

106TH CONGRESS  
1ST SESSION

# H. R. 1139

To make child care more affordable for working families and for stay-at-home parents with children under the age of 1, 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

MARCH 16, 1999

Mrs. TAUSCHER (for herself, Mr. GEPHARDT, Mr. BONIOR, Mr. FROST, Mr. MENENDEZ, Mr. CARDIN, Mr. CLAY, Ms. DELAURO, Ms. LOFGREN, Mrs. MALONEY of New York, Mr. RANGEL, Mr. WEYGAND, Ms. WOOLSEY, Mr. ACKERMAN, Mr. ALLEN, Mr. ANDREWS, Mr. BALDACCI, Mr. BARRETT of Wisconsin, Ms. BERKLEY, Mr. BERMAN, 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. CARSON, Mrs. CHRISTENSEN, Mrs. CLAYTON, Mr. CLEMENT, Mr. CONYERS, Mr. COSTELLO, Mr. CROWLEY, Mr. CUMMINGS, Mr. DEFazio, Mr. DELAHUNT, Mr. DICKS, Mr. DINGELL, Mr. DIXON, Mr. ENGEL, Ms. ESHOO, Mr. FARR of California, Mr. FILNER, Mr. GEJDENSON, Mr. GREEN of Texas, Mr. HASTINGS of Florida, Mr. HINCHEY, Mr. HOYER, Ms. JACKSON-LEE of Texas, Mr. JEFFERSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. KANJORSKI, Ms. KAPTUR, Mr. KENNEDY of Rhode Island, Mr. KILDEE, Ms. KILPATRICK, Mr. LAFALCE, Mr. LAMPSON, Mr. LANTOS, Mr. LEWIS of Georgia, Mr. MATSUI, Mr. MCGOVERN, Mr. McNULTY, Ms. MILLENDER-McDONALD, Mr. GEORGE MILLER of California, Mr. MORAN of Virginia, Mr. NEAL of Massachusetts, Ms. NORTON, Mr. OBERSTAR, Mr. PALLONE, Mr. PAYNE, Ms. PELOSI, Mr. PRICE of North Carolina, Mr. RAHALL, Mr. RODRIGUEZ, Mr. ROMERO-BARCELÓ, Ms. ROYBAL-ALLARD, Mr. RUSH, Ms. SANCHEZ, Mr. SANDLIN, Mr. SCOTT, Mr. SERRANO, Mr. SHERMAN, Mr. SHOWS, Ms. SLAUGHTER, Ms. STABENOW, Mrs. THURMAN, Mr. VENTO, Mr. WAXMAN, Mr. WEXLER, and Mr. WYNN) 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, and Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

# A BILL

To make child care more affordable for working families and for stay-at-home parents with children under the age of 1, 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 Child Care,  
 5        Education, Security, and Safety Act”.

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 1.
- 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.

## TITLE V—MODEL STATES EARLY LEARNING PROGRAM

- Sec. 501. Model States early learning program.

## TITLE VI—CHILD CARE WORKER INCENTIVES

- Sec. 601. Short title.
- Sec. 602. National child care provider scholarship program.
- Sec. 603. Application of amendments.

## TITLE VII—RESEARCH AND DEMONSTRATION PROGRAM

- Sec. 701. Research and demonstrations.

## TITLE VIII—MISCELLANEOUS

## Subtitle A—Child and Adult Food Program

- Sec. 801. 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. 851. Short title.
- Sec. 852. Congressional findings.
- Sec. 853. Insurance for mortgages on new and rehabilitated child care and development facilities.
- Sec. 854. Insurance for mortgages for acquisition or refinancing debt of existing child care and development facilities.
- Sec. 855. Children's development commission.
- Sec. 856. Study of availability of secondary markets for mortgages on child care facilities.

## Subtitle C—Sense of the Congress

- Sec. 871. 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 (c), (d), and (e), respectively; and

8                     (2) by inserting after subsection (a) the fol-  
9             lowing:

10             “(b) CHILD CARE SUBSIDY FUNDING.—

11                     “(1) APPROPRIATION.—Out of any funds in the  
12             Treasury not otherwise appropriated, there are ap-  
13             propriated for grants and other activities under this  
14             subsection—

15                             “(A) \$1,155,000,000 for fiscal year 2000;

16                             “(B) \$1,280,000,000 for fiscal year 2001;

17                             “(C) \$1,400,000,000 for fiscal year 2002;

18                             “(D) \$1,600,000,000 for fiscal year 2003;

19                     and

20                             “(E) \$2,065,000,000 for fiscal year 2004.

21                     “(2) ALLOTMENT AND RESERVATION OF  
22             FUNDS.—

23                             “(A) ALLOTMENTS FOR INDIAN TRIBES.—

24             From the amount appropriated pursuant to  
25             paragraph (1) for a fiscal year, the Secretary

1 shall allot to each Indian tribe that has received  
2 a share for the fiscal year under section  
3 6580(c) of the CCDBG Act, an amount that  
4 bears the same ratio to such sum as the Sec-  
5 retary may determine that is not less than 1  
6 and not more than 2 percent of the amount so  
7 appropriated as the share so received by the  
8 tribe bears to the total of the shares so received  
9 by all Indian tribes.

10 “(B) RESERVATION FOR SECRETARY’S AC-  
11 TIVITIES.—From the amount appropriated pur-  
12 suant to paragraph (1) for a fiscal year, the  
13 Secretary shall reserve \$1,000,000 for expendi-  
14 ture by the Secretary for quality assurance and  
15 quality improvement activities relating to pro-  
16 grams under the CCDBG Act.

17 “(C) ALLOTMENTS FOR STATES AND TER-  
18 RITORIES.—From the amount appropriated  
19 pursuant to paragraph (1) for a fiscal year that  
20 remains after applying subparagraphs (A) and  
21 (B) of this paragraph for the fiscal year, the  
22 Secretary shall allot to each State and territory  
23 an amount that bears the same ratio to such re-  
24 maining amount as the number of children re-  
25 siding in the State or territory in the second

1 preceding fiscal year bears to the number of  
2 children residing in the United States in the  
3 second preceding fiscal year.

4 “(3) MATCHING PAYMENTS TO STATES AND  
5 TERRITORIES.—

6 “(A) IN GENERAL.—From the amount al-  
7 lotted to a State or territory for a fiscal year  
8 under paragraph (2), the Secretary shall pay to  
9 the State or territory for the fiscal year an  
10 amount equal to the lesser of the amount so al-  
11 lotted or 80 percent of the amount of eligible  
12 child care expenditures of the State or territory  
13 during the fiscal year.

14 “(B) ELIGIBLE CHILD CARE EXPENDI-  
15 TURES DEFINED.—In subparagraph (A), the  
16 term ‘eligible child care expenditures’ means,  
17 with respect to a State or territory,  
18 expenditures—

19 “(i) made under the approved plan of  
20 the State or territory under the CCDBG  
21 Act;

22 “(ii) for which Federal matching pay-  
23 ments or reimbursements have not other-  
24 wise been made; and

1           “(iii) in the case of a State, to the ex-  
2           tent the amount of such expenditures ex-  
3           ceeds the amount necessary to secure pay-  
4           ment of the full amount of the State’s al-  
5           lotment (if any) under subsection (a)(2)  
6           (determined without regard to subsection  
7           (a)(2)(D)).

8           “(C) REDISTRIBUTION.—The Secretary  
9           shall, to the extent necessary, determine the  
10          need for redistribution of, and redistribute,  
11          amounts allotted under this subsection to  
12          States, in accordance with the procedures and  
13          formula set forth in subsection (a)(2)(D).

14          “(4) PAYMENTS TO INDIAN TRIBES.—From the  
15          amount allotted to an Indian tribe for a fiscal year  
16          under paragraph (2), the Secretary shall pay to the  
17          tribe for the fiscal year an amount equal to the less-  
18          er of the amount so allotted or the total amount ex-  
19          pended by the tribe pursuant to the CCDBG Act for  
20          which Federal payments have not otherwise been  
21          made.

22          “(5) TARGETING OF FUNDS FOR WORKING  
23          NON-WELFARE FAMILIES.—Notwithstanding sub-  
24          section (e) of this section, a State or territory to  
25          which amounts are provided under this subsection

1 shall use not less than 70 percent of the amounts for  
2 child care assistance to working families who are not  
3 recipients of assistance under the State or territory  
4 program funded under section 403(a)(1).”.

5 (b) INCLUSION OF TERRITORIES IN DEFINITIONS.—

6 Section 418(e) of such Act, as so redesignated by sub-  
7 section (a)(1) of this section, is amended to read as fol-  
8 lows:

9 “(f) DEFINITIONS.—As used in this section:

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

13 “(2) STATE.—The term ‘State’ means each of  
14 the 50 States, the District of Columbia, and (except  
15 for purposes of subsection (a)) the Commonwealth of  
16 Puerto Rico.

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

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 418(a)(3) of such Act (42 U.S.C.  
23 618(a)(3)) is amended by striking “this section” and  
24 inserting “this subsection”.

1           (2) Section 418(c) of such Act (as so redesignated by subsection (a)(1) of this section) is amended in paragraphs (1) and (2) by striking “under this section” each place it appears and inserting “under subsection (a)”.

2           (3) Section 1108(a)(2) of such Act (42 U.S.C. 1308(a)(2)) is amended by striking “or 413(f)” and inserting “413(f), or 418(b)(3)(A)”.

## 9 **TITLE II—DEPENDENT CARE TAX** 10 **CREDIT REFORM**

### 11 **SEC. 201. EXPANSION OF DEPENDENT CARE TAX CREDIT.**

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

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

14           (b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) of such Code (relating to special rules) is amended by adding at the end the following:

1           “(11) MINIMUM CREDIT ALLOWED FOR STAY-  
2           AT-HOME PARENTS.—Notwithstanding subsection  
3           (d), in the case of any taxpayer with one or more  
4           qualifying individuals described in subsection  
5           (b)(1)(A) under the age of 1 at any time during the  
6           taxable year, such taxpayer shall be deemed to have  
7           employment-related expenses with respect to such  
8           qualifying individuals in an amount equal to the  
9           greater of—

10                   “(A) the amount of employment-related ex-  
11                   penses incurred for such qualifying individuals  
12                   for the taxable year (determined under this sec-  
13                   tion without regard to this paragraph), or

14                   “(B) \$125 for each month in such taxable  
15                   year during which such qualifying individual is  
16                   under the age of 1.”.

17           (c) INFLATION ADJUSTMENT OF DOLLAR  
18           AMOUNTS.—

19           (1) Section 21 of such Code is amended by re-  
20           designating subsection (f) as subsection (g) and by  
21           inserting after subsection (e) the following new sub-  
22           section:

23           “(f) INFLATION ADJUSTMENT.—In the case of any  
24           taxable year beginning in a calendar year after 2000, the  
25           \$30,000 amount contained in subsection (a), the \$2,400

1 amount in subsection (c), and the \$125 amount in sub-  
2 section (e)(11) shall be increased by an amount equal to—

3 “(1) such dollar amount, multiplied by

4 “(2) the cost-of-living adjustment determined  
5 under section 1(f)(3) for such calendar year by sub-  
6 stituting ‘calendar year 1999’ for ‘calendar year  
7 1992’ in subparagraph (B) thereof.

8 If the increase determined under the preceding sentence  
9 is not a multiple of \$50 (\$5 in the case of the amount  
10 in subsection (e)(11)), such amount shall be rounded to  
11 the next lowest multiple thereof.”

12 (2) Paragraph (2) of section 21(c) of such Code  
13 is amended by striking “\$4,800” and inserting  
14 “twice the dollar amount applicable under paragraph  
15 (1)”.

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

22 (d) CREDIT ALLOWED BASED ON RESIDENCY IN  
23 CERTAIN CASES.—Subsection (e) of section 21 of such  
24 Code is amended by adding at the end the following new  
25 paragraph:

1           “(12) CREDIT ALLOWED BASED ON RESIDENCY  
2           IN CERTAIN CASES.—In the case of a taxpayer—

3                   “(A) who does not satisfy the household  
4                   maintenance test of subsection (a) for any pe-  
5                   riod, but

6                   “(B) whose principal place of abode for  
7                   such period is also the principal place of abode  
8                   of any qualifying individual,  
9                   then such taxpayer shall be treated as satis-  
10                  fying such test for such period but the amount  
11                  of credit allowable under this section with re-  
12                  spect to such individual shall be determined by  
13                  allowing only  $\frac{1}{12}$  of the limitation under sub-  
14                  section (c) for each full month that the require-  
15                  ment of subparagraph (B) is met.”

16           (e) EFFECTIVE DATE.—The amendments made by  
17           this section shall apply to taxable years beginning after  
18           December 31, 1999.

19   **SEC. 202. ALLOWANCE OF CREDIT FOR EMPLOYER EX-**  
20                   **PENSES FOR CHILD CARE ASSISTANCE.**

21           (a) IN GENERAL.—Subpart D of part IV of sub-  
22           chapter A of chapter 1 of the Internal Revenue Code of  
23           1986 (relating to business related credits) is amended by  
24           adding at the end the following new section:

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

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

7 “(b) DOLLAR LIMITATION.—The credit allowable  
8 under subsection (a) for any taxable year shall not exceed  
9 \$150,000.

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

11 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

12 The term ‘qualified child care expenditure’ means  
13 any amount paid or incurred—

14 “(A) to acquire, construct, rehabilitate, or  
15 expand property—

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

18 “(ii) with respect to which a deduction  
19 for depreciation (or amortization in lieu of  
20 depreciation) is allowable, and

21 “(iii) which does not constitute part of  
22 the principal residence (within the meaning  
23 of section 121) of the taxpayer or any em-  
24 ployee of the taxpayer,

25 “(B) for the operating costs of a qualified  
26 child care facility of the taxpayer, including

1 costs related to the training of employees, to  
2 scholarship programs, and to the providing of  
3 increased compensation to employees with high-  
4 er levels of child care training,

5 “(C) under a contract with a qualified  
6 child care facility to provide child care services  
7 to employees of the taxpayer,

8 “(D) under a contract to provide child care  
9 resource and referral services to employees of  
10 the taxpayer, or

11 “(E) for the costs of seeking accreditation  
12 from a child care credentialing or accreditation  
13 entity.

14 “(2) QUALIFIED CHILD CARE FACILITY.—

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

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

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

1 Clause (i) shall not apply to a facility which is  
2 the principal residence (within the meaning of  
3 section 121) of the operator of the facility.

4 “(B) SPECIAL RULES WITH RESPECT TO A  
5 TAXPAYER.—A facility shall not be treated as a  
6 qualified child care facility with respect to a  
7 taxpayer unless—

8 “(i) enrollment in the facility is open  
9 to all employees of the taxpayer during the  
10 taxable year,

11 “(ii) services available at such facility  
12 do not discriminate in favor of employees  
13 of the taxpayer who are highly com-  
14 pensated employees (within the meaning of  
15 section 414(q)), and

16 “(iii) in the case of a facility which is  
17 owned or operated by the taxpayer, at least  
18 30 percent of the enrollees of such facility  
19 are dependents of employees of the tax-  
20 payer.

21 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-  
22 TION CREDIT.—

23 “(1) IN GENERAL.—If, as of the close of any  
24 taxable year, there is a recapture event with respect  
25 to any qualified child care facility of the taxpayer,

1 then the tax of the taxpayer under this chapter for  
 2 such taxable year shall be increased by an amount  
 3 equal to the product of—

4 “(A) the applicable recapture percentage,  
 5 and

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

12 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

13 “(A) IN GENERAL.—For purposes of this  
 14 subsection, the applicable recapture percentage  
 15 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.

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

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

4                   “(A) CESSATION OF OPERATION.—The  
5                   cessation of the operation of the facility as a  
6                   qualified child care facility.

7                   “(B) CHANGE IN OWNERSHIP.—

8                           “(i) IN GENERAL.—Except as pro-  
9                           vided in clause (ii), the disposition of a  
10                           taxpayer’s interest in a qualified child care  
11                           facility with respect to which the credit de-  
12                           scribed in subsection (a) was allowable.

13                           “(ii) AGREEMENT TO ASSUME RECAP-  
14                           TURE LIABILITY.—Clause (i) shall not  
15                           apply if the person acquiring such interest  
16                           in the facility agrees in writing to assume  
17                           the recapture liability of the person dis-  
18                           posing of such interest in effect imme-  
19                           diately before such disposition. In the  
20                           event of such an assumption, the person  
21                           acquiring the interest in the facility shall  
22                           be treated as the taxpayer for purposes of  
23                           assessing any recapture liability (computed  
24                           as if there had been no change in owner-  
25                           ship).

1           “(4) SPECIAL RULES.—

2                   “(A) TAX BENEFIT RULE.—The tax for  
3           the taxable year shall be increased under para-  
4           graph (1) only with respect to credits allowed  
5           by reason of this section which were used to re-  
6           duce tax liability. In the case of credits not so  
7           used to reduce tax liability, the carryforwards  
8           and carrybacks under section 39 shall be appro-  
9           priately adjusted.

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

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

23           “(e) SPECIAL RULES.—For purposes of this  
24           section—

1           “(1) AGGREGATION RULES.—All persons which  
2           are treated as a single employer under subsections  
3           (a) and (b) of section 52 shall be treated as a single  
4           taxpayer.

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

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

14                 “(A) subsection (b) shall be applied at the  
15                 partner level, and

16                 “(B) the employees of the partnership and  
17                 of each partner shall be treated as employees of  
18                 the taxpayer for purposes of applying sub-  
19                 section (c)(2)(B)(iii).

20          “(f) NO DOUBLE BENEFIT.—

21                 “(1) REDUCTION IN BASIS.—For purposes of  
22                 this subtitle—

23                         “(A) IN GENERAL.—If a credit is deter-  
24                         mined under this section with respect to any  
25                         property by reason of expenditures described in

1 subsection (c)(1)(A), the basis of such property  
2 shall be reduced by the amount of the credit so  
3 determined.

4 “(B) CERTAIN DISPOSITIONS.—If during  
5 any taxable year there is a recapture amount  
6 determined with respect to any property the  
7 basis of which was reduced under subparagraph  
8 (A), the basis of such property (immediately be-  
9 fore the event resulting in such recapture) shall  
10 be increased by an amount equal to such recap-  
11 ture amount. For purposes of the preceding  
12 sentence, the term ‘recapture amount’ means  
13 any increase in tax (or adjustment in  
14 carrybacks or carryovers) determined under  
15 subsection (d).

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

20 (b) CONFORMING AMENDMENTS.—

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

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

1 (B) by striking the period at the end of  
2 paragraph (12), and inserting a comma and  
3 “plus”, and

4 (C) by adding at the end the following new  
5 paragraph:

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

8 (2) Subsection (d) of section 39 of such Code  
9 (relating to carryback and carryforward of unused  
10 credits) is amended by adding at the end the fol-  
11 lowing new paragraph:

12 “(9) NO CARRYBACK OF SECTION 45D CREDIT  
13 BEFORE JANUARY 1, 2000.—No portion of the un-  
14 used business credit for any taxable year which is  
15 attributable to the credit determined under section  
16 45D may be carried back to a taxable year begin-  
17 ning before January 1, 2000.”.

18 (3) The table of sections for subpart D of part  
19 IV of subchapter A of chapter 1 of such Code is  
20 amended by adding at the end the following new  
21 item:

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

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 1999.

1 **SEC. 203. DEPENDENT CARE CREDIT ALLOWED AGAINST**  
2 **THE ALTERNATIVE MINIMUM TAX.**

3 (a) **IN GENERAL.**—Subsection (a) of section 26 of the  
4 Internal Revenue Code of 1986 is amended by inserting  
5 “(other than the credit allowed by section 21)” after  
6 “credits allowed by this subpart”.

7 (b) **CONFORMING AMENDMENT.**—Section 21 of such  
8 Code, as amended by section 201, is amended by redesignig-  
9 nating subsections (f) and (g) as subsections (g) and (h),  
10 respectively, and by inserting after subsection (e) the fol-  
11 lowing new subsection:

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

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

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

20 (c) **EFFECTIVE DATE.**—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 1999.

1 **TITLE III—GRANTS TO BUSINESS**  
2 **CONSORTIA**  
3 **Subtitle A—Grant Program**

4 **SEC. 301. AUTHORITY TO MAKE GRANTS.**

5 (a) IN GENERAL.—The Secretary shall make grants  
6 to States to be used to provide grants to eligible entities  
7 described in subsection (b) to assist such entities to im-  
8 prove access to affordable, local, quality child care serv-  
9 ices.

10 (b) ELIGIBLE ENTITIES DESCRIBED.—

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

13 (A) shall consist of representatives from  
14 not fewer than 5 businesses (or a nonprofit or-  
15 ganization that represents not fewer than 5  
16 businesses); and

17 (B) has not received a grant under this  
18 title.

19 (2) ADDITIONAL REQUIREMENT.—To the max-  
20 imum extent practicable, each business or organiza-  
21 tion that forms an eligible entity under paragraph  
22 (1) shall be located in the same geographical region  
23 of the United States.

24 (c) PRIORITY FOR SMALL BUSINESSES.—In pro-  
25 viding grants under subsection (a), a State shall give pri-

1 ority to eligible entities that consist of a majority of rep-  
2 resentatives from small businesses.

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

6 **SEC. 302. APPLICATION.**

7 The Secretary may not provide a grant under section  
8 301 to an eligible entity unless such entity submits to the  
9 Secretary an application that contains—

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

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

14 **SEC. 303. USE OF AMOUNTS.**

15 (a) **IN GENERAL.**—The Secretary may not provide a  
16 grant under section 301 to an eligible entity unless such  
17 entity agrees to use such grant to initiate a quality, afford-  
18 able, local child care program that carries out the proposal  
19 included in the application submitted under section 302  
20 by such entity.

21 (b) **CONDUCT OF PROGRAM.**—In carrying out the  
22 program described in subsection (a), the eligible entity  
23 may—

24 (1) establish a board of directors to oversee the  
25 program; and

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

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

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

9           The Secretary may not provide a grant under section  
10          301 to an eligible entity unless such entity agrees that—

11           (1) it will make available non-Federal contribu-  
12           tions toward the costs of carrying out a program  
13           under section 303 in an amount that is not less than  
14           \$1 for each \$1 of Federal funds provided under a  
15           grant under section 301; and

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

19           **Subtitle B—General Provisions**

20          **SEC. 351. DEFINITIONS.**

21          For purposes of this title:

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

24           (2) STATE.—The term “State” has the mean-  
25           ing given such term in section 658P of the of the

1 Child Care and Development Block Grant Act of  
2 1990 (42 U.S.C. 9858n).

3 **SEC. 352. AUTHORIZATION OF APPROPRIATIONS.**

4 There is authorized to be appropriated \$75,000,000  
5 for each of the fiscal years 2000, 2001, 2002, 2003, and  
6 2004 to carry out this title.

7 **TITLE IV—AFTER SCHOOL**  
8 **PROGRAM**

9 **Subtitle A—21st Century**  
10 **Community Learning Centers**

11 **SEC. 401. PROGRAM AUTHORIZATION.**

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

15 (1) in subsection (a)—

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

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

19 (i) by striking “rural and inner-city”  
20 and all that follows through “or to” and  
21 inserting the following: “local educational  
22 agencies, on behalf of public elementary or  
23 secondary schools, including middle  
24 schools, that serve communities with a sub-  
25 stantial need for expanded learning oppor-

1           tunities, to enable them to establish or”;  
2           and

3                   (ii) by striking “a rural or inner-city  
4           community” and inserting “those commu-  
5           nities”; and

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

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

16                   (2) in subsection (b)—

17                           (A) by striking “States, among” and in-  
18                           serting “States and among”; and

19                           (B) by striking “United States,” and all  
20                           that follows through “a State” and inserting  
21                           “United States”; and

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

24 **SEC. 402. APPLICATIONS.**

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

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

5           (2) in paragraph (1), by striking “or Consor-  
6           tium”;

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

9           (4) in paragraph (3)—

10           (A) in subparagraph (D), by striking “or  
11           consortium”; and

12           (B) in subparagraph (E)—

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

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

16           and

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

18           “(4) information demonstrating that the appli-  
19           cant will—

20           “(A) provide not less than 1/2 the annual  
21           cost of project activities from sources other  
22           than funds under this part, which may be pro-  
23           vided in cash or in kind, fairly evaluated, pro-  
24           vided that not more than 50 percent of the ap-  
25           plicant’s contribution may come from funds

1 provided by the Secretary under other programs  
2 that permit the use of those funds for those ac-  
3 tivities, if the applicant determines, in good  
4 faith, that it cannot otherwise meet the require-  
5 ment of this subparagraph; and

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

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

15 **SEC. 403. USES OF FUNDS.**

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

23 **SEC. 404. DEFINITION.**

24 Section 10906(1) of the Act is amended to read as  
25 follows:



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 **TITLE V—MODEL STATES EARLY**  
2 **LEARNING PROGRAM**

3 **SEC. 501. MODEL STATES EARLY LEARNING PROGRAM.**

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

7 (1) by redesignating subsections (c), (d), and  
8 (e) as subsections (d), (e), and (f), respectively; and

9 (2) by inserting after subsection (b) the fol-  
10 lowing:

11 “(c) **APPROPRIATIONS FOR MODEL STATES EARLY**  
12 **LEARNING PROGRAM.**—

13 “(1) **APPROPRIATION.**—Out of any money in  
14 the Treasury of the United States not otherwise ap-  
15 propriated, there are appropriated \$600,000,000 for  
16 each of fiscal years 2000 through 2004 for carrying  
17 out activities related to early learning programs in  
18 accordance with section 658T of the CCDBG Act.

19 “(2) **RESERVATION AND ALLOTMENT OF**  
20 **FUNDS.**—

21 “(A) **INDIAN TRIBES.**—The Secretary shall  
22 reserve 2 percent of the total amount appro-  
23 priated pursuant to paragraph (1) of this sub-  
24 section for each fiscal year for payments to In-  
25 dian tribes. From the amount so reserved for a

1 fiscal year, the Secretary shall allot to an In-  
2 dian tribe for the fiscal year an amount that  
3 bears the same proportion to the amount so re-  
4 served as the proportion of funds provided to  
5 the Indian tribe under section 6580(c) of the  
6 CCDBG Act for the fiscal year bears to the  
7 total amount paid to all Indian tribes under  
8 such section for the fiscal year.

9 “(B) TERRITORIES.—The Secretary shall  
10 reserve  $\frac{1}{2}$  of 1 percent of the total amount ap-  
11 propriated pursuant to paragraph (1) of this  
12 subsection for any fiscal year for payments to  
13 the territories. From the amount so reserved  
14 for a fiscal year, the Secretary shall allot to a  
15 territory for the fiscal year an amount that  
16 bears the same ratio to the amount so reserved  
17 as the amount provided to the territory under  
18 the CCDBG Act for fiscal year 1997 bears to  
19 the total amount provided to all territories  
20 under such Act for fiscal year 1997.

21 “(C) TECHNICAL ASSISTANCE FOR, AND  
22 EVALUATION OF, EARLY LEARNING PRO-  
23 GRAMS.—From all amounts appropriated pur-  
24 suant to paragraph (1) of this subsection, the  
25 Secretary shall reserve an aggregate of

1           \$6,000,000, which shall be available only for  
2           costs of providing technical assistance to, and  
3           conducting national evaluations of, State, local,  
4           and tribal early learning programs under sec-  
5           tion 658T of the CCDBG Act.

6           “(D) STATES.—The Secretary shall allot  
7           the total amount appropriated for a fiscal year  
8           pursuant to paragraph (1) of this subsection  
9           that remains after applying subparagraphs (A),  
10          (B), and (C) of this paragraph for the fiscal  
11          year, among the Model States pursuant to the  
12          formula used for determining the amount to be  
13          allotted to the State under section 658O of the  
14          CCDBG Act.

15          “(3) MATCHING PAYMENTS TO STATES AND  
16          TERRITORIES.—

17                 “(A) IN GENERAL.—The Secretary shall  
18                 pay to each State and each territory that is a  
19                 Model State for a fiscal year an amount equal  
20                 to the lesser of—

21                         “(i) the amount allotted to the State  
22                         or territory under paragraph (2) of this  
23                         subsection; or

24                         “(ii) 80 percent of expenditures by the  
25                         State or territory for an early learning pro-

1                   gram under a plan approved under section  
2                   658T of the CCDBG Act.

3                   “(B)           REDISTRIBUTION.—Subsection  
4                   (a)(2)(D) shall apply to amounts allotted to  
5                   States under this subsection.

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

9                   “(A) the amount allotted to the Indian  
10                  tribe under paragraph (2)(A) of this subsection;  
11                  or

12                  “(B) the total amount of expenditures by  
13                  the tribe for an early learning program under  
14                  section 658T of the CCDBG Act.

15                  “(5) MODEL STATE.—In this subsection, the  
16                  term ‘Model State’ means a State that has in effect  
17                  under its plan under section 658E of the CCDBG  
18                  Act an early learning program plan meeting the re-  
19                  quirements specified in section 658T(b)(2) of such  
20                  Act.”.

21                  (b) ESTABLISHMENT OF MODEL STATES EARLY  
22                  LEARNING PROGRAM.—

23                  (1) STATE PLAN REQUIREMENT.—Section  
24                  658E(c) of the Child Care and Development Block

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

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

8 (2) MODEL STATES EARLY LEARNING PRO-  
9 GRAM.—The Child Care and Development Block  
10 Grant Act of 1990 (42 U.S.C. 9858 et seq.) is  
11 amended by adding at the end the following:

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

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

19 “(b) REQUIREMENTS FOR STATE PARTICIPATION.—

20 “(1) IN GENERAL.—In order to be eligible for  
21 Federal matching funds under section 418(c) of the  
22 Social Security Act, the State shall have in effect  
23 under its plan under section 658E an early learning  
24 program plan meeting the requirements specified in  
25 paragraph (2).

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

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

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

10                           “(i) there is in effect in such State,  
11                           and that the State maintains a mechanism  
12                           to enforce, a requirement that each center-  
13                           based child care provider, and each group  
14                           home child care provider, in such State ob-  
15                           tain from such State, or from an entity of  
16                           local government designated by such State,  
17                           a preemployment criminal background  
18                           check of each individual subsequently em-  
19                           ployed by such provider to provide child  
20                           care services,

21                           “(ii) there is in effect in such State,  
22                           and that such State enforces, a require-  
23                           ment that an entity of State or local gov-  
24                           ernment periodically inspect center-based  
25                           child care providers, group home child care

1 providers, family child care providers, and  
2 all other child care providers for compli-  
3 ance with the health and safety require-  
4 ments applicable to such providers under  
5 State law.

6 “(iii) there is in effect in such State,  
7 and that such State enforces, a require-  
8 ment that all caregivers who provide child  
9 care services for which assistance is pro-  
10 vided under the Child Care and Develop-  
11 ment Block Grant Act of 1990 (42 U.S.C.  
12 9858 et seq.), receive training in providing  
13 medical first aid.

14 “(iv) there is in effect in such State,  
15 and that such State enforces, a require-  
16 ment that caregivers who are, or are em-  
17 ployed by, child care providers who provide  
18 child care services for compensation have  
19 specific minimum training as determined  
20 and provided by the lead agency.

21 “(v) there is in effect in such State,  
22 and that such State enforces, a require-  
23 ment that all child care providers in such  
24 State who provide child care services for  
25 compensation obtain from the parents (or

1 legal guardians) of the children who receive  
2 such services information regarding wheth-  
3 er such children have received age-appro-  
4 priate immunizations in accordance with  
5 the then current immunization rec-  
6 ommendations issued by the Centers for  
7 Disease Control and Prevention.

8 “(vi) there is in effect in such State,  
9 and that such State enforces, a require-  
10 ment that specifies developmentally appro-  
11 priate child-per-caregiver ratios applicable  
12 to center-based child care providers in such  
13 State.

14 “(vii) such State complies with section  
15 58E(c)(4)(A) of the Child Care and Devel-  
16 opment Block Grant Act (42 U.S.C.  
17 9858c(c)(4)(A)).

18 “(C) ASSURANCES.—The plan shall include  
19 an assurance that—

20 “(i) such State will comply with the  
21 requirements of this subtitle applicable  
22 with respect to such grant.

23 “(ii) the State will not reduce or re-  
24 move any requirement applicable to child

1 care providers, that exceeds any require-  
2 ment applicable under this title.

3 “(D) COMMUNITY GRANT PROCEDURES.—

4 The plan shall describe the standards and pro-  
5 cedures to be applied in the review and approval  
6 of community applications, and in setting  
7 amounts, terms, and conditions of community  
8 grants, including the methods to be used to en-  
9 sure that no less than 70 percent of grant  
10 funds are awarded to low-income communities.

11 “(E) COMMUNITY PARTICIPATION IN PLAN-

12 NING AND MONITORING.—The plan shall de-  
13 scribe the methods to be used to ensure partici-  
14 pation, in planning and monitoring activities  
15 under the community plan, of representatives of  
16 concerned elements of the community, including  
17 parents of young children, child care providers,  
18 child development professionals, early interven-  
19 tion specialists, health care providers, public  
20 school representatives, local interagency coordi-  
21 nating councils for children with disabilities,  
22 local government, and business leaders.

23 “(F) PROGRAM ACTIVITIES.—The plan  
24 shall specify which of the allowable activities

1 enumerated in subsection (c) may be carried  
2 out under community grants under the plan.

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

5 “(i) performance goals to be achieved  
6 and the performance measures to be used  
7 to assess progress toward such goals under  
8 the plan, which—

9 “(I) shall be developed pursuant  
10 to guidance provided by the Secretary  
11 and in consultation with local govern-  
12 ment authorities in accordance with  
13 section 658D(b)(2); and

14 “(II) shall be designed to im-  
15 prove child development through co-  
16 ordination with health care services;  
17 enhanced early learning environments;  
18 parental involvement; consumer edu-  
19 cation; and increased rates of accredi-  
20 tation by nationally recognized accred-  
21 itation organizations;

22 “(ii) interim benchmarks and interim  
23 and long term timetables, as appropriate,  
24 for achieving each goal; and

1                   “(iii) the steps to be taken by the  
2                   State or grantees in accordance with guid-  
3                   ance provided by the Secretary if the speci-  
4                   fied benchmarks are not achieved.

5                   “(H) COORDINATION WITH ACTIVITIES TO  
6                   IMPROVE THE QUALITY OF CHILD CARE.—The  
7                   State plan shall specify the methods to be used  
8                   to coordinate activities under this section and  
9                   section 658G(a), including coordination of plan-  
10                  ning and of performance goals and measures, in  
11                  order to maximize the effectiveness of both pro-  
12                  grams.

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

16                  “(1) INFORMATION AND RESOURCES.—

17                  “(A) PARENTING EDUCATION.—Provision  
18                  of parenting education, including use of or col-  
19                  laboration with Even Start or similar programs,  
20                  for parents of young children by means includ-  
21                  ing use of community-based resource centers,  
22                  family literacy programs with parenting edu-  
23                  cation components, collaboration with early  
24                  intervention and preschool providers of services  
25                  for children, public elementary schools, centers

1 that serve children with special health care  
2 needs or disabilities and their families, and  
3 home visiting programs.

4 “(B) INFORMATION AND REFERRAL.—Ini-  
5 tiatives to develop or increase the availability of  
6 consumer education information and referral  
7 services and other resources to assist parents to  
8 locate and assess the quality of available child  
9 care services.

10 “(C) FAMILY CHILD CARE NETWORKS.—  
11 Development of support networks, information  
12 and referral services, and other supportive serv-  
13 ices addressing needs of family child care pro-  
14 viders for access to such resources as education,  
15 training, and community support services.

16 “(2) QUALITY AND AVAILABILITY.—

17 “(A) PROVIDER TRAINING.—Training of  
18 child care personnel, which may include train-  
19 ing in early childhood development, early lit-  
20 eracy, health, nutrition, hygiene, first-aid and  
21 safety, best practices for serving children with  
22 disabilities in child care, and other appropriate  
23 matters.

24 “(B) IMPROVED STAFFING RATIOS.—Ini-  
25 tiatives to increase ratios of child care staff to

1 children in care and to reduce child care group  
2 sizes.

3 “(C) LICENSING AND ACCREDITATION AS-  
4 SISTANCE.—Assistance to entities and individ-  
5 uals in meeting applicable child care accredita-  
6 tion and licensing requirements and in obtain-  
7 ing licensing or accreditation.

8 “(D) HEALTH SERVICES.—Improving co-  
9 ordination of child care with appropriate health  
10 services including health and mental health con-  
11 sultations, hearing and vision testing, and im-  
12 munizations, by methods such as co-location of  
13 health and child care services, referrals of chil-  
14 dren in child care to health care providers or  
15 screening services, and transfer of child health  
16 records to public school at school entry. Serv-  
17 ices under this subparagraph shall not include  
18 direct provision of or payment for health care  
19 services.

20 “(E) CARE FOR CHILDREN WITH SPECIAL  
21 NEEDS.—Increasing the availability and quality  
22 of child care for young children with special  
23 health care needs, developmental delays, and  
24 disabilities; and coordinating with early inter-  
25 vention and preschool special education services.

1           “(F) SALARY AND BENEFIT ENHANCE-  
2           MENT.—Assistance to child care programs to  
3           increase the quality and continuity of care by  
4           retaining highly qualified child care staff work-  
5           ing directly with children through enhanced  
6           compensation.

7           “(G) MONITORING AND TECHNICAL AS-  
8           SISTANCE.—Technical assistance to grantees,  
9           and monitoring of programs, assisted under this  
10          section. State expenditures under this subpara-  
11          graph shall not exceed a percentage of total  
12          State expenditures for the program under this  
13          section equal to 10 percent for each of fiscal  
14          years 1999 through 2001, and 5 percent for fis-  
15          cal year 2002 and each succeeding fiscal year.

16          “(H) COMPREHENSIVE BACKGROUND  
17          CHECKS.—To pay costs incurred to obtain com-  
18          prehensive background checks required by sec-  
19          tion 658T(b)(2)(B)(I),

20          “(I) SMALL GRANT PROGRAM.—Funding in  
21          the aggregate amount of \$1,000,000 or 5 per-  
22          cent of such State’s allotment, whichever is less,  
23          may be used to make small grants to persons  
24          on a competitive basis, established by the Sec-  
25          retary by rule, to be used for improvements and

1 startup costs (as defined by the Secretary by  
2 rule) incurred to become eligible childcare pro-  
3 viders.”.

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

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

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

11 (3) by inserting after and below subparagraph  
12 (E) the following subparagraph:

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

15 “(i) the number and average dollar  
16 amount of grants awarded;

17 “(ii) the number, average dollar  
18 amount, and percentage of the total State  
19 award of such grants made to low-income  
20 communities;

21 “(iii) the number of early learning  
22 programs;

23 “(iv) the number of children served  
24 with special health care needs, disabilities  
25 or developmental delays;

1 “(v) the number of early learning pro-  
2 grams that assist children with special  
3 needs;

4 “(vi) progress toward achievement of  
5 each performance goal, for each specific,  
6 quantifiable and measurable objective;

7 “(vii) expenditures for each allowable  
8 activity listed in section 658T(c), total ex-  
9 penditures and, to the extent feasible, the  
10 volume or frequency of such activity and  
11 the average expenditure per unit of such  
12 activity; and

13 “(viii) with respect to any allowable  
14 activity listed in section 658T(c) for which  
15 expenditures are made by the State both  
16 under section 658G(a) and under section  
17 658T, the amount expended under each  
18 such section; and

19 “(ix) such other data as the Secretary  
20 may require;.”

21 **TITLE VI—CHILD CARE WORKER**  
22 **INCENTIVES**

23 **SEC. 601. SHORT TITLE.**

24 This title may be cited as the “Child Care Worker  
25 Incentive Act of 1999”.

1 **SEC. 602. NATIONAL CHILD CARE PROVIDER SCHOLARSHIP**  
2 **PROGRAM.**

3 (a) ESTABLISHMENT OF PROGRAM.—Section 658G  
4 of the Child Care and Development Block Grant Act of  
5 1990 (42 U.S.C. 9858e) is amended—

6 (1) by inserting “(a) IN GENERAL.—” before  
7 “A State”; and

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

9 “(b) CHILD CARE PROVIDER SCHOLARSHIP PRO-  
10 GRAM.—

11 “(1) STATE PLAN REQUIREMENT.—In order to  
12 be eligible for funds under section 658J(a)(2), a  
13 State shall include in its plan under section 658E a  
14 child care provider scholarship program plan, meet-  
15 ing the requirements of this subsection, designed to  
16 further the goals of child care provider recruitment,  
17 training, credentialing, and retention.

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

23 “(A) DEMONSTRATED COMMITMENT TO  
24 CHILD CARE CAREER.—The individual—

25 “(i) shall be a child care worker who  
26 is (or is employed by) a licensed or reg-

1           istered child care provider, or has a com-  
2           mitment for employment from a licensed or  
3           registered child care provider; and

4           “(ii) shall agree in writing to continue  
5           to be employed in the field of child care for  
6           at least one year after receiving the train-  
7           ing for which assistance is provided.

8           “(B) COST SHARING BY APPLICANT.—

9           “(i) IN GENERAL.—The individual (ei-  
10          ther as provided in clause (ii) or otherwise)  
11          shall provide for payment, in cash or in  
12          kind, of a share of the cost of the edu-  
13          cation or training.

14          “(ii) APPLICATION FOR PELL  
15          GRANTS.—In the case of an application for  
16          a scholarship intended for use in an edu-  
17          cational institution participating in the  
18          Pell Grant program under title IV of the  
19          Higher Education Act, the individual shall  
20          apply for a grant under such program for  
21          which the individual is eligible.

22          “(C) EMPLOYER REQUIREMENTS.—In the  
23          case of an individual employed by (or who has  
24          a commitment for employment from) a licensed

1 or registered child care provider the individual's  
2 employer shall—

3 “(i) pay a share of the cost of the  
4 education or training; and

5 “(ii) agree to provide increased finan-  
6 cial incentives to the individual, such as a  
7 salary increase or bonus, when the indi-  
8 vidual completes the education or training.

9 “(3) QUALIFYING EDUCATIONAL INSTITU-  
10 TIONS.—The State plan shall specify the types of  
11 educational and training programs for which schol-  
12 arships granted under the State program may be  
13 used, which shall be limited to (but may include any  
14 or all) programs that—

15 “(A) are administered by institutions of  
16 higher education that are eligible to participate  
17 in student financial assistance programs under  
18 title IV of the Higher Education Act of 1965;  
19 and

20 “(B) lead to a State or national credential  
21 in child care or early childhood or early child-  
22 hood special education, or to an associate or  
23 bachelor's degree in child development or early  
24 childhood education.

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

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

11       (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
12 658B of the Child Care and Development Block Grant Act  
13 of 1990 (42 U.S.C. 9858) is amended

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

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

17       “(b) CHILD CARE PROVIDER SCHOLARSHIP PRO-  
18 GRAM.—There is authorized to be appropriated to carry  
19 out section 658G(b) \$50,000,000 for each of fiscal years  
20 2000 through 2004.”.

21       (c) ALLOTMENT.—Section 658O of the Child Care  
22 and Development Block Grant Act of 1990 (42 U.S.C.  
23 9858m) is amended—

24           (1) in subsection (a)—

1 (A) in paragraph (1) by striking “this sub-  
2 chapter” and inserting “each subsection of sec-  
3 tion 658B”; and

4 (B) in paragraph (2) by striking “section  
5 658B” and inserting “section 658B(a)”;

6 (2) in subsection (b)(1) in the matter preceding  
7 subparagraph (A), by inserting “each subsection of”  
8 before “section 658B”; and

9 (3) in subsection (e)(1) by striking “the allot-  
10 ment under subsection (b)” and inserting “an allot-  
11 ment under subsection (b)”.

12 (d) PAYMENTS.—Section 658J(a) of the Child Care  
13 and Development Block Grant Act of 1990 (42 U.S.C.  
14 9858h) is amended—

15 (1) by inserting “(1)” before “Subject”; and

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

17 “(2) A State described in paragraph (1) whose plan  
18 under section 658E provides for a child care scholarship  
19 program under section 658G(b) shall be entitled to pay-  
20 ment under this section in an amount equal to the lesser  
21 of its allotment under section 658O or 80 percent of ex-  
22 penditures by the State for such program.”.

23 (e) ANNUAL REPORT.—Section 658K(a)(2) of the  
24 Child Care and Development Block Grant Act of 1990 (42  
25 U.S.C. 9858i) is amended—

1           (1) in subparagraph (D) by striking “and” at  
2 the end;

3           (2) in subparagraph (E) by adding “and” at  
4 the end; and

5           (3) by inserting after subparagraph (E) the fol-  
6 lowing:

7                   “(F) the child care scholarship program,  
8 including—

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

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

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

16                           “(iv) the number and percentage of  
17 child care workers receiving scholarship  
18 grants in the previous year who fulfilled  
19 their 1-year commitment; and

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

22 **SEC. 603. APPLICATION OF AMENDMENTS.**

23           The amendments made by this title shall not apply  
24 with respect to fiscal years beginning before the date of  
25 the enactment of this Act.

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

3   **SEC. 701. 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 2000 through 2004.”.

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 VIII—MISCELLANEOUS**  
2       **Subtitle A—Child and Adult Food**  
3       **Program**

4       **SEC. 801. 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. 851. SHORT TITLE.**

5 This title may be cited as the “Children’s Develop-  
6 ment Commission Act”.

7 **SEC. 852. 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, neighborhood-run mothers-day-out  
12 programs, and family child care providers has grown  
13 among working parents, and parents who stay at  
14 home, who want their children to have access to  
15 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. 853. 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.—

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       viduals 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 in-  
18 dentures or deeds of trust, securing notes, bonds, or  
19 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. 854. 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 de-  
16 velopment facility, or the refinancing of existing debt  
17 of an existing child care and development facility.

18 “(2) PURCHASE OF EXISTING FACILITIES AND  
19 STRUCTURES.—In the case of the purchase under  
20 this subsection of an existing child care and develop-  
21 ment facility or purchase of an existing structure to  
22 serve as such a facility, the Secretary shall prescribe  
23 any terms and conditions that the Secretary con-  
24 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. 855. 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 853 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) 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. 856. 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 title);

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. 871. 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.

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