

105TH CONGRESS
2D SESSION

H. R. 3637

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mrs. MALONEY of New York (for herself, Mr. BAKER, Mr. KANJORSKI, Mr. JACKSON of Illinois, Mrs. MEEK of Florida, Mr. MANTON, Mr. ALLEN, Ms. VALÁZQUEZ, Ms. WOOLSEY, and Mrs. TAUSCHER) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

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

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Children’s Develop-
3 ment Commission Act”.

4 **SEC. 2. CONGRESSIONAL FINDINGS.**

5 The Congress finds the following:

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

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

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

23 (4) In 1995 there were about 21,000,000 chil-
24 dren less than 6 years of age, of whom 31 percent
25 were participating in center-based child care services
26 and 14 percent were receiving child care in homes.

1 Between 1992 and 2005 the participation of women
2 24 to 54 years of age in the labor force is projected
3 to increase from 75 percent to 83 percent.

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

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

17 **SEC. 3. INSURANCE FOR MORTGAGES ON NEW AND REHA-**
18 **BILITATED CHILD CARE AND DEVELOPMENT**
19 **FACILITIES.**

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

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

“(c) ELIGIBLE MORTGAGES.—To carry out the purpose of this section, the Secretary may insure any mortgage that covers a new child care and development facility, including a new addition to an existing child care and development facility (regardless of whether the existing facility is being rehabilitated), or a substantially rehabilitated child care and development facility, including equipment to be used in the operation of the facility, subject to the following conditions:

22 “(1) APPROVED MORTGAGOR.—The mortgage
23 shall be executed by a mortgagor approved by the
24 Secretary. The Secretary may, in the discretion of
25 the Secretary, require any such mortgagor to be reg-

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

14 “(2) PRINCIPAL OBLIGATION.—The mortgage
15 shall involve a principal obligation in an amount not
16 to exceed 90 percent of the estimated value of the
17 property or project, or 95 percent of the estimated
18 value of the property or project in the case of a
19 mortgagor that is a private nonprofit corporation or
20 association (as such term is defined pursuant to sec-
21 tion 221(d)(3)), including—

22 “(A) equipment to be used in the operation
23 of the facility when the proposed improvements
24 are completed and the equipment is installed; or

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

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

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

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

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

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

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

12 “(2) after the effective date of the standards
13 and requirements established under section
14 258(c)(2), such standards and requirements.

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

20 “(f) MORTGAGE INSURANCE TERMS.—The provisions
21 of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n)
22 of section 207 shall apply to mortgages insured under this
23 section, except that all references in such subsections to
24 section 207 shall be considered, for purposes of mortgage
25 insurance under this section, to refer to this section.

1 “(g) MORTGAGE INSURANCE FOR FIRE SAFETY
2 EQUIPMENT LOANS.—

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

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

16 “(A) not exceed the Secretary’s estimate of
17 the reasonable cost of the equipment fully in-
18 stalled;

19 “(B) bear interest at such rate as may be
20 agreed upon by the mortgagor and the mortga-
21 gee;

22 “(C) have a maturity satisfactory to the
23 Secretary;

24 “(D) be made by a financial institution or
25 other mortgagee approved by the Secretary as

1 eligible for insurance under section 2 or a mort-
2 gagee approved under section 203(b)(1);

3 “(E) comply with other such terms, condi-
4 tions, and restrictions as the Secretary may
5 prescribe; and

6 “(F) be made with respect to a child care
7 and development facility that complies with the
8 requirement under subsection (d).

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

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

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

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

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

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

16 The term does not include facilities for school-age
17 children primarily for use during normal school
18 hours. The term includes facilities for training indi-
19 viduals to provide child care and development serv-
20 ices.

21 “(2) 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 “(3) MORTGAGE; FIRST MORTGAGE; MORTGA-
5 GEE.—The term ‘mortgage’ means a first mortgage
6 on real estate in fee simple, or on the interest of ei-
7 ther the lessor or lessee thereof under a lease having
8 a period of not less than 7 years to run beyond the
9 maturity date of the mortgage. The term ‘first mort-
10 gage’ means such classes of first liens as are com-
11 monly given to secure advances (including advances
12 during construction) on, or the unpaid purchase
13 price of, real estate under the laws of the State in
14 which the real estate is located, together with the
15 credit instrument or instruments (if any) secured
16 thereby, and any mortgage may be in the form of
17 one or more trust mortgages or mortgage indentures
18 or deeds of trust, securing notes, bonds, or other
19 credit instruments, and, by the same instrument or
20 by a separate instrument, may create a security in-
21 terest in initial equipment, whether or not attached
22 to the realty. The term ‘mortgagor’ has the meaning
23 given the term in section 207(a).

24 “(j) 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, 2005, 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 “(k) REGULATIONS.—The Secretary shall issue any
17 regulations necessary to carry out this section. In issuing
18 such regulations, the Secretary shall consult with the Sec-
19 retary of Health and Human Services with respect to any
20 aspects of the regulations regarding child care and devel-
21 opment facilities.”.

1 **SEC. 4. INSURANCE FOR MORTGAGES FOR ACQUISITION OR**
2 **REFINANCING DEBT OF EXISTING CHILD**
3 **CARE AND DEVELOPMENT FACILITIES.**

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

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

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

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

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

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

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

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

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

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

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

1 facilities having mortgages insured under such
2 section.

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

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

11 **SEC. 5. CHILDREN’S DEVELOPMENT COMMISSION.**

12 Title II of the National Housing Act (12 U.S.C. 1707
13 et seq.) is amended by adding at the end (after section
14 257, as added by section 3 of this Act) the following new
15 section:

16 “CHILDREN’S DEVELOPMENT COMMISSION

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

20 “(b) MEMBERSHIP.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 “(2) ESTABLISHMENT OF STANDARDS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 “(d) NONDISCRIMINATION REQUIREMENT.—

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

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

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

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

13 “(e) POWERS.—

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

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

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

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

13 “(f) STAFF.—

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

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

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

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

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

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

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

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

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

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

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

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

○