

105TH CONGRESS  
1ST SESSION

# H. R. 1373

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 1997

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

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## A BILL

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

employees; to amend the Head Start Act to authorize appropriations for fiscal years 1999 through 2002 and to increase the funds reserved for services for families with children less than 3 years of age; and for other purposes.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Early Learning and  
 5       Opportunity Act of 1997”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 **SEC. 3. PURPOSES.**

14 The purposes of this Act are—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

19 The Secretary shall—

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

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

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

6 **SEC. 104. DEFINITIONS.**

7           For purposes of this title:

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

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

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

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

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

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

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

4 **SEC. 201. REFERENCES.**

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

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

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

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

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

1 “(h) IMPORTED PROPERTY INCOME.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 “(3) DEFINITIONS AND SPECIAL RULES.—

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

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

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

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

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

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

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

4               (2) IMPORTED PROPERTY INCOME DEFINED.—

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

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

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

18       (d) TECHNICAL AMENDMENTS.—

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

24              “(III) imported property income,”.

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

6       (e) EFFECTIVE DATE.—

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

1   **SEC. 403. EFFECTIVE DATE.**

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

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