United States.

9           “(5) LIABILITY INSURANCE.—Not later than 12  
10 months after the date on which appointment of ini-  
11 tial membership of the Commission is completed, the  
12 Commission shall establish standards and guidelines,  
13 applicable to mortgage insurance under sections 257  
14 and 223(h) and loans under paragraph (3) of this  
15 subsection, requiring child care providers operating  
16 child care and development facilities assisted under  
17 such provisions to obtain and maintain liability in-  
18 surance in such amounts and subject to such re-  
19 quirements as the Commission considers appro-  
20 priate.

21           “(6) RESEARCH FOUNDATION.—Not later than  
22 12 months after the date of the enactment of this  
23 section, the Commission shall submit a report to the  
24 Congress recommending a plan for establishing and  
25 funding a foundation that is an entity independent



1 of the Commission (but which maintains association  
2 with the Commission), the purpose of which shall  
3 be—

4 “(A) to support research relating to child  
5 care and development facilities;

6 “(B) to fund pilot programs to test innova-  
7 tive methods for improving child care; and

8 “(C) to engage in activities and publish  
9 materials to assist persons interested in mort-  
10 gage insurance under sections 257 and 223(h)  
11 and other assistance provided by the Commis-  
12 sion.

13 “(d) NONDISCRIMINATION REQUIREMENT.—

14 “(1) IN GENERAL.—The Commission may not  
15 certify under subsection (c)(1) or carry out any ac-  
16 tivities of the Commission with respect to any child  
17 care and development facility if the provider of the  
18 facility discriminates on account of race, color, reli-  
19 gion (subject to paragraph (2)), national origin, sex  
20 (to the extent provided in title IX of the Education  
21 Amendments of 1972 (20 U.S.C. 1681 et seq.)), or  
22 handicapping condition.

23 “(2) FACILITIES OF RELIGIOUS ORGANIZA-  
24 TIONS.—The prohibition with respect to religion  
25 shall not apply to a child care and development facil-

1       ity which is controlled by or which is closely identi-  
2       fied with the tenets of a particular religious organi-  
3       zation if the application of this subsection would not  
4       be consistent with the religious tenets of such orga-  
5       nization.

6           “(3) CERTIFICATION.—As a condition of certifi-  
7       cation under subsection (c)(1) and eligibility for a  
8       loan under subsection (c)(3), the provider of a child  
9       care and development facility shall certify to the  
10      Commission that the provider does not discriminate,  
11      as required by the provisions of paragraph (1) of  
12      this subsection.

13      “(e) POWERS.—

14           “(1) ASSISTANCE FROM FEDERAL AGENCIES.—  
15      The Commission may secure directly from any de-  
16      partment or agency of the Federal Government such  
17      information as the Commission may require for car-  
18      rying out its functions. Upon request of the Com-  
19      mission, any such department or agency shall fur-  
20      nish such information.

21           “(2) ASSISTANCE FROM GENERAL SERVICES  
22      ADMINISTRATION.—The Administrator of General  
23      Services shall provide to the Commission, on a reim-  
24      bursable basis, such administrative support services  
25      as the Commission may request.

1           “(3) ASSISTANCE FROM DEPARTMENT OF  
2 HOUSING AND URBAN DEVELOPMENT.—Upon the re-  
3 quest of the Commission, the Secretary of Housing  
4 and Urban Development shall, to the extent possible  
5 and subject to the discretion of the Secretary, detail  
6 any of the personnel of the Department of Housing  
7 and Urban Development, on a nonreimbursable  
8 basis, to assist the Commission in carrying out its  
9 functions under this section.

10           “(4) MAILS.—The Commission may use the  
11 United States mails in the same manner and under  
12 the same conditions as other Federal agencies.

13           “(f) STAFF.—

14           “(1) EXECUTIVE DIRECTOR.—The Commission  
15 shall appoint an executive director of the Board, who  
16 shall be compensated at a rate fixed by the Commis-  
17 sion, but which shall not exceed the rate established  
18 for level I of the Executive Schedule under title 5,  
19 United States Code.

20           “(2) OTHER PERSONNEL.—In addition to the  
21 executive director, the Commission may appoint and  
22 fix the compensation of such personnel as the Com-  
23 mission considers necessary, in accordance with the  
24 provisions of title 5, United States Code, governing  
25 appointments to the competitive service, and the

1 provisions of chapter 51 and subchapter III of chap-  
2 ter 53 of such title, relating to classification and  
3 General Schedule pay rates.

4 “(g) REPORTS.—Not later than March 31 of each  
5 year, the Commission shall submit a report to the Presi-  
6 dent and the Congress regarding the operations and activi-  
7 ties of the Commission during the preceding calendar year.  
8 Each annual report shall include a copy of the Commis-  
9 sion’s financial statements and such information and other  
10 evidence as is necessary to demonstrate that the activities  
11 of the Commission during the year for which the report  
12 is made. The Commission may also submit reports to the  
13 Congress and President at such other times as the Com-  
14 mission deems desirable.

15 “(h) DEFINITIONS.—For purposes of this section, the  
16 terms defined in section 257(i) shall have the same mean-  
17 ings as provided under such section.

18 “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to the Commission to  
20 carry out this section \$10,000,000 for fiscal year 1999,  
21 to remain available until expended, of which not more than  
22 \$2,500,000 shall be available for administrative costs of  
23 the Commission and the remainder of which shall be avail-  
24 able only for loans under subsection (c)(3).”.

1 **SEC. 956. STUDY OF AVAILABILITY OF SECONDARY MAR-**  
2 **KETS FOR MORTGAGES ON CHILD CARE FA-**  
3 **CILITIES.**

4 The Secretary of the Treasury shall conduct a study  
5 of the secondary mortgage markets to determine—

6 (1) whether such a market exists for purchase  
7 of mortgages eligible for insurance under sections  
8 223(h) and 257 of the National Housing Act (as  
9 added by this Act);

10 (2) whether such a market would affect the  
11 availability of credit available for development of  
12 child care and development facilities or would lower  
13 development costs of such facilities; and

14 (3) the extent to which such a market or other  
15 activities to provide credit enhancement for child  
16 care and development facilities loans is needed to  
17 meet the demand for such facilities.

18 The Secretary of the Treasury shall submit to the Con-  
19 gress a report regarding the results of the study conducted  
20 under this section not later than the expiration of the 2-  
21 year period beginning on the date of the enactment of this  
22 Act.

23 **Subtitle C—Sense of the Congress**

24 **SEC. 971. SENSE OF THE CONGRESS.**

25 It is the sense of the Congress that funds should be  
26 appropriated pursuant to this Act, to the maximum extent

- 1 authorized and consistently with achieving a balanced
- 2 Federal budget.

