

106TH CONGRESS  
1ST SESSION

# H. R. 1112

To amend the National Housing Act to authorize the Secretary of Housing and Urban Development to insure mortgages for the acquisition, construction, or substantial rehabilitation of child care and development facilities and to establish the Children's Development Commission to certify such facilities for such insurance, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1999

Mrs. MALONEY of New York (for herself, Mr. BAKER, Mr. KANJORSKI, Mr. GILMAN, Mr. FROST, Mrs. KELLY, Mr. GUTIERREZ, Mr. JACKSON of Illinois, Mr. COOK, Ms. LOFGREN, Ms. LEE, Ms. SANCHEZ, Mr. BARRETT of Wisconsin, Mr. MARTINEZ, Mr. FATTAH, Mrs. MEEK of Florida, Mr. ALLEN, Mr. ENGEL, Mr. SAWYER, Mr. EDWARDS, Ms. BROWN of Florida, Mr. BISHOP, Mrs. CAPPES, Mr. SHOWS, Mrs. CHRISTENSEN, Mrs. CLAYTON, Mr. HINCHEY, Mr. CROWLEY, Ms. SCHAKOWSKY, Mr. PAYNE, Mr. FORD, Mr. BROWN of California, Mrs. MINK of Hawaii, Mr. SANDLIN, Mr. HILL of Indiana, and Mr. UNDERWOOD) introduced the following bill; which was referred to the Committee on Banking and Financial Services

---

## A BILL

To amend the National Housing Act to authorize the Secretary of Housing and Urban Development to insure mortgages for the acquisition, construction, or substantial rehabilitation of child care and development facilities and to establish the Children's Development Commission to certify such facilities for such insurance, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Children’s Develop-  
5 ment Commission Act (Kiddie Mac)”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7        The Congress finds the following:

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

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

22            (3) The number of available enrollment oppor-  
23 tunities for children to receive quality child care  
24 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. 3. INSURANCE FOR MORTGAGES ON NEW AND REHA-**  
2 **BILITATED CHILD CARE AND DEVELOPMENT**  
3 **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.—

21           “(A) IN GENERAL.—Except as provided in  
22 subparagraph (B), the mortgage shall involve a  
23 principal obligation in an amount not to exceed  
24 80 percent of the estimated value of the prop-  
25 erty or project, or 85 percent of the estimated

1 value of the property or project in the case only  
2 of a mortgagor that is a private nonprofit cor-  
3 poration or association (as such term is defined  
4 pursuant to section 221(d)(3)), including—

5 “(i) equipment to be used in the oper-  
6 ation of the facility when the proposed im-  
7 provements are completed and the equip-  
8 ment is installed; or

9 “(ii) a solar energy system (as defined  
10 in subparagraph (3) of the last paragraph  
11 of section 2(a)) or residential energy con-  
12 servation measures (as defined in subpara-  
13 graphs (A) through (G) and (I) of section  
14 210(11) of the National Energy Conserva-  
15 tion Policy Act), in cases in which the Sec-  
16 retary determines that such measures are  
17 in addition to those required under the  
18 minimum property standards and will be  
19 cost-effective over the life of the measure.

20 “(B) INCREASE FOR CERTAIN DISTRESSED  
21 AREAS.—In the case of any mortgage for a  
22 child care and development facility that is lo-  
23 cated in a distressed area and for which more  
24 than 50 percent of the children served by the  
25 facility are children of families or individuals

1           who are eligible for assistance under a State  
2           program for temporary assistance for needy  
3           families that is funded under part A of title IV  
4           of the Social Security Act, the mortgage shall  
5           involve principal obligation in an amount not to  
6           exceed the sum of the amount determined  
7           under subparagraph (A) for the mortgagor and  
8           5 percent of the estimated value of the property  
9           or project.

10           “(3) AMORTIZATION AND INTEREST.—The  
11           mortgage shall—

12                   “(A) provide for complete amortization by  
13                   periodic payments under such terms as the Sec-  
14                   retary shall prescribe;

15                   “(B) have a maturity satisfactory to the  
16                   Secretary, but in no event longer than 25 years;  
17                   and

18                   “(C) bear interest at such rate as may be  
19                   agreed upon by the mortgagor and the mort-  
20                   gagee, and the Secretary shall not issue any  
21                   regulations or establish any terms or conditions  
22                   that interfere with the ability of the mortgagor  
23                   and mortgagee to determine the interest rate.

24           “(d) CERTIFICATION BY CHILDREN’S DEVELOPMENT  
25           COMMISSION.—The Secretary may not insure a mortgage

1 under this section unless the Children’s Development  
2 Commission established under section 258 certifies that  
3 the facility is in compliance, or will be in compliance not  
4 later than 12 months after such certification, with—

5           “(1) any laws, standards, and requirements ap-  
6 plicable to such facilities under the laws of the  
7 State, municipality, or other unit of general local  
8 government in which the facility is or is to be lo-  
9 cated; and

10           “(2) after the effective date of the standards  
11 and requirements established under section  
12 258(c)(2), such standards and requirements.

13           “(e) LOW-INCOME CLIENTELE.—The Secretary may  
14 not insure a mortgage under this section unless the mort-  
15 gage certifies, to the satisfaction of the Secretary, that not  
16 less than 20 percent of the children served by the facility  
17 during the period that the mortgage is outstanding shall  
18 be children of families having incomes less than the me-  
19 dian income for the metropolitan statistical area in which  
20 the facility is located.

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

1       “(g) MORTGAGE INSURANCE TERMS.—The provi-  
2 sions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and  
3 (n) of section 207 shall apply to mortgages insured under  
4 this section, except that all references in such subsections  
5 to section 207 shall be considered, for purposes of mort-  
6 gage insurance under this section, to refer to this section.

7       “(h) MORTGAGE INSURANCE FOR FIRE SAFETY  
8 EQUIPMENT LOANS.—

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

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

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

1           “(B) bear interest at such rate as may be  
2           agreed upon by the mortgagor and the mort-  
3           gagee;

4           “(C) have a maturity satisfactory to the  
5           Secretary;

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

10          “(E) comply with other such terms, condi-  
11          tions, and restrictions as the Secretary may  
12          prescribe; and

13          “(F) be made with respect to a child care  
14          and development facility that complies with the  
15          requirement under subsection (d).

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

1       ‘this title’ shall be considered, for purposes of this  
2       subsection, to refer to this subsection.

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

7       “(j) DEFINITIONS.—For the purposes of this section,  
8       the following definitions shall apply:

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

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

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

22       The term does not include facilities for school-age  
23       children primarily for use during normal school  
24       hours. The term includes facilities for training indi-

1 individuals to provide child care and development serv-  
2 ices.

3 “(2) DISTRESSED AREA.—The term ‘distressed  
4 area’ means an area that—

5 “(A) meets the requirements under sub-  
6 chapter U of chapter I of the Internal Revenue  
7 Code (26 U.S.C. 1391 et seq.) for designation  
8 as an enterprise community or empowerment  
9 zone under such subchapter; or

10 “(B) is a census tract that has a median  
11 income that does not exceed 50 percent of the  
12 median income for the region in which the cen-  
13 sus tract is located, as determined by the Sec-  
14 retary.

15 For purposes of subparagraph (B), a region shall be  
16 determined by the Secretary in the same manner as  
17 areas are determined for purposes of determining in-  
18 come limitations for assistance under section 8 of  
19 the United States Housing Act of 1937 (42 U.S.C.  
20 1437f).

21 “(3) EQUIPMENT.—The term ‘equipment’ in-  
22 cludes machinery, utilities, and built-in equipment  
23 and any necessary enclosures or structures to house  
24 them, and any other items necessary for the func-  
25 tioning of a particular facility as a child care and

1 development facility, including necessary furniture.  
2 Such term includes books, curricular, and program  
3 materials.

4 “(4) MORTGAGE; FIRST MORTGAGE; MORT-  
5 GAGEE.—The term ‘mortgage’ means a first mort-  
6 gage on real estate in fee simple, or on the interest  
7 of either the lessor or lessee thereof under a lease  
8 having a period of not less than 7 years to run be-  
9 yond the maturity date of the mortgage. The term  
10 ‘first mortgage’ means such classes of first liens as  
11 are commonly given to secure advances (including  
12 advances during construction) on, or the unpaid pur-  
13 chase price of, real estate under the laws of the  
14 State in which the real estate is located, together  
15 with the credit instrument or instruments (if any)  
16 secured thereby, and any mortgage may be in the  
17 form of one or more trust mortgages or mortgage  
18 indentures or deeds of trust, securing notes, bonds,  
19 or other credit instruments, and, by the same instru-  
20 ment or by a separate instrument, may create a se-  
21 curity interest in initial equipment, whether or not  
22 attached to the realty. The term ‘mortgagor’ has the  
23 meaning given the term in section 207(a).

24 “(k) LIMITATION ON INSURANCE AUTHORITY.—

1           “(1) TERMINATION.—No mortgage may be in-  
2           sured under this section or section 223(h) after Sep-  
3           tember 30, 2008, except pursuant to a commitment  
4           to insure issued on or before such date.

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

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

1 **SEC. 4. INSURANCE FOR MORTGAGES FOR ACQUISITION OR**  
2 **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 con-  
25 siders 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 section 257(d) to  
6 facilities having mortgages insured under such  
7 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(j) 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(k).”.

11 **SEC. 5. 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 3 of this Act) the following new  
15 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) The Secretary of Housing and Urban  
2           Development or the Secretary’s designee.

3           “(B) The Secretary of Health and Human  
4           Services or the Secretary’s designee.

5           “(C) The Secretary of the Treasury or the  
6           Secretary’s designee.

7           “(D) 4 members shall be appointed from  
8           among 12 individuals recommended jointly by  
9           the Speaker of the House of Representatives,  
10          the Majority Leader of the Senate, Minority  
11          Leader of the House of Representatives, the  
12          Minority Leader of the Senate.

13          “(2) QUALIFICATIONS OF CONGRESSIONALLY  
14          RECOMMENDED MEMBERS.—Of the members ap-  
15          pointed under paragraph (1)(D)—

16                 “(A) each shall be an individual who ac-  
17                 tively participates or is employed in the field of  
18                 child care and has academic, licensing, or other  
19                 credentials relating to such participation or em-  
20                 ployment; and

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

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

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

10           “(5) CHAIRPERSON.—The chairperson of the  
11 Commission shall be designated by the President at  
12 the time of appointment.

13           “(6) QUORUM.—A majority of the members of  
14 the Commission shall constitute a quorum for the  
15 transaction of business.

16           “(7) VOTING.—Each member of the Commis-  
17 sion shall be entitled to 1 vote, which shall be equal  
18 to the vote of every other member of the Commis-  
19 sion.

20           “(8) PROHIBITION ON ADDITIONAL PAY.—  
21 Members of the Commission shall serve without  
22 compensation, but shall be reimbursed for travel,  
23 subsistence, and other necessary expenses incurred  
24 in the performance of their duties as members of the  
25 Commission.

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

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

9           “(A) any laws, standards, and require-  
10 ments applicable to such facilities under the  
11 laws of the State, municipality, or other unit of  
12 general local government in which the facility is  
13 or is to be located, and

14           “(B) after the effective date of the stand-  
15 ards and requirements established under para-  
16 graph (2), such standards and requirements,  
17 and shall issue certifications of such compliance.

18           “(2) ESTABLISHMENT OF STANDARDS.—

19           “(A) STUDY.—Not later than 12 months  
20 after the date on which appointment of initial  
21 membership of the Commission is completed,  
22 the Commission, in consultation with the Sec-  
23 retary of Housing and Urban Development and  
24 the Secretary of Health and Human Services,  
25 shall conduct a study to determine the laws,

1 standards, and requirements referred to in  
2 paragraph (1)(A) that are applicable in each  
3 State. Taking into consideration the findings of  
4 the study, the Secretary shall establish stand-  
5 ards and requirements regarding child care and  
6 development facilities that are designed to en-  
7 sure that mortgage insurance is provided under  
8 section 257 and section 223(h) only for safe,  
9 clean, and healthy facilities that provide appro-  
10 priate care and development services for chil-  
11 dren.

12 “(B) PUBLICATION.—The Commission  
13 shall issue regulations providing for the stand-  
14 ards and requirements established under sub-  
15 paragraph (A) to take effect, for purposes of  
16 sections 257(d)(2) and 223(h)(2)(B) and para-  
17 graph (1)(B) of this section, not later than 18  
18 months after the date of the enactment of this  
19 section.

20 “(3) SMALL PURPOSE LOANS.—The Commis-  
21 sion shall, to the extent amounts are made available  
22 for such purpose pursuant to subsection (i) and  
23 qualified requests are received, make loans, directly  
24 or indirectly to providers of child care and develop-

1       ment facilities for reconstruction or renovation of  
2       such facilities, subject to the following requirements:

3               “(A) Loans under this paragraph shall be  
4               made only for such facilities that are financially  
5               and operationally viable, as determined under  
6               standards and guidelines to be established by  
7               the Commission.

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

11              “(C) A loan made under this paragraph  
12              may not have a term exceeding 15 years.

13              “(D) Loans under this paragraph shall  
14              bear interest at rates and be made under such  
15              other conditions and terms as the Commission  
16              shall provide.

17              “(4) NOTIFICATION.—The Commission shall  
18              take such actions as may be necessary to publicize  
19              the availability of the programs for mortgage insur-  
20              ance under sections 257 and 223(h) and loans under  
21              paragraph (3) of this subsection in a manner that  
22              ensures that information concerning such programs  
23              will be available to child care providers throughout  
24              the United States.

1           “(5) TECHNICAL ASSISTANCE.—The Commis-  
2           sion shall make available, to mortgagors of mort-  
3           gages insured under section 257 or 223(h) and to  
4           borrowers under paragraph (3) of this subsection,  
5           technical assistance and expertise in the business as-  
6           pects of operating child care and development facili-  
7           ties (including business planning and quality control  
8           assistance). The Commission shall provide such as-  
9           sistance and expertise directly and in coordination  
10          with appropriate Federal agencies (including the De-  
11          partment of Housing and Urban Development, the  
12          Department of Health and Human Services, the De-  
13          partment of Defense, and the Small Business Ad-  
14          ministration),

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

1        requirements as the Commission considers appro-  
2        priate.

3            “(7) RESEARCH FOUNDATION.—Not later than  
4        12 months after the date of the enactment of this  
5        section, the Commission shall submit a report to the  
6        Congress recommending a plan for establishing and  
7        funding a foundation that is an entity independent  
8        of the Commission (but which maintains association  
9        with the Commission)—

10            “(A) which shall have as its purpose—

11            “(i) to support research relating to  
12            child care and development facilities;

13            “(ii) to fund pilot programs to test in-  
14            novative methods for improving child care;  
15            and

16            “(iii) to engage in activities and pub-  
17            lish materials to assist persons interested  
18            in mortgage insurance under sections 257  
19            and 223(h) and other assistance provided  
20            by the Commission; and

21            “(B) which shall have the authority to ac-  
22            cept, use, and dispose of gifts, bequests, or de-  
23            vises of services or property, both real and per-  
24            sonal, for the purpose of aiding or facilitating  
25            the work of the foundation.

1           “(8) STUDY REGARDING CAPITAL NEEDS OF  
2 CENTER-BASED CHILD CARE IN LOW-INCOME COM-  
3 MUNITIES.—The Commission shall provide for the  
4 conducting of a study of center-based child care for  
5 families in low-income communities and neighbor-  
6 hoods that—

7           “(A) determines the existing supply and  
8 quality of such care in such areas;

9           “(B) identifies the economic and other  
10 market barriers in such areas to—

11           “(i) creating an adequate supply of  
12 center-based child care services; and

13           “(ii) achieving a quality standard in  
14 child care centers adequate to support  
15 early childhood programs; and

16           “(C) proposes public policy and private  
17 sector initiatives that might be taken to ensure  
18 that such areas have—

19           “(i) a supply of center-based child  
20 care facilities sufficient for child care needs  
21 of the areas and to facilitate employment  
22 and support the goals of welfare reform;

23           “(ii) appropriate child care choices;  
24 and

1                   “(iii) sufficient quality of care nec-  
2                   essary to prepare at-risk children for  
3                   school.

4                   The Commission shall submit to the Congress a re-  
5                   port regarding the results of the study conducted  
6                   under this section not later than the expiration of  
7                   the 18-month period beginning on the date of the  
8                   appointment of the executive director pursuant to  
9                   subsection (f)(1).

10                  “(d) NONDISCRIMINATION REQUIREMENT.—

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

20                   “(2) FACILITIES OF RELIGIOUS ORGANIZA-  
21                   TIONS.—The prohibition with respect to religion  
22                   shall not apply to a child care and development facil-  
23                   ity which is controlled by or which is closely identi-  
24                   fied with the tenets of a particular religious organi-  
25                   zation if the application of this subsection would not

1 be consistent with the religious tenets of such orga-  
2 nization.

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

10 “(e) POWERS.—

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

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

23 “(3) ASSISTANCE FROM DEPARTMENT OF  
24 HOUSING AND URBAN DEVELOPMENT.—Upon the re-  
25 quest of the Commission, the Secretary of Housing

1 and Urban Development shall, to the extent possible  
2 and subject to the discretion of the Secretary, detail  
3 any of the personnel of the Department of Housing  
4 and Urban Development, on a nonreimbursable  
5 basis, to assist the Commission in carrying out its  
6 functions under this section.

7 “(4) **MAILS.**—The Commission may use the  
8 United States mails in the same manner and under  
9 the same conditions as other Federal agencies.

10 “(f) **STAFF.**—

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

17 “(2) **OTHER PERSONNEL.**—In addition to the  
18 executive director, the Commission may appoint and  
19 fix the compensation of such personnel as the Com-  
20 mission considers necessary, in accordance with the  
21 provisions of title 5, United States Code, governing  
22 appointments to the competitive service, and the  
23 provisions of chapter 51 and subchapter III of chap-  
24 ter 53 of such title, relating to classification and  
25 General Schedule pay rates.

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

12       “(h) DEFINITIONS.—For purposes of this section, the  
13 terms defined in section 257(j) shall have the same mean-  
14 ings as provided under such section.

15       “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
16 are authorized to be appropriated to the Commission to  
17 carry out this section \$20,000,000 for fiscal year 2000,  
18 to remain available until expended, of which not more than  
19 \$2,500,000 shall be available for administrative costs of  
20 the Commission and the remainder of which shall be avail-  
21 able only for loans under subsection (c)(3).”.

1 **SEC. 6. STUDY OF AVAILABILITY OF SECONDARY MARKETS**  
2 **FOR MORTGAGES ON CHILD CARE FACILI-**  
3 **TIES.**

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.

○