

108TH CONGRESS  
1ST SESSION

# H. R. 3099

To amend the Small Business Investment Act of 1958 to establish a pilot program for lending to small, nonprofit child care businesses.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 2003

Ms. MILLENDER-MCDONALD (for herself, Mr. CONYERS, Mr. TOWNS, Mrs. CHRISTENSEN, Ms. LEE, Mr. CUMMINGS, Ms. KILPATRICK, Ms. CARSON of Indiana, Ms. CORRINE BROWN of Florida, Mr. SCOTT of Virginia, Mr. FROST, Mr. PAYNE, Mr. CLAY, Mr. MEEHAN, Mrs. JONES of Ohio, Ms. JACKSON-LEE of Texas, Mr. THOMPSON of Mississippi, Ms. NORTON, Mr. FRANK of Massachusetts, Mr. TIERNEY, Mr. ENGEL, Mr. WYNN, Mr. LYNCH, Mr. OLVER, Mr. MARKEY, Mr. NEAL of Massachusetts, Mr. MCGOVERN, Mr. BALLANCE, Mr. SERRANO, Ms. MCCOLLUM, and Mr. CAPUANO) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Investment Act of 1958 to establish a pilot program for lending to small, nonprofit child care businesses.

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 “Child Care Lending  
5 Pilot Act of 2003”.

1 **SEC. 2. CHILD CARE LENDING PILOT PROGRAM.**

2 (a) LOANS AUTHORIZED.—Notwithstanding section  
3 502(1) of the Small Business Investment Act of 1958, the  
4 proceeds of any loan described in section 502 of such Act  
5 may be used by the certified development company to pro-  
6 vide loans to small, nonprofit child care businesses, pro-  
7 vided that—

8 (1) the loan will be used for a sound business  
9 purpose that has been approved by the Adminis-  
10 trator of the Small Business Administration (here-  
11 after in this section referred to as the Adminis-  
12 trator);

13 (2) each such business meets the eligibility re-  
14 quirements applicable to for-profit businesses receiv-  
15 ing a similar loan, except for status as a for-profit  
16 business;

17 (3) 1 or more individuals have personally guar-  
18 anteed the loan;

19 (4) the small, non-profit child care business has  
20 clear and singular title to the collateral for the loan;  
21 and

22 (5) the small, non-profit child care business has  
23 sufficient cash flow from its operations to meet its  
24 obligations on the loan and its normal and reason-  
25 able operating expenses.

1 (b) LIMITATION ON VOLUME.—Not more than 7 per-  
2 cent of the total number of loans guaranteed in any fiscal  
3 year under title V of the Small Business Investment Act  
4 of 1958 may be awarded under the program described in  
5 this section.

6 (c) SMALL, NONPROFIT CHILD CARE BUSINESS.—  
7 For purposes of this section, the term “small, non-profit  
8 child care business” means an organization that—

9 (1) is described in section 501(c)(3) of the In-  
10 ternal Revenue Code of 1986 and exempt from tax  
11 under section 501(a) of such Code;

12 (2) is primarily engaged in providing child care  
13 for infants, toddlers, pre-school, or pre-kindergarten  
14 children (or any combination thereof), may provide  
15 care for older children when they are not in school,  
16 and may offer pre-kindergarten educational pro-  
17 grams;

18 (3) including its affiliates, has tangible net  
19 worth that does not exceed \$7,000,000, and has av-  
20 erage net income (excluding any carryover losses) for  
21 the preceding 2 completed fiscal years that does not  
22 exceed \$2,500,000; and

23 (4) is licensed as a child care provider by the  
24 District of Columbia, the insular area, or the State,  
25 in which it is located.

1 (d) TERMINATION.—No loan shall be made under  
2 this section after September 30, 2006.

3 (e) REPORTS.—

4 (1) SMALL BUSINESS ADMINISTRATION.—Not  
5 later than 6 months after the date of the enactment  
6 of this Act, and every 6 months thereafter until Sep-  
7 tember 30, 2006, the Administrator shall submit a  
8 report to the Committee on Small Business and En-  
9 trepreneurship of the Senate and the Committee on  
10 Small Business of the House of Representatives re-  
11 garding the implementation of the loan program de-  
12 scribed in this section. Each such report shall in-  
13 clude—

14 (A) the date on which the loan program is  
15 implemented;

16 (B) the date on which the rules are issued  
17 pursuant to subsection (f); and

18 (C) the number and dollar amount of loans  
19 under the program applied for, approved, and  
20 disbursed during the previous 6 months.

21 (2) GENERAL ACCOUNTING OFFICE.—Not later  
22 than March 31, 2006, the Comptroller General of  
23 the United States shall submit a report to the Com-  
24 mittee on Small Business and Entrepreneurship of  
25 the Senate and the Committee on Small Business of

1 the House of Representatives regarding the assist-  
2 ance provided under the loan program established by  
3 this section. Such report shall include information  
4 regarding the first 2 years of the loan program, in-  
5 cluding—

6 (A) an evaluation of the timeliness of the  
7 implementation of the loan program;

8 (B) a description of the effectiveness and  
9 ease with which certified development compa-  
10 nies, lenders, and small businesses have partici-  
11 pated in the loan program;

12 (C) a description and assessment of how  
13 the loan program was marketed;

14 (D) by location (State, insular area, and  
15 District of Columbia) and in total, the number  
16 of small, nonprofit child care businesses that—

17 (i) applied for loans under the pro-  
18 gram (stated separately for new and ex-  
19 panding child care providers); and

20 (ii) received loan disbursements under  
21 the program (stated separately for new  
22 and expanding child care providers);

23 (E) the total amount loaned to such busi-  
24 nesses under the program;

1 (F) the total number of loans made to  
2 such businesses under the program;

3 (G) the average loan amount and term of  
4 loans made under the program;

5 (H) the currency rate, delinquencies, de-  
6 faults, and losses of the loans made under the  
7 program;

8 (I) the number and percent of children  
9 served through the program who receive sub-  
10 sidized assistance; and

11 (J) the number and percent of children  
12 served through the program who are low in-  
13 come.

14 (3) ACCESS TO INFORMATION.—

15 (A) COLLECTION.—The Administrator  
16 shall collect and maintain such information as  
17 may be necessary to carry out paragraph (2)  
18 from certified development centers and child  
19 care providers, and such centers and providers  
20 shall comply with a request for information  
21 from the Administrator for that purpose.

22 (B) PROVISION OF INFORMATION TO  
23 GAO.—The Administrator shall provide informa-  
24 tion collected under subparagraph (A) to the  
25 Comptroller General of the United States for

1           purposes of the report required by paragraph  
2           (2).

3           (f) RULEMAKING AUTHORITY.—Not later than 120  
4   days after the date of the enactment of this Act, the Ad-  
5   ministrator shall issue final rules to carry out the loan  
6   program authorized by this section.

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