

105TH CONGRESS  
1ST SESSION

# S. 1037

To amend the Internal Revenue Code of 1986 to establish incentives to increase the demand for and supply of quality child care, to provide incentives to States that improve the quality of child care, to expand clearinghouses and electronic networks for the distribution of child care information, to improve the quality of child care provided through Federal facilities and programs, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 17, 1997

Mr. JEFFORDS (for himself, Mr. DODD, and Mr. ENZI) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to establish incentives to increase the demand for and supply of quality child care, to provide incentives to States that improve the quality of child care, to expand clearinghouses and electronic networks for the distribution of child care information, to improve the quality of child care provided through Federal facilities and programs, 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; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
 3 “Creating Improved Delivery of Child Care: Affordable,  
 4 Reliable, and Educational Act” or as the “CIDCARE  
 5 Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
 7 this Act is as follows:

Sec. 1. Short title; table of contents.  
 Sec. 2. Definitions.

**TITLE I—DEMAND FOR QUALITY CHILD CARE**

Sec. 101. Expansion of dependent care tax credit.  
 Sec. 102. Expansion of dependent care assistance program.  
 Sec. 103. Inclusion of child care costs in child support orders.

**TITLE II—SUPPLY OF QUALITY CHILD CARE**

**Subtitle A—Tax Benefits for Quality Child Care**

Sec. 201. Allowance of credit for employer expenses for child care assistance.  
 Sec. 202. Charitable contributions of scientific equipment to accredited and  
 credentialed child care providers and to elementary and second-  
 ary schools.  
 Sec. 203. 2-percent floor on miscellaneous itemized deductions not applicable to  
 accreditation and credentialing expenses of child care providers.  
 Sec. 204. Expansion of home office deduction to include use of office for de-  
 pendent care.

**Subtitle B—Child Care Quality Improvement Incentive Program**

Sec. 211. Definitions.  
 Sec. 212. Establishment of State program.  
 Sec. 213. State eligibility and application requirements.  
 Sec. 214. Use of funds by States.  
 Sec. 215. Authorization of appropriations.

**Subtitle C—Distribution of Information About Quality Child Care**

Sec. 221. Expansion of role of the Department of Health and Human Services  
 in the collection and dissemination of information and tech-  
 nology.  
 Sec. 222. Child care training infrastructure.  
 Sec. 223. Child care training revolving fund.

**Subtitle D—Quality Child Care Through Federal Facilities and Programs**

Sec. 231. Providing quality child care in Federal facilities.  
 Sec. 232. Providing quality child care through Federal programs.

Sec. 233. Use of community development block grants to establish accredited child care centers.

Subtitle E—Miscellaneous Provisions

Sec. 241. Student loan repayment and cancellation for child care workers.

Sec. 242. Expansion of coordinated enforcement efforts of Internal Revenue Service and HHS Office of Child Support Enforcement.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) ACCREDITED CHILD CARE CENTER.—The  
4 term “accredited child care center” means—

5 (A) a center that is accredited, by a child  
6 care credentialing or accreditation entity recog-  
7 nized by a State, to provide child care to chil-  
8 dren in the State (except children who a tribal  
9 organization elects to serve through a center de-  
10 scribed in subparagraph (B));

11 (B) a center that is accredited, by a child  
12 care credentialing or accreditation entity recog-  
13 nized by a tribal organization, to provide child  
14 care for children served by the tribal organiza-  
15 tion;

16 (C) a center that is used as a Head Start  
17 center under the Head Start Act (42 U.S.C.  
18 9831 et seq.) and is in compliance with any ap-  
19 plicable performance standards established by  
20 regulation under such Act for Head Start pro-  
21 grams; or

1 (D) a military child development center (as  
 2 defined in section 1798(1) of title 10, United  
 3 States Code).

4 (2) CHILD CARE CREDENTIALING OR ACCREDI-  
 5 TATION ENTITY.—The term “child care credentialing  
 6 or accreditation entity” means a nonprofit private  
 7 organization or public agency that—

8 (A) is recognized by a State agency or trib-  
 9 al organization; and

10 (B) accredits a center or credentials an in-  
 11 dividual to provide child care on the basis of—

12 (i) an accreditation or credentialing  
 13 instrument based on peer-validated re-  
 14 search;

15 (ii) compliance with applicable State  
 16 and local licensing requirements, or stand-  
 17 ards described in section 658E(c)(2)(E)(ii)  
 18 of the Child Care and Development Block  
 19 Grant Act (42 U.S.C. 9858c(c)(2)(E)(ii)),  
 20 as appropriate, for the center or individual;

21 (iii) outside monitoring of the center  
 22 or individual; and

23 (iv) criteria that provide assurances  
 24 of—

1 (I) compliance with age-appro-  
2 priate health and safety standards at  
3 the center or by the individual;

4 (II) use of age-appropriate devel-  
5 opmental and educational activities, as  
6 an integral part of the child care pro-  
7 gram carried out at the center or by  
8 the individual; and

9 (III) use of ongoing staff devel-  
10 opment or training activities for the  
11 staff of the center or the individual,  
12 including related skills-based testing.

13 (3) CREDENTIALED CHILD CARE PROFES-  
14 SIONAL.—The term “credentialed child care profes-  
15 sional” means—

16 (A) an individual who is credentialed, by a  
17 child care credentialing or accreditation entity  
18 recognized by a State, to provide child care to  
19 children in the State (except children who a  
20 tribal organization elects to serve through an  
21 individual described in subparagraph (B)); or

22 (B) an individual who is credentialed, by a  
23 child care credentialing or accreditation entity  
24 recognized by a tribal organization, to provide

1 child care for children served by the tribal orga-  
 2 nization.

3 (4) STATE; TRIBAL ORGANIZATION.—The terms  
 4 “State” and “tribal organization” have the meaning  
 5 given the term in section 658P of the Child Care  
 6 and Development Block Grant Act (42 U.S.C.  
 7 9858n).

## 8 **TITLE I—DEMAND FOR QUALITY** 9 **CHILD CARE**

### 10 **SEC. 101. EXPANSION OF DEPENDENT CARE TAX CREDIT.**

11 (a) PERCENTAGE OF EMPLOYMENT-RELATED EX-  
 12 PENSES DETERMINED BY STATUS OF CARE GIVER.—Sec-  
 13 tion 21(a)(2) of the Internal Revenue Code of 1986 (defin-  
 14 ing applicable percentage) is amended to read as follows:

15 “(2) APPLICABLE PERCENTAGE DEFINED.—

16 “(A) IN GENERAL.—For purposes of para-  
 17 graph (1), the term ‘applicable percentage’  
 18 means—

19 “(i) in the case of employment-related  
 20 expenses described in subsection  
 21 (b)(2)(A)(ii) incurred for the care of a  
 22 qualifying individual described in sub-  
 23 section (b)(1)(A) by an accredited child  
 24 care center or a credentialed child care  
 25 professional, the initial percentage reduced

(but not below 12.5 percent) ratably for each \$2,500 (or fraction thereof) by which the taxpayers's adjusted gross income for the taxable year exceeds \$20,000, and

“(ii) in any other case, 30 percent reduced (but not below 10 percent) ratably for each \$2,500 (or fraction thereof) by which the taxpayers's adjusted gross income for the taxable year exceeds \$20,000 but does not exceed \$70,000.

“(B) INITIAL PERCENTAGE FOR EXPENSES

INCURRED FOR ACCREDITED OR CREDENTIALLED PROVIDERS.—For purposes of subparagraph (A)(i), the initial percentage shall be determined in accordance with the following table:

<b>“In the case of any taxable year beginning in—</b>	<b>The initial percentage is—</b>
1998 .....	31.5
1999 .....	33
2000 .....	34.5
2001 .....	36
2002 and thereafter .....	37.5.”

(b) DEFINITIONS.—Section 21(b)(2) of the Internal Revenue Code of 1986 (relating to definitions of qualifying individual and employment-related expenses) is amended by adding at the end the following:

“(E) ACCREDITED CHILD CARE CENTER.—

The term ‘accredited child care center’ means—

1 “(i) a center that is accredited, by a  
 2 child care credentialing or accreditation en-  
 3 tity recognized by a State, to provide child  
 4 care to children in the State (except chil-  
 5 dren who a tribal organization elects to  
 6 serve through a center described in clause  
 7 (ii));

8 “(ii) a center that is accredited, by a  
 9 child care credentialing or accreditation en-  
 10 tity recognized by a tribal organization, to  
 11 provide child care for children served by  
 12 the tribal organization;

13 “(iii) a center that is used as a Head  
 14 Start center under the Head Start Act (42  
 15 U.S.C. 9831 et seq.) and is in compliance  
 16 with any applicable performance standards  
 17 established by regulation under such Act  
 18 for Head Start programs; or

19 “(iv) a military child development cen-  
 20 ter (as defined in section 1798(1) of title  
 21 10, United States Code).

22 “(F) CHILD CARE CREDENTIALING OR AC-  
 23 CREDITATION ENTITY.—The term ‘child care  
 24 credentialing or accreditation entity’ means a



1 nonprofit private organization or public agency  
2 that—

3 “(i) is recognized by a State agency or  
4 tribal organization; and

5 “(ii) accredits a center or credentials  
6 an individual to provide child care on the  
7 basis of—

8 “(I) an accreditation or  
9 credentialing instrument based on  
10 peer-validated research;

11 “(II) compliance with applicable  
12 State and local licensing require-  
13 ments, or standards described in sec-  
14 tion 658E(c)(2)(E)(ii) of the Child  
15 Care and Development Block Grant  
16 Act (42 U.S.C. 9858c(c)(2)(E)(ii)), as  
17 appropriate, for the center or individ-  
18 ual;

19 “(III) outside monitoring of the  
20 center or individual; and

21 “(IV) criteria that provide assur-  
22 ances of—

23 “(aa) compliance with age-  
24 appropriate health and safety

1 standards at the center or by the  
2 individual;

3 “(bb) use of age-appropriate  
4 developmental and educational  
5 activities, as an integral part of  
6 the child care program carried  
7 out at the center or by the indi-  
8 vidual; and

9 “(cc) use of ongoing staff  
10 development or training activities  
11 for the staff of the center or the  
12 individual, including related  
13 skills-based testing.

14 “(G) CREDENTIALED CHILD CARE PRO-  
15 FESSIONAL.—The term ‘credentialed child care  
16 professional’ means—

17 “(i) an individual who is credentialed,  
18 by a child care credentialing or accredita-  
19 tion entity recognized by a State, to pro-  
20 vide child care to children in the State (ex-  
21 cept children who a tribal organization  
22 elects to serve through an individual de-  
23 scribed in clause (i)); or

24 “(ii) an individual who is credentialed,  
25 by a child care credentialing or accredita-

1                   tion entity recognized by a tribal organiza-  
 2                   tion, to provide child care for children  
 3                   served by the tribal organization.

4                   “(H) TRIBAL ORGANIZATION.—The term  
 5                   ‘tribal organization’ has the meaning given the  
 6                   term in section 658P of the Child Care and De-  
 7                   velopment Block Grant Act (42 U.S.C.  
 8                   9858n).”

9                   (c) CREDIT MADE REFUNDABLE FOR LOW INCOME  
 10                  TAXPAYERS.—

11                  (1) IN GENERAL.—Section 21 of the Internal  
 12                  Revenue Code of 1986 (relating to credit for house-  
 13                  hold and dependent care services) is amended by re-  
 14                  designating subsection (f) as subsection (g) and by  
 15                  inserting after subsection (e) the following:

16                  “(f) CREDIT MADE REFUNDABLE FOR LOW INCOME  
 17                  TAXPAYERS.—

18                  “(1) IN GENERAL.—For purposes of this sub-  
 19                  title, in the case of an applicable taxpayer individual,  
 20                  the credit allowable under subsection (a) for any tax-  
 21                  able year shall be treated as a credit allowable under  
 22                  subpart C of this part.

23                  “(2) APPLICABLE TAXPAYER.—For purposes of  
 24                  this subsection, the term ‘applicable taxpayer’ means

1 a taxpayer with respect to whom the credit under  
2 section 32 is allowable for the taxable year.

3 “(3) COORDINATION WITH ADVANCE PAYMENTS  
4 AND MINIMUM TAX.—Rules similar to the rules of  
5 subsections (g) and (h) of section 32 shall apply  
6 with respect to the portion of any credit to which  
7 this subsection applies.”.

8 (2) ADVANCE PAYMENT OF CREDIT.—

9 (A) IN GENERAL.—Chapter 25 of such  
10 Code (relating to general provisions relating to  
11 employment taxes) is amended by inserting  
12 after section 3507 the following:

13 **“SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE**  
14 **CREDIT.**

15 “(a) GENERAL RULE.—Except as otherwise provided  
16 in this section, every employer making payment of wages  
17 with respect to whom a dependent care eligibility certifi-  
18 cate is in effect shall, at the time of paying such wages,  
19 make an additional payment equal to such employee’s de-  
20 pendent care advance amount.

21 “(b) DEPENDENT CARE ELIGIBILITY CERTIFI-  
22 CATE.—For purposes of this title, a dependent care eligi-  
23 bility certificate is a statement furnished by an employee  
24 to the employer which—

1           “(1) certifies that the employee will be eligible  
2           to receive the credit provided by section 21 for the  
3           taxable year,

4           “(2) certifies that the employee reasonably ex-  
5           pects to be an applicable taxpayer for the taxable  
6           year,

7           “(3) certifies that the employee does not have  
8           a dependent care eligibility certificate in effect for  
9           the calendar year with respect to the payment of  
10          wages by another employer,

11          “(4) states whether or not the employee’s  
12          spouse has a dependent care eligibility certificate in  
13          effect,

14          “(5) states the number of qualifying individuals  
15          in the household maintained by the employee,

16          “(6) states whether a qualifying individual will  
17          be cared for by an accredited child care center or a  
18          credentialed child care professional, and

19          “(7) estimates the amount of employment-relat-  
20          ed expenses for the calendar year.

21          “(c) DEPENDENT CARE ADVANCE AMOUNT.—

22                 “(1) IN GENERAL.—For purposes of this title,  
23                 the term ‘dependent care advance amount’ means,  
24                 with respect to any payroll period, the amount deter-  
25                 mined—

1           “(A) on the basis of the employee’s wages  
2           from the employer for such period,

3           “(B) on the basis of the employee’s esti-  
4           mated employment-related expenses included in  
5           the dependent care eligibility certificate, and

6           “(C) in accordance with tables provided by  
7           the Secretary.

8           “(2) ADVANCE AMOUNT TABLES.—The tables  
9           referred to in paragraph (1)(C) shall be similar in  
10          form to the tables prescribed under section 3402  
11          and, to the maximum extent feasible, shall be coordi-  
12          nated with such tables and the tables prescribed  
13          under section 3507(c).

14          “(d) OTHER RULES.—For purposes of this section,  
15          rules similar to the rules of subsections (d) and (e) of sec-  
16          tion 3507 shall apply.

17          “(e) DEFINITIONS.—For purposes of this section,  
18          terms used in this section which are defined in section 21  
19          shall have the respective meanings given such terms by  
20          section 21.”.

21                 (B) CONFORMING AMENDMENT.—The  
22                 table of sections for chapter 25 of such Code is  
23                 amended by adding after the item relating to  
24                 section 3507 the following:

                  “Sec. 3507A. Advance payment of dependent care credit.”.

25                 (d) EFFECTIVE DATES.—

1           (1) APPLICABLE PERCENTAGE.—The amend-  
 2           ments made by subsections (a) and (b) shall apply  
 3           to taxable years beginning after December 31, 1997.

4           (2) CREDIT MADE REFUNDABLE.—The amend-  
 5           ments made by subsection (c) shall apply to taxable  
 6           years beginning after December 31, 2000.

7   **SEC. 102. EXPANSION OF DEPENDENT CARE ASSISTANCE**  
 8           **PROGRAM.**

9           (a) IN GENERAL.—Section 129(a)(2)(A) of the Inter-  
 10          nal Revenue Code of 1986 (relating to limitation of exclu-  
 11          sion) is amended to read as follows:

12                   “(A) DOLLAR LIMITATION.—

13                           “(i) IN GENERAL.—The amount which  
 14                           may be excluded under paragraph (1) for  
 15                           dependent care assistance with respect to  
 16                           dependent care services provided during a  
 17                           taxable year shall not exceed—

18                                   “(I) in the case of dependent  
 19                                   care services provided by an accred-  
 20                                   ited child care center or a credentialed  
 21                                   child care professional for a qualifying  
 22                                   individual described in section  
 23                                   21(b)(1)(A), an amount determined in  
 24                                   accordance with the following table:

<b>“In the case of taxable years beginning in:</b>	<b>For 1 qualify- ing individual, the amount is:</b>	<b>For 2 or more qualifying in- dividuals, the amount is:</b>
1998	\$5,200	\$6,700
1999	\$5,400	\$6,900
2000	\$5,600	\$7,100
2001	\$5,800	\$7,300
2002 and thereafter	\$6,000	\$7,500,

1 “(II) in the case of other depend-  
2 ent care services for a qualifying indi-  
3 vidual described in section  
4 21(b)(1)(A) or payments described in  
5 subsection (e)(1)(B), an amount de-  
6 termined in accordance with the fol-  
7 lowing table:

<b>“In the case of taxable years beginning in:</b>	<b>For 1 qualify- ing individual, the amount is:</b>	<b>For 2 or more qualifying in- dividuals, the amount is:</b>
1998	\$4,800	\$6,300
1999	\$4,600	\$6,100
2000	\$4,400	\$5,900
2001	\$4,200	\$5,700
2002 and thereafter	\$4,000	\$5,500,

8 and

9 “(III) in the case of other de-  
10 pendent care services for a qualifying  
11 individual described in subparagraph  
12 (B) or (C) of section 21(b)(1),  
13 \$5,000.

14 “(ii) AMOUNTS FOR MARRIED INDIV-  
15 IDUALS FILING SEPARATE RETURNS.—In  
16 the case of a separate return by a married



1 individual, clause (i) shall be applied by  
 2 using one-half of any amount specified in  
 3 such clause.

4 “(iii) PROVIDERS.—For purposes of  
 5 clause (i)(I), the terms ‘accredited child  
 6 care center’ and ‘credentialed child care  
 7 professional’ have the meaning given such  
 8 terms by subparagraphs (E) and (G) of  
 9 section 21(c)(2), respectively.

10 (b) PAYMENTS FOR STAY-AT-HOME CARE AL-  
 11 LOWED.—

12 (1) IN GENERAL.—Section 129(e)(1) of the In-  
 13 ternal Revenue Code of 1986 (relating to definitions  
 14 and special rules) is amended to read as follows:

15 “(1) DEPENDENT CARE ASSISTANCE.—The  
 16 term ‘dependent care assistance’ means—

17 “(A) the payment of, or provision of, those  
 18 services which if paid for by the employee would  
 19 be considered employment-related expenses  
 20 under section 21(b)(2) (relating to expenses for  
 21 household and dependent care services nec-  
 22 essary for gainful employment), and

23 “(B) any payment to the employee from  
 24 amounts contributed to the employee’s account  
 25 during the pregnancy of the employee paid

1 within 1 year after such contribution and dur-  
 2 ing the period in which—

3 “(i) the employee,

4 “(ii) the employee’s spouse, or

5 “(iii) a parent of the employee or the  
 6 employee’s spouse,

7 stays at home to care for a qualifying individual  
 8 described in section 21(b)(1)(A).”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) Section 129(c) of such Code (relating  
 11 to payments to related individuals) is amended  
 12 by striking “No amount” and inserting “Except  
 13 in the case of payments described in subsection  
 14 (e)(1)(B), no amount.”.

15 (B) Section 129(e)(9) of such Code (relat-  
 16 ing to identifying information required with re-  
 17 spect to service provider) is amended by strik-  
 18 ing “No amount” and inserting “Except in the  
 19 case of payments described in paragraph  
 20 (1)(B)(i), no amount.”.

21 (c) DEPENDENT CARE ASSISTANCE PROGRAM FOR  
 22 FEDERAL EMPLOYEES.—Subpart G of part III of title 5,  
 23 United States Code, is amended by inserting after chapter  
 24 87 the following:

**“CHAPTER 88—DEPENDENT CARE  
ASSISTANCE PROGRAM**

**“§ 8801. Definitions**

“(a) For the purpose of this chapter, ‘employee’ means—

“(1) an employee as defined by section 2105 of this title;

“(2) a Member of Congress as defined by section 2106 of this title;

“(3) a Congressional employee as defined by section 2107 of this title;

“(4) the President;

“(5) a justice or judge of the United States appointed to hold office during good behavior (i) who is in regular active judicial service, or (ii) who is retired from regular active service under section 371(b) or 372(a) of title 28, United States Code, or (iii) who has resigned the judicial office under section 371(a) of title 28 with the continued right during the remainder of his lifetime to receive the salary of the office at the time of his resignation;

“(6) an individual first employed by the government of the District of Columbia before October 1, 1987;

1           “(7) an individual employed by Gallaudet Col-  
2       lege;

3           “(8) an individual employed by a county com-  
4       mittee established under section 590h(b) of title 16;

5           “(9) an individual appointed to a position on  
6       the office staff of a former President under section  
7       1(b) of the Act of August 25, 1958 (72 Stat. 838);  
8       and

9           “(10) an individual appointed to a position on  
10      the office staff of a former President, or a former  
11      Vice President under section 4 of the Presidential  
12      Transition Act of 1963, as amended (78 Stat. 153),  
13      who immediately before the date of such appoint-  
14      ment was an employee as defined under any other  
15      paragraph of this subsection;

16 but does not include—

17           “(A) an employee of a corporation supervised  
18      by the Farm Credit Administration if private inter-  
19      ests elect or appoint a member of the board of direc-  
20      tors;

21           “(B) an individual who is not a citizen or na-  
22      tional of the United States and whose permanent  
23      duty station is outside the United States, unless the  
24      individual was an employee for the purpose of this  
25      chapter on September 30, 1979, by reason of service

1 in an Executive agency, the United States Postal  
 2 Service, or the Smithsonian Institution in the area  
 3 which was then known as the Canal Zone; or

4 “(C) an employee excluded by regulation of the  
 5 Office of Personnel Management under section  
 6 8716(b) of this title.

7 “(b) For the purpose of this chapter, ‘dependent care  
 8 assistance program’ has the meaning given such term by  
 9 section 129(d) of the Internal Revenue Code of 1986.

10 **“§ 8802. Dependent care assistance program**

11 “The Office of Personnel Management shall establish  
 12 and maintain a dependent care assistance program for the  
 13 benefit of employees.”.

14 (d) EFFECTIVE DATE.—The amendments made by  
 15 this section apply to taxable years beginning after Decem-  
 16 ber 31, 1997.

17 **SEC. 103. INCLUSION OF CHILD CARE COSTS IN CHILD SUP-**  
 18 **PORT ORDERS.**

19 (a) IN GENERAL.—Section 466(a) of the Social Secu-  
 20 rity Act (42 U.S.C. 666(a)) is amended by inserting after  
 21 paragraph (19) the following:

22 “(20) CHILD CARE COSTS.—

23 “(A) IN GENERAL.—Procedures under  
 24 which all child support orders enforced under  
 25 this part shall include in the case of a custodial

1 parent who is employed or is actively seeking  
2 employment an amount equal to or more than  
3 the applicable payment rate for the type of  
4 child care services provided to that parent's  
5 child or children that is established in accord-  
6 ance with section 658E(c)(4) of the Child Care  
7 and Development Block Grant Act of 1990 (42  
8 U.S.C. 9858c(c)(4)), increased by 50 percent of  
9 such rate if such services are provided by an ac-  
10 credited child care center or a credentialed child  
11 care professional.

12 “(B) DEFINITIONS.—In this paragraph,  
13 the terms ‘accredited child care center’ and  
14 ‘credentialed child care professional’ have the  
15 meaning given those terms in section 2 of the  
16 CIDCARE Act.”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) applies to child support orders enforced or  
19 otherwise modified by a court on and after the date of  
20 enactment of this Act.

1     **TITLE II—SUPPLY OF QUALITY**  
2                     **CHILD CARE**  
3             **Subtitle A—Tax Benefits for**  
4                     **Quality Child Care**

5     **SEC. 201. ALLOWANCE OF CREDIT FOR EMPLOYER EX-**  
6                     **PENSES FOR CHILD CARE ASSISTANCE.**

7             (a) IN GENERAL.—Subpart D of part IV of sub-  
8     chapter A of chapter 1 of the Internal Revenue Code of  
9     1986 (relating to business related credits) is amended by  
10    adding at the end the following new section:

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

12            “(a) ALLOWANCE OF CREDIT.—For purposes of sec-  
13    tion 38, the employer-provided child care credit deter-  
14    mined under this section for the taxable year is an amount  
15    equal to 50 percent of the qualified child care expenditures  
16    of the taxpayer for such taxable year.

17            “(b) DOLLAR LIMITATION.—The credit allowable  
18    under subsection (a) for any taxable year shall not exceed  
19    \$150,000.

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

21                “(1) QUALIFIED CHILD CARE EXPENDITURE.—  
22    The term ‘qualified child care expenditure’ means  
23    any amount paid or incurred—

24                        “(A) to acquire, construct, rehabilitate, or  
25                        expand property—

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

3           “(ii) with respect to which a deduction  
4           for depreciation (or amortization in lieu of  
5           depreciation) is allowable, and

6           “(iii) which does not constitute part of  
7           the principal residence (within the meaning  
8           of section 1034) of the taxpayer or any  
9           employee of the taxpayer,

10          “(B) for the operating costs of a qualified  
11          child care facility of the taxpayer, including  
12          costs related to the training of employees, to  
13          scholarship programs, and to the providing of  
14          increased compensation to employees with high-  
15          er levels of child care training,

16          “(C) under a contract with a qualified  
17          child care facility to provide child care services  
18          to employees of the taxpayer,

19          “(D) under a contract to provide child care  
20          resource and referral services to employees of  
21          the taxpayer, or

22          “(E) for the costs of seeking accreditation  
23          from a child care credentialing or accreditation  
24          entity (as defined in section 21(b)(2)(F) with  
25          respect to a qualified child care facility.



1 “(2) QUALIFIED CHILD CARE FACILITY.—

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

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

6 “(ii) which meets the requirements of  
7 all applicable laws and regulations of the  
8 State or local government in which it is lo-  
9 cated, including, but not limited to, the li-  
10 censing of the facility as a child care facil-  
11 ity.

12 Clause (i) shall not apply to a facility which is  
13 the principal residence (within the meaning of  
14 section 1034) of the operator of the facility.

15 “(B) SPECIAL RULES WITH RESPECT TO A  
16 TAXPAYER.—A facility shall not be treated as a  
17 qualified child care facility with respect to a  
18 taxpayer unless—

19 “(i) enrollment in the facility is open  
20 to employees of the taxpayer during the  
21 taxable year,

22 “(ii) the facility is not the principal  
23 trade or business of the taxpayer unless at  
24 least 30 percent of the enrollees of such fa-

1                   cility are dependents of employees of the  
2                   taxpayer, and

3                   “(iii) the use of such facility (or the  
4                   eligibility to use such facility) does not dis-  
5                   criminate in favor of employees of the tax-  
6                   payer who are highly compensated employ-  
7                   ees (within the meaning of section 414(q)).

8           “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-  
9   TION CREDIT.—

10           “(1) IN GENERAL.—If, as of the close of any  
11           taxable year, there is a recapture event with respect  
12           to any qualified child care facility of the taxpayer,  
13           then the tax of the taxpayer under this chapter for  
14           such taxable year shall be increased by an amount  
15           equal to the product of—

16                   “(A) the applicable recapture percentage,  
17                   and

18                   “(B) the aggregate decrease in the credits  
19                   allowed under section 38 for all prior taxable  
20                   years which would have resulted if the qualified  
21                   child care expenditures of the taxpayer de-  
22                   scribed in subsection (c)(1)(A) with respect to  
23                   such facility had been zero.

24           “(2) APPLICABLE RECAPTURE PERCENTAGE.—

1           “(A) IN GENERAL.—For purposes of this  
 2           subsection, the applicable recapture percentage  
 3           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.

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

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

11          “(A) CESSATION OF OPERATION.—The  
 12          cessation of the operation of the facility as a  
 13          qualified child care facility.

14          “(B) CHANGE IN OWNERSHIP.—

15               “(i) IN GENERAL.—Except as pro-  
 16               vided in clause (ii), the disposition of a  
 17               taxpayer’s interest in a qualified child care  
 18               facility with respect to which the credit de-  
 19               scribed in subsection (a) was allowable.

1                   “(ii) AGREEMENT TO ASSUME RECAP-  
 2                   TURE LIABILITY.—Clause (i) shall not  
 3                   apply if the person acquiring such interest  
 4                   in the facility agrees in writing to assume  
 5                   the recapture liability of the person dispos-  
 6                   ing of such interest in effect immediately  
 7                   before such disposition. In the event of  
 8                   such an assumption, the person acquiring  
 9                   the interest in the facility shall be treated  
 10                  as the taxpayer for purposes of assessing  
 11                  any recapture liability (computed as if  
 12                  there had been no change in ownership).

13               “(4) SPECIAL RULES.—

14                   “(A) TAX BENEFIT RULE.—The tax for  
 15                   the taxable year shall be increased under para-  
 16                   graph (1) only with respect to credits allowed  
 17                   by reason of this section which were used to re-  
 18                   duce tax liability. In the case of credits not so  
 19                   used to reduce tax liability, the carryforwards  
 20                   and carrybacks under section 39 shall be appro-  
 21                   priately adjusted.

22                   “(B) NO CREDITS AGAINST TAX.—Any in-  
 23                   crease in tax under this subsection shall not be  
 24                   treated as a tax imposed by this chapter for

1 purposes of determining the amount of any  
 2 credit under subpart A, B, or D of this part.

3 “(C) NO RECAPTURE BY REASON OF CAS-  
 4 UALTY LOSS.—The increase in tax under this  
 5 subsection shall not apply to a cessation of op-  
 6 eration of the facility as a qualified child care  
 7 facility by reason of a casualty loss to the ex-  
 8 tent such loss is restored by reconstruction or  
 9 replacement within a reasonable period estab-  
 10 lished by the Secretary.

11 “(e) SPECIAL RULES.—For purposes of this sec-  
 12 tion—

13 “(1) AGGREGATION RULES.—All persons which  
 14 are treated as a single employer under subsections  
 15 (a) and (b) of section 52 shall be treated as a single  
 16 taxpayer.

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

21 “(3) ALLOCATION IN THE CASE OF PARTNER-  
 22 SHIPS.—In the case of partnerships, the credit shall  
 23 be allocated among partners under regulations pre-  
 24 scribed by the Secretary.

25 “(f) NO DOUBLE BENEFIT.—

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

3           “(A) IN GENERAL.—If a credit is deter-  
4       mined under this section with respect to any  
5       property by reason of expenditures described in  
6       subsection (c)(1)(A), the basis of such property  
7       shall be reduced by the amount of the credit so  
8       determined.

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

21          “(2) OTHER DEDUCTIONS AND CREDITS.—No  
22      deduction or credit shall be allowed under any other  
23      provision of this chapter with respect to the amount  
24      of the credit determined under this section.

1       “(g) TERMINATION.—This section shall not apply to  
2 taxable years beginning after December 31, 1999.”

3       (b) CONFORMING AMENDMENTS.—

4           (1) Section 38(b) of the Internal Revenue Code  
5 of 1986 is amended—

6           (A) by striking out “plus” at the end of  
7 paragraph (11),

8           (B) by striking out the period at the end  
9 of paragraph (12), and inserting a comma and  
10 “plus”, and

11          (C) by adding at the end the following new  
12 paragraph:

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

15          (2) The table of sections for subpart D of part  
16 IV of subchapter A of chapter 1 of such Code is  
17 amended by adding at the end the following new  
18 item:

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

19       (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 1997.

1 **SEC. 202. CHARITABLE CONTRIBUTIONS OF SCIENTIFIC**  
 2 **EQUIPMENT TO ACCREDITED AND**  
 3 **CREDENTIALLED CHILD CARE PROVIDERS**  
 4 **AND TO ELEMENTARY AND SECONDARY**  
 5 **SCHOOLS.**

6 (a) IN GENERAL.—Subparagraph (B) of section  
 7 170(e)(4) of the Internal Revenue Code of 1986 (relating  
 8 to special rule for contributions of scientific property used  
 9 for research) is amended to read as follows:

10 “(B) QUALIFIED RESEARCH, CHILD CARE,  
 11 OR EDUCATION CONTRIBUTION.—For purposes  
 12 of this paragraph, the term ‘qualified research,  
 13 child care, or education contribution’ means a  
 14 charitable contribution by a corporation of tan-  
 15 gible personal property (including computer  
 16 software), but only if—

17 “(i) the contribution is to—

18 “(I) an organization described in  
 19 section 501(c)(3) and exempt from  
 20 taxation under section 501(a) which is  
 21 an accredited child care center (as de-  
 22 fined in section 21(c)(2)(E)) or a  
 23 child care center actively seeking ac-  
 24 creditation or certification of its em-  
 25 ployees by a child care credentialing  
 26 or accreditation entity (as defined in



1 section 21(c)(2)(F)) on the date of  
2 such contribution,

3 “(II) an organization described  
4 in section 501(c)(3) and exempt from  
5 taxation under section 501(a) which is  
6 a professional or educational support  
7 entity for accredited child care centers  
8 or credentialed child care profes-  
9 sionals (as defined in subparagraphs  
10 (E) and (G) of section 21(c)(2), re-  
11 spectively),

12 “(III) an educational organiza-  
13 tion described in subsection  
14 (b)(1)(A)(ii),

15 “(IV) a governmental unit de-  
16 scribed in subsection (c)(1), or

17 “(V) an organization described in  
18 section 41(e)(6)(B),

19 “(ii) the contribution is made not  
20 later than 3 years after the date the tax-  
21 payer acquired the property (or in the case  
22 of property constructed by the taxpayer,  
23 the date the construction of the property is  
24 substantially completed),

1 “(iii) the property is scientific equip-  
2 ment or apparatus substantially all of the  
3 use of which by the donee is for—

4 “(I) research or experimentation  
5 (within the meaning of section 174),  
6 or for research training, in the United  
7 States in physical or biological  
8 sciences, or

9 “(II) in the case of an organiza-  
10 tion described in subclause (I), (II),  
11 (III), or (IV) of clause (i), use within  
12 the United States for educational pur-  
13 poses or support activities related to  
14 the purpose or function of the organi-  
15 zation,

16 “(iv) the original use of the property  
17 began with the taxpayer (or in the case of  
18 property constructed by the taxpayer, with  
19 the donee),

20 “(v) the property is not transferred by  
21 the donee in exchange for money, other  
22 property, or services, and

23 “(vi) the taxpayer receives from the  
24 donee a written statement representing  
25 that its use and disposition of the property

1 will be in accordance with the provisions of  
 2 clauses (iv) and (v).”.

3 (b) DONATIONS TO CHARITY FOR REFURBISHING.—  
 4 Section 170(e)(4) of the Internal Revenue Code of 1986  
 5 is amended by adding at the end the following:

6 “(D) DONATIONS TO CHARITY FOR REFUR-  
 7 BISHING.—For purposes of this paragraph, a  
 8 charitable contribution by a corporation shall be  
 9 treated as a qualified research, child care, or  
 10 education contribution if—

11 “(i) such contribution is a contribu-  
 12 tion of property described in subparagraph  
 13 (B)(iii) to an organization described in sec-  
 14 tion 501(c)(3) and exempt from taxation  
 15 under section 501(a),

16 “(ii) such organization repairs and re-  
 17 furbishes the property and donates the  
 18 property to an organization described in  
 19 subparagraph (B)(i), and

20 “(iii) the taxpayer receives from the  
 21 organization to whom the taxpayer contrib-  
 22 uted the property a written statement rep-  
 23 resenting that its use of the property (and  
 24 any use by the organization to which it do-

1                   nates the property) meets the requirements  
2                   of this paragraph.”.

3           (c) CONFORMING AMENDMENTS.—

4                   (1) Paragraph (4)(A) of section 170(e) of the  
5           Internal Revenue Code of 1986 is amended by strik-  
6           ing “qualified research contribution” each place it  
7           appears and inserting “qualified research, child care,  
8           or education contribution”.

9                   (2) The heading for section 170(e)(4) of such  
10          Code is amended by inserting “, CHILD CARE, OR  
11          EDUCATION” after “RESEARCH”.

12          (d) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to taxable years beginning after  
14          December 31, 1997.

15   **SEC. 203. 2-PERCENT FLOOR ON MISCELLANEOUS ITEM-**  
16                   **IZED DEDUCTIONS NOT APPLICABLE TO AC-**  
17                   **CREDITATION AND CREDENTIALING EX-**  
18                   **PENSES OF CHILD CARE PROVIDERS.**

19          (a) IN GENERAL.—Section 67(b) of the Internal Rev-  
20          enue Code of 1986 (relating to miscellaneous itemized de-  
21          ductions) is amended by striking “and” at the end of para-  
22          graph (11), by striking the period at the end of paragraph  
23          (12) and inserting “, and”, and by adding at the end the  
24          following:

1           “(13) the deduction allowable for accreditation  
2           and credentialing expenses of child care providers.”.

3           (b) DEFINITION.—Section 67 of the Internal Reve-  
4 nue Code of 1986 (relating to 2-percent floor on mis-  
5 cellaneous itemized deductions) is amended by redesignat-  
6 ing subsections (e) and (f) as subsections (f) and (g), re-  
7 spectively, and by inserting after subsection (d) the follow-  
8 ing:

9           “(e) ACCREDITATION AND CREDENTIALING EX-  
10 PENSES OF CHILD CARE PROVIDERS.—For purposes of  
11 this section—

12           “(1) IN GENERAL.—The term ‘accreditation  
13           and credentialing expenses of child care providers’  
14           means direct professional costs and educational and  
15           training expenses paid or incurred by an eligible in-  
16           dividual in order to achieve and remain qualified for  
17           service as an employee of an accredited child care  
18           center or as a credentialed child care professional  
19           (as defined in subparagraphs (E) and (G) of section  
20           21(c)(2), respectively).

21           “(2) ELIGIBLE INDIVIDUAL.—The term ‘eligible  
22           individual’ means an individual 60 percent of the  
23           taxable income of whom for any taxable year is de-  
24           rived from service described in paragraph (1).”.

1 (c) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 1997.

4 **SEC. 204. EXPANSION OF HOME OFFICE DEDUCTION TO IN-**  
 5 **CLUDE USE OF OFFICE FOR DEPENDENT**  
 6 **CARE.**

7 (a) IN GENERAL.—Section 280A(c)(1) of the Inter-  
 8 nal Revenue Code of 1986 (relating to certain business  
 9 use) is amended by adding at the end the following: “A  
 10 portion of a dwelling unit and the exclusive use of such  
 11 portion otherwise described in this paragraph shall not fail  
 12 to be so described if such portion is also used by the tax-  
 13 payer during such exclusive use to care for a dependent  
 14 of the taxpayer.”.

15 (b) EFFECTIVE DATE.—The amendment made by  
 16 this section shall apply to taxable years beginning after  
 17 December 31, 1997.

18 **Subtitle B—Child Care Quality**  
 19 **Improvement Incentive Program**

20 **SEC. 211. DEFINITIONS.**

21 In this subtitle:

22 (1) CHILD CARE PROVIDER.—The term “child  
 23 care provider” means—

24 (A) a center-based child care provider, a  
 25 group home child care provider, a family child

1 care provider, or other provider of non-residen-  
2 tial child care services for compensation that—

3 (i) is licensed, regulated, registered, or  
4 otherwise legally operating under State  
5 law; and

6 (ii) satisfies the State and local re-  
7 quirements;

8 applicable to the child care services it provides;  
9 or

10 (B) a child care provider that is 18 years  
11 of age or older who provides child care services  
12 only to eligible children who are, by affinity or  
13 consanguinity, or by court decree, the grand-  
14 child, great grandchild, sibling (if such provider  
15 lives in a separate residence), niece, or nephew  
16 of such provider, if such provider does not re-  
17 side with the child for whom they are providing  
18 care and if the provider complies with any ap-  
19 plicable requirements that govern child care  
20 provided by the relative involved.

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

23 **SEC. 212. ESTABLISHMENT OF STATE PROGRAM.**

24 (a) IN GENERAL.—The Secretary shall establish a  
25 program to award competitive grants to eligible States to

1 enable such States to carry out activities to improve the  
2 quality of child care for children in the States (except chil-  
3 dren who a tribal organization elects to serve under section  
4 215(b)).

5 (b) AWARDING OF GRANTS.—

6 (1) DISTRIBUTION.—Amounts appropriated for  
7 a fiscal year under section 215(a) shall be distrib-  
8 uted through competitive grants awarded to eligible  
9 States that apply for funds and that propose activi-  
10 ties that meet the requirements of this subtitle.

11 (2) AMOUNT.—The amount of a grant awarded  
12 to a State under this section shall be determined by  
13 the Secretary on a competitive basis, except that the  
14 amount of any such grant for a fiscal year shall not  
15 be less than an amount equal to .75 percent of the  
16 total amount appropriated for the fiscal year under  
17 section 215(a).

18 (c) LIMITATION ON ADMINISTRATIVE COSTS.—The  
19 Secretary shall not use in excess of 10 percent of the  
20 amount appropriated under section 215(a) for a fiscal  
21 year for the administrative costs associated with the ad-  
22 ministration of the program under this section.



1 **SEC. 213. STATE ELIGIBILITY AND APPLICATION REQUIRE-**  
2 **MENTS.**

3 (a) ELIGIBILITY.—To be eligible to receive a grant  
4 under this subtitle, a State shall certify to the Secretary  
5 that the State—

6 (1) has not reduced the scope of any State child  
7 care standards or requirements that were in effect in  
8 calendar year 1995;

9 (2) has not limited the State licensing require-  
10 ments with respect to the types of providers that  
11 must obtain licenses in order to provide child care  
12 in the State as compared to the types of providers  
13 that were required to obtain licenses in calendar  
14 year 1995;

15 (3) has not otherwise restricted the application  
16 of State child care licensing requirements that were  
17 in effect in calendar year 1995;

18 (4) is in compliance with the requirements ap-  
19 plicable to the State under the Child Care and De-  
20 velopment Block Grant Act of 1990 (42 U.S.C.  
21 9801 et seq.); and

22 (5) has, with respect to the fiscal year involved,  
23 made available sufficient State matching funds to  
24 draw down at least 80 percent of the amount award-  
25 ed to the State for the preceding fiscal year under

1 a grant under section 418(a)(2) of the Social Secu-  
2 rity Act (42 U.S.C. 618).

3 (b) PRIORITY.—In awarding grants under this sub-  
4 title, the Secretary shall give priority to States that con-  
5 tribute an amount (generated from businesses or other  
6 private sources) equal to not less than 10 percent of the  
7 amount requested under the grant to the activities to be  
8 funded under the grant.

9 (c) APPLICATION.—To be eligible to receive a grant  
10 under this subtitle, a State shall prepare and submit to  
11 the Secretary an application at such time, in such manner,  
12 and containing such information as the Secretary shall re-  
13 quire, including—

14 (1) an assurance that the State will comply  
15 with the requirements applicable to States under  
16 this subtitle;

17 (2) an assurance that the State will annually  
18 conduct on-site monitoring of State licensed or regu-  
19 lated child care facilities, with at least 1 unan-  
20 nounced monitoring visit of each such facility every  
21 3 years; and

22 (3) an assurance that the State will not use  
23 funds received under the grant to supplant or re-  
24 place funds used by the State to improve the quality  
25 or increase the supply of child care as required

1 under section 658G of the Child Care and Develop-  
2 ment Block Grants Act of 1990 (42 U.S.C. 9858e).

3 **SEC. 214. USE OF FUNDS BY STATES.**

4 (a) REQUIRED ACTIVITIES.—A State shall—

5 (1) use not less than 20 percent of the amounts  
6 received under a grant awarded to the State under  
7 this subtitle to establish a subsidy program to pro-  
8 vide funds to child care providers who are  
9 credentialed in the State (as described in section  
10 2(3));

11 (2) use not less than 20 percent of the amounts  
12 received under a grant awarded to the State under  
13 this subtitle to establish a grant program to assist  
14 small businesses located in the State in establishing  
15 and operating child care programs that may in-  
16 clude—

17 (A) technical assistance in the establish-  
18 ment of a child care program;

19 (B) assistance for the start-up costs relat-  
20 ed to a child care program;

21 (C) assistance for the training of child care  
22 providers;

23 (D) scholarships for low-income wage earn-  
24 ers;

1 (E) the provision of services to care for  
2 sick children or to provide care to school aged  
3 children;

4 (F) the entering into of contracts with  
5 local resource and referral or local health de-  
6 partments;

7 (G) assistance for any other activity deter-  
8 mined appropriate by the State; or

9 (H) care for children with disabilities; and

10 (3) use amounts remaining after the State re-  
11 serves funds for activities under paragraphs (1) and  
12 (2) to carry out one or more of the activities de-  
13 scribed in subsection (b).

14 (b) PERMISSIBLE ACTIVITIES.—A State may use  
15 amounts provided under a grant awarded under this sub-  
16 title to the State to—

17 (1) improve parental choice through consumer  
18 education efforts in the State concerning child care,  
19 including the expansion of resource and referral  
20 services and improving State child care complaint  
21 systems;

22 (2) establish a scholarship program for child  
23 care providers to assist in meeting the educational or  
24 training costs associated with the accreditation or  
25 credentialing;

1           (3) expand State-based child care training and  
2           technical assistance activities;

3           (4) develop criteria for State recognition of en-  
4           tities to accredit facilities, and credential child care  
5           providers, in the State, as described in section 2;

6           (5) provide increased rates of reimbursement  
7           under Federal or State child care assistance pro-  
8           grams for child care that is provided by credentialed  
9           child care professionals or at accredited child care  
10          centers;

11          (6) provide differential rates of reimbursement  
12          under Federal or State child care assistance pro-  
13          grams for children with special needs; or

14          (7) purchase special equipment or supplies or  
15          other provide for the payment of other extraordinary  
16          expenses required for the care of special needs (in-  
17          cluding disabled) children and the distribution of  
18          such equipment or supplies to child care providers  
19          serving special needs children.

20          (c) SMALL BUSINESS AND CHILD CARE GRANT PRO-  
21          GRAM.—

22               (1) APPLICATION.—To be eligible to receive as-  
23               sistance from a State under a grant program estab-  
24               lished under subsection (a)(2), a small business shall  
25               prepare and submit to the State an application at

1 such time, in such manner, and containing such in-  
2 formation as the State may require.

3 (2) PREFERENCE.—

4 (A) IN GENERAL.—In providing assistance  
5 under a grant program under this subsection, a  
6 State shall give priority to applicants that de-  
7 sire to form consortium to provide child care in  
8 geographic areas within the State where such  
9 care is not generally available or accessible.

10 (B) CONSORTIUM.—For purposes of sub-  
11 paragraph (A), a consortium shall be made up  
12 of 2 or more entities which may include busi-  
13 nesses, nonprofit agencies or organizations,  
14 local governments, or other appropriate entities.

15 (3) LIMITATION.—With respect to grant funds  
16 received for purposes of this subsection, a State may  
17 not provide in excess of \$50,000 in assistance from  
18 such funds to any single applicant. A State may not  
19 provide assistance under a grant to more than 10  
20 entities.

21 (4) MATCHING REQUIREMENT.—To be eligible  
22 to receive funds for purposes of establishing a grant  
23 program under subsection (a)(2), a State shall pro-  
24 vide assurances to the Secretary that, with respect  
25 to the costs to be incurred by an entity receiving as-

1       sistance in carrying out activities under such pro-  
2       gram, such entity will make available (directly or  
3       through donations from public or private entities)  
4       non-Federal contributions to such costs in an  
5       amount equal to—

6               (A) for the first fiscal year in which the  
7       entity receives such assistance, not less than 25  
8       percent of such costs (\$1 for each \$3 of assist-  
9       ance provided to the entity under the grant);

10              (B) for the second fiscal year in which an  
11       entity receives such assistance, not less than  
12       33 $\frac{1}{3}$  percent of such costs (\$1 for each \$2 of  
13       assistance provided to the entity under the  
14       grant); and

15              (C) for the third fiscal year in which an  
16       entity receives such assistance, not less than 50  
17       percent of such costs (\$1 for each \$1 of assist-  
18       ance provided to the entity under the grant).

19              (5) REQUIREMENTS OF PROVIDERS.—To be eli-  
20       gible to receive assistance under a grant awarded  
21       under this subsection a child care provider shall  
22       comply with all applicable State and local licensing  
23       and regulatory requirements and all applicable  
24       health and safety standards in effect in the State.

25              (6) ADMINISTRATION.—

1           (A) STATE RESPONSIBILITY.—A State  
2 shall have responsibility for administering the  
3 grants awarded under this subsection and for  
4 monitoring entities that receive assistance  
5 under such grants.

6           (B) AUDITS.—A State shall require that  
7 each entity receiving assistance under a grant  
8 awarded under this subsection conduct of an  
9 annual audit with respect to the activities of the  
10 entity. Such audits shall be submitted to the  
11 State.

12           (C) MISUSE OF FUNDS.—

13           (i) REPAYMENT.—If the State deter-  
14 mines, through an audit or otherwise, that  
15 an entity receiving assistance under a  
16 grant awarded under this subsection has  
17 misused such assistance, the State shall  
18 notify the Secretary of such misuses. The  
19 Secretary, upon such a notification, may  
20 seek from such an entity the repayment of  
21 an amount equal to the amount of any  
22 misused assistance plus interest.

23           (ii) APPEALS PROCESS.—The Sec-  
24 retary shall by regulation provide for an



1                   appeals process with respect to repayments  
2                   under this subparagraph.

3           (d) **LIMITATION ON ADMINISTRATIVE COSTS.**—Not  
4 more than 10 percent of the aggregate amount of funds  
5 available to a State under this subtitle in each fiscal year  
6 may be expended for administrative costs incurred by such  
7 State to carry out activities under this subtitle. As used  
8 in the preceding sentence, the term “administrative costs”  
9 shall not include the costs of providing direct services (as  
10 such direct services costs are defined for purposes of the  
11 Child Care and Development Block Grant Act of 1990 42  
12 U.S.C. 9801 et seq.)).

13 **SEC. 215. AUTHORIZATION OF APPROPRIATIONS.**

14           (a) **IN GENERAL.**—There is authorized to be appro-  
15 priated to carry out this subtitle \$260,000,000 for each  
16 of the fiscal years 1998 through 2002.

17           (b) **RESERVATION.**—The Secretary shall reserve not  
18 more than 1.5 percent of the funds appropriated under  
19 this section for a fiscal year to make grants under this  
20 subtitle to tribal organizations submitting applications  
21 under section 213(b) to be used in accordance with section  
22 214.

1 **Subtitle C—Distribution of Infor-**  
2 **mation About Quality Child**  
3 **Care**

4 **SEC. 221. EXPANSION OF ROLE OF THE DEPARTMENT OF**  
5 **HEALTH AND HUMAN SERVICES IN THE COL-**  
6 **LECTION AND DISSEMINATION OF INFORMA-**  
7 **TION AND TECHNOLOGY.**

8 (a) PROVISION OF INFORMATION.—The Secretary of  
9 Health and Human Services, directly or through a con-  
10 tract awarded on a competitive basis to a qualified entity,  
11 shall provide technical assistance and collect and dissemi-  
12 nate information concerning the importance of high qual-  
13 ity child care to States, units of local government, private  
14 non-profit child care organizations, child care  
15 credentialing or accreditation entities, child care providers,  
16 and parents, including, in partnership with the Advertis-  
17 ing Council or other professional advertising group, a pub-  
18 lic awareness campaign promoting quality child care.

19 (b) GRANT PROGRAM.—

20 (1) IN GENERAL.—The Secretary of Health and  
21 Human Services, acting through the National Child  
22 Care Information Center, shall award competitive  
23 grants to child care credentialing or accreditation  
24 entities (as defined in section 2(2)) that have been

1 providing credentialing or accreditation services for  
2 child care providers for not more than 10 years.

3 (2) APPLICATION.—To be eligible to receive a  
4 grant under this subsection, a child care  
5 credentialing or accreditation entity shall prepare  
6 and submit to the Secretary an application at such  
7 time, in such manner, and containing such informa-  
8 tion as the Secretary shall require.

9 (3) USE OF FUNDS.—Amounts provided under  
10 a grant awarded under paragraph (1) shall be used  
11 by grantees to refine and evaluate the procedures  
12 and methods used by such grantees in accrediting  
13 facilities as accredited child care centers or providing  
14 child care credentials to individual child care provid-  
15 ers. Such procedures and methods shall be designed  
16 to ensure that the highest quality child care is pro-  
17 vided by accredited child care centers and  
18 credentialed individuals, to provide information  
19 about the accreditation or credentialing process to  
20 providers, and to provide subsidies to needy individ-  
21 uals and organizations to enable such individuals  
22 and organization to participate in the accreditation  
23 or credentialing process.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
25 authorized to be appropriated to carry out this section

1 \$10,000,000 for each of the fiscal years 1998 through  
2 2002.

3 **SEC. 222. CHILD CARE TRAINING INFRASTRUCTURE.**

4 (a) DEFINITIONS.—In this section:

5 (1) CHILD CARE PROVIDER.—The term “child  
6 care provider” has the meaning given the term in  
7 section 211.

8 (2) ELEMENTARY SCHOOL; SECONDARY  
9 SCHOOL.—The terms “elementary school” and “sec-  
10 ondary school” have the meanings given the terms  
11 in section 14101 of the Elementary and Secondary  
12 Education Act of 1965 (20 U.S.C. 8001).

13 (3) INSTITUTION OF HIGHER EDUCATION.—The  
14 term “institution of higher education” has the  
15 meaning given the term in section 1201(a) of the  
16 Higher Education Act of 1965 (20 U.S.C. 1141(a)).

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

19 (5) TRAINING SITE.—The term “training site”  
20 means a training site described in subsection (e)(1).

21 (b) GRANT.—The Secretary shall make a grant to an  
22 eligible organization to develop and operate a technology-  
23 based child care training infrastructure, in order to facili-  
24 tate—

1           (1) the accreditation of facilities as accredited  
2       child care centers and accredited family child care  
3       homes;

4           (2) the credentialing of individuals as  
5       credentialed child care professionals; and

6           (3) the dissemination of child care, child devel-  
7       opment, and early childhood education information  
8       and research to child care providers.

9       (c) USE OF FUNDS.—An organization that receives  
10   a grant under subsection (b) shall use the funds made  
11   available through the grant to—

12           (1) develop partnerships, to the maximum ex-  
13       tent possible, with elementary schools, secondary  
14       schools, institutions of higher education, Federal,  
15       State, and local government agencies, and private  
16       entities, to share equipment, technical assistance,  
17       and other technological resources, for the develop-  
18       ment of the infrastructure described in subsection  
19       (b);

20           (2) enter into arrangements with entities for  
21       the provision of sites from which the infrastructure  
22       will disseminate training;

23           (3) ensure the establishment of at least 2 of the  
24       training sites in each State, and additional training

1 sites based on the populations and geographic con-  
2 siderations of States;

3 (4) enter into arrangements with child care  
4 credentialing or accreditation entities that are recog-  
5 nized (as described in section 2(2)) by more than 1  
6 State agency or tribal organization, for the develop-  
7 ment of child care training to be disseminated  
8 through the infrastructure;

9 (5) provide, directly or through a contract  
10 (which may for good cause be a sole source con-  
11 tract), expertise to convert training courses for dis-  
12 tance transmission, provide interactive environments,  
13 and conduct registration, testing, electronic storage  
14 of information, and such other technology-based ac-  
15 tivities to adapt and enhance training course content  
16 consistent with the medium of transmission involved  
17 through the infrastructure;

18 (6) provide, through a logistical scheduling  
19 mechanism, equitable access to the infrastructure for  
20 all child care credentialing or accreditation entities  
21 described in paragraph (4) that request an oppor-  
22 tunity to disseminate child care training through the  
23 infrastructure and meet the requirements of this sec-  
24 tion;

1           (7) develop and implement a mechanism for  
 2 participants in the training to evaluate the infra-  
 3 structure, including providing comments on the ac-  
 4 cessibility and affordability of the training, and rec-  
 5 ommendations for improvements in the training;

6           (8) develop and implement a monitoring system  
 7 to provide data on the training provided through the  
 8 infrastructure, including data on—

9                   (A) the number of facilities and individuals  
 10 participating in the training;

11                   (B) the number of facilities receiving ac-  
 12 creditation (including a repeat accreditation) as  
 13 accredited child care centers, and individuals re-  
 14 ceiving credentialing (including a repeat  
 15 credentialing) as credentialed child care profes-  
 16 sionals, after fulfilling requirements that in-  
 17 clude participation in the training;

18                   (C) the number of accredited child care  
 19 centers, and credentialed child care profes-  
 20 sionals, participating in the training; and

21                   (D) the number of sites in which the train-  
 22 ing is received, analyzed—

23                           (i) by State; and

24                           (ii) by location in an urban, suburban,  
 25 or rural area; and

1           (9) establish and operate the child care training  
2 revolving fund described in section 223.

3           (d) ELIGIBILITY.—To be eligible to receive the grant,  
4 an organization shall be an organization that—

5           (1) is a private, nonprofit entity that is not—

6                (A) a child care credentialing or accredita-  
7 tion entity;

8                (B) a subsidiary or affiliate of a child care  
9 credentialing or accreditation entity; or

10               (C) an entity that has a subsidiary or affil-  
11 iate that is a child care credentialing or accredi-  
12 tation entity;

13           (2) has experience in developing partnerships  
14 with child care credentialing or accreditation enti-  
15 ties, institutions of higher education, and State and  
16 local governments, for the provision of child care  
17 training;

18           (3) has experience in providing and coordinat-  
19 ing the provision of child care training to family  
20 child care providers and center-based child care pro-  
21 viders;

22           (4) is related to child care provider support or-  
23 ganizations in 35 or more States, through member-  
24 ship in a common organization, affiliation, or an-  
25 other mechanism;



1           (5) has experience in working with rural and  
2           urban child care provider support organizations and  
3           child care providers; and

4           (6) has experience in working with national  
5           child care groups and organizations, including Fed-  
6           eral government agencies, providers of child care  
7           training, child care credentialing or accreditation en-  
8           tities, and educational groups.

9           (e) APPLICATION.—To be eligible to receive a grant  
10          under subsection (b), an organization shall submit an ap-  
11          plication to the Secretary at such time, in such manner,  
12          and containing such information as the Secretary may re-  
13          quire, including—

14                (1) information describing, and indicating a  
15                preliminary count of the number of, the sites from  
16                which the infrastructure will disseminate training;

17                (2) an assurance that the organization will re-  
18                quire that—

19                        (A) each child care credentialing or accred-  
20                        itation entity that disseminates training  
21                        through the infrastructure will provide, during  
22                        at least 60 percent of the dissemination period,  
23                        an opportunity for participants in the train-  
24                        ing—

1 (i) to interact with an identified train-  
 2 er or training leader at the training site; or

3 (ii) to elect to engage in other inter-  
 4 active training; and

5 (B) no child care credentialing or accredi-  
 6 tation entity may collect fees for participation  
 7 in the training that total more than—

8 (i) the cost to the entity for develop-  
 9 ing, conducting, and providing materials  
 10 for, the training; minus

11 (ii) the amount that the entity re-  
 12 ceives under this section or from any other  
 13 source to develop, conduct, and provide  
 14 materials for, the training; and

15 (3) information demonstrating that the organi-  
 16 zation will comply with the organizational structure  
 17 requirements of subsections (g) and (h), including a  
 18 copy of the bylaws described in subsection (g)(2)(B).

19 (f) DEVELOPMENT AND OPERATION OF INFRASTRUC-  
 20 TURE.—

21 (1) CONTRACTS.—An organization that receives  
 22 a grant under subsection (b) may use funds made  
 23 available through the grant to enter into contracts,  
 24 which may for good cause be sole source contracts,  
 25 for the development of the technological and

1 logistical aspects of the infrastructure. The organiza-  
2 tion shall enter into such a contract with an entity  
3 with experience in establishing technology-based  
4 interactive educational or training programs.

5 (2) TIME LINES.—

6 (A) BOARD, PERSONNEL, AND REVOLVING  
7 FUND.—Not later than 6 months after the date  
8 of receipt of the grant, the organization shall  
9 establish the governing board described in sub-  
10 section (g), appoint a Chief Executive Project  
11 Officer described in subsection (h), and estab-  
12 lish and operate the child care training revolv-  
13 ing fund described in section 223. Not later  
14 than 1 year after the date of receipt of the  
15 grant, the Chief Executive Project Officer shall  
16 appoint the personnel described in subsection  
17 (h).

18 (B) TRAINING SITES.—

19 (i) 50 PERCENT OPERATIONAL.—Not  
20 later than 3 years after the date of receipt  
21 of the grant, the organization shall dis-  
22 seminate training at 50 percent of the sites  
23 described in the information submitted  
24 under subsection (e)(1).

1 (ii) 75 PERCENT OPERATIONAL.—Not  
2 later than 4 years after the date of receipt  
3 of the grant, the organization shall dis-  
4 seminate training at 75 percent of the  
5 sites.

6 (iii) 90 PERCENT OPERATIONAL.—Not  
7 later than 5 years after the date of receipt  
8 of the grant, the organization shall dis-  
9 seminate training at 90 percent of the  
10 sites.

11 (C) EVALUATION.—The organization shall  
12 develop and implement the mechanism for con-  
13 ducting evaluations of the infrastructure de-  
14 scribed in subsection (c)(6) not later than 3  
15 years after the date of receipt of the grant.

16 (g) GOVERNING BOARD.—

17 (1) IN GENERAL.—An organization that re-  
18 ceives a grant under subsection (b) shall establish a  
19 governing board.

20 (2) COMPOSITION.—

21 (A) IN GENERAL.—The governing board  
22 shall be composed of representatives of child  
23 care credentialing or accreditation entities that  
24 are recognized (as described in section 2(2)) by  
25 more than 1 State agency or tribal organiza-

1           tion. The representatives shall be appointed by  
2           the entities. The composition of the governing  
3           board shall be specified in the bylaws of the  
4           board.

5           (B) INITIAL BYLAWS.—The organization  
6           shall develop the initial bylaws of the board.  
7           The bylaws shall include provisions specifying  
8           the manner in which representatives of all child  
9           care credentialing or accreditation entities de-  
10          scribed in subparagraph (A) that are dissemi-  
11          nating training through the infrastructure shall  
12          participate in the activities of the governing  
13          board. The provisions shall provide for the par-  
14          ticipation through rotation of the representa-  
15          tives in the membership of the board, involve-  
16          ment of the representatives in committees of  
17          the board, or through other mechanisms that  
18          ensure, to the maximum extent possible, fair  
19          and equal participation of the representatives.

20          (C) AMENDED BYLAWS.—The governing  
21          board may amend the bylaws with the consent  
22          of the chief executive officer of the organization  
23          receiving a grant under subsection (b). The  
24          chief executive officer shall give the consent un-  
25          less the chief executive officer demonstrates

1 good cause for refusal of the consent. Any  
2 amended bylaws shall provide for the participa-  
3 tion of representatives of all child care  
4 credentialing or accreditation entities described  
5 in subparagraph (A) that are disseminating  
6 training through the infrastructure, as de-  
7 scribed in subparagraph (B).

8 (3) DUTIES.—The governing board, with over-  
9 sight by the chief executive officer of the organiza-  
10 tion, shall—

11 (A) advise the organization on the develop-  
12 ment and operation of the child care training  
13 infrastructure;

14 (B) review and approve the strategic plan  
15 described in subsection (h)(2)(A) and annual  
16 updates of the plan;

17 (C) review and approve the proposal de-  
18 scribed in subsection (h)(2)(B), with respect to  
19 the contracts, financial assistance, standards,  
20 policies, procedures, and activities referred to in  
21 such subsection; and

22 (D)(i) review, and advise the Chief Execu-  
23 tive Project Officer regarding, the actions of the  
24 Chief Executive Project Officer with respect to  
25 the personnel of the governing board, and with

1 respect to such standards, policies, procedures,  
2 and activities as are necessary or appropriate  
3 to carry out this section; and

4 (ii) inform the Chief Executive Project Of-  
5 ficer of any aspects of the actions of the Chief  
6 Executive Project Officer that are not in com-  
7 pliance with the annual strategic plan referred  
8 to in subparagraph (B) or the proposal referred  
9 to in subparagraph (C), or are not consistent  
10 with the objectives of this section.

11 (h) CHIEF EXECUTIVE PROJECT DIRECTOR AND

12 PERSONNEL.—

13 (1) IN GENERAL.—

14 (A) CHIEF EXECUTIVE PROJECT DIREC-  
15 TOR.—The chief executive officer of an organi-  
16 zation that receives a grant under subsection  
17 (b) shall appoint, compensate, and terminate  
18 the employment of a Chief Executive Project  
19 Officer to enable the governing board to per-  
20 form its duties. The chief executive officer of  
21 the organization shall consult with the govern-  
22 ing board before appointing, changing the com-  
23 pensation of, or terminating the employment of,  
24 the Chief Executive Project Officer.

1 (B) PERSONNEL.—The Chief Executive  
 2 Project Officer shall appoint, compensate, and  
 3 terminate the employment of such additional  
 4 personnel as may be necessary to enable the  
 5 governing board to perform its duties.

6 (2) DUTIES OF CHIEF EXECUTIVE PROJECT OF-  
 7 FICER.—The Chief Executive Project Officer shall—

8 (A) prepare and submit to the governing  
 9 board and the chief executive officer of the or-  
 10 ganization a strategic plan every 3 years, and  
 11 annual updates of the plan, with respect to the  
 12 development and major operations of the infra-  
 13 structure;

14 (B)(i) prepare and submit to the governing  
 15 board and the chief executive officer of the or-  
 16 ganization a proposal with respect to such con-  
 17 tracts and other financial assistance, and such  
 18 standards, policies, procedures, and activities,  
 19 as are necessary or appropriate to carry out  
 20 this section; and

21 (ii) after receiving and reviewing an ap-  
 22 proved proposal under subsection (g)(3)(C),  
 23 enter into such contracts and award such other  
 24 financial assistance, and establish and admin-  
 25 ister such standards, policies, procedures and



1 activities, as are necessary or appropriate to  
2 carry out this section;

3 (C) prepare and submit to the governing  
4 board and the chief executive officer of the or-  
5 ganization an annual report, and such interim  
6 reports as may be necessary, describing the  
7 major actions of the Chief Executive Project  
8 Officer with respect to the personnel of the gov-  
9 erning board, and with respect to the stand-  
10 ards, policies, procedures, and activities; and

11 (D) inform the governing board and the  
12 chief executive officer of the organization of,  
13 and provide an explanation to the governing  
14 board regarding, any substantial differences re-  
15 garding the implementation of this section be-  
16 tween—

17 (i) the actions of the Chief Executive  
18 Project Officer; and

19 (ii)(I) the strategic plan approved by  
20 the governing board and the chief executive  
21 officer of the organization under subsection  
22 (g)(3)(B); or

23 (II) the proposal approved by the gov-  
24 erning board and the chief executive officer

1                   of the organization under subsection  
2                   (g)(3)(C).

3           (i) CORPORATION.—The organization may establish  
4 a nonprofit corporation containing the governing board,  
5 Chief Executive Project Officer, and personnel, to carry  
6 out this section.

7           (j) ADMINISTRATIVE COSTS.—Prior to the date on  
8 which the organization disseminates training at 75 percent  
9 of the sites described in the information submitted under  
10 subsection (e)(1), the organization may use not more than  
11 25 percent of the funds made available through the grant  
12 to pay for the administrative costs of carrying out this  
13 section. Effective on that date, the organization may use  
14 not more than 15 percent of the funds to pay for the ad-  
15 ministrative costs.

16           (k) AUTHORIZATION OF APPROPRIATIONS.—There is  
17 authorized to be appropriated to carry out this section  
18 \$50,000,000 for each of fiscal years 1998 through 2003.

19 **SEC. 223. CHILD CARE TRAINING REVOLVING FUND.**

20           (a) ESTABLISHMENT.—

21               (1) IN GENERAL.—The Chief Executive Project  
22 Officer described in section 222(h) shall use not less  
23 than 10 percent of the funds made available through  
24 the grant made under section 222 during the 5  
25 years after the date of receipt of the grant to estab-

1       lish and operate a child care training revolving fund  
2       (referred to in this section as the “Fund”)—

3               (A) from which the Chief Executive  
4       Project Officer shall make loans to eligible bor-  
5       rowers for the purpose of enabling the persons  
6       to purchase computers, satellite dishes, and  
7       other equipment that will be used to dissemi-  
8       nate training through the infrastructure de-  
9       scribed in section 222; and

10              (B) into which all payments, charges, and  
11       other amounts collected from loans made under  
12       subparagraph (A) shall be deposited notwith-  
13       standing any other provision of law.

14              (2) SEPARATE ACCOUNT.—The Fund shall be  
15       maintained as a separate account. Any portion of  
16       the Fund that is not required for expenditure shall  
17       be invested in obligations of the United States or in  
18       obligations guaranteed or insured by the United  
19       States.

20              (3) INTEREST EARNED.—The interest earned  
21       on the investments shall be credited to and form a  
22       part of the Fund.

23              (b) ELIGIBLE BORROWERS.—To be eligible to receive  
24       a loan under subsection (a), a borrower shall be a child  
25       care provider who seeks to receive training through the

1 infrastructure or an entity that has entered into an ar-  
 2 rangement with the Chief Executive Project Officer to pro-  
 3 vide a training site (as defined in section 222) for the in-  
 4 frastructure.

5 (c) APPLICATION.—To be eligible to receive a loan  
 6 under subsection (a), a borrower shall submit an applica-  
 7 tion to the Chief Executive Project Officer at such time,  
 8 in such manner, and containing such information as the  
 9 Chief Executive Project Officer, in consultation with the  
 10 governing board and the chief executive officer of an orga-  
 11 nization receiving a grant under section 222(b) may re-  
 12 quire. At a minimum, the application shall include—

13 (1) an assurance that the person shall use the  
 14 equipment funded through the loan to receive or dis-  
 15 seminate training through the infrastructure, for  
 16 such period as the Secretary may by regulation pre-  
 17 scribe; and

18 (2) an assurance that the person shall permit  
 19 other persons to use the equipment to receive or dis-  
 20 seminate training through the infrastructure, for  
 21 such period as the Secretary may by regulation pre-  
 22 scribe.

23 (d) LOANS.—In making loans under subsection (a),  
 24 the Chief Executive Project Officer shall—

1           (1) to the maximum extent practicable, equi-  
 2           tably distribute the loans among borrowers in the  
 3           various States, and among borrowers in urban, sub-  
 4           urban, and rural areas; and

5           (2) take into consideration the availability to  
 6           the borrowers of resources from sources other than  
 7           the Fund, including the availability of resources  
 8           through the partnerships described in section  
 9           222(c)(1).

10          (e) TERMS AND CONDITIONS.—

11           (1) CONDITIONS.—The Chief Executive Project  
 12           Officer may make a loan to a borrower under sub-  
 13           section (a) only if the Chief Executive Project Offi-  
 14           cer determines that—

15                   (A) the borrower is unable to obtain re-  
 16                   sources from other sources on reasonable terms  
 17                   and conditions; and

18                   (B) there is a reasonable prospect that the  
 19                   borrower will repay the loan.

20           (2) TERMS.—A loan made under subsection (a)  
 21           shall be—

22                   (A) for a term that does not exceed 4  
 23                   years; and

24                   (B) at no interest.

1           (3) COLLATERAL.—The Chief Executive Project  
2       Officer may require any borrower of a loan made  
3       under subsection (a) to provide such collateral as the  
4       Chief Executive Project Officer determines to be  
5       necessary to secure the loan.

6           (4) PROCEDURES AND DEFINITIONS.—Prior to  
7       making loans under subsection (a), the Chief Execu-  
8       tive Project Officer shall establish written proce-  
9       dures and definitions pertaining to defaults and col-  
10      lections of payments under the loans which shall be  
11      subject to the review and approval of the Secretary.  
12      The governing board and chief executive officer of  
13      the organization involved shall provide to each appli-  
14      cant for a loan under subsection (a), at the time ap-  
15      plication for the loan is made, a written copy of the  
16      procedures and definitions.

17      (f) DEFAULTS.—

18           (1) NOTICE.—The Chief Executive Project Offi-  
19      cer shall provide the governing board and the chief  
20      executive officer of the organization at regular inter-  
21      vals written notice of each loan made under sub-  
22      section (a) that is in default and the status of the  
23      loan.

24           (2) ACTION.—

1           (A) NOTIFICATION.—After making reason-  
2           able efforts to collect all amounts payable under  
3           a loan made under subsection (a) that is in de-  
4           fault, the Chief Executive Project Officer shall  
5           notify the governing board and the chief execu-  
6           tive officer of the organization that the loan is  
7           uncollectable or collectible only at an unreason-  
8           able cost. The notification shall include rec-  
9           ommendations for future action to be taken by  
10          the Chief Executive Project Director.

11          (B) INSTRUCTIONS.—On receiving the no-  
12          tification, the governing board and the chief ex-  
13          ecutive officer of the organization shall advise  
14          the Chief Executive Project Officer—

15               (i) to continue with its collection ac-  
16               tivities;

17               (ii) to cancel, adjust, compromise, or  
18               reduce the amount of the loan; or

19               (iii) to modify any term or condition  
20               of the loan, including any term or condi-  
21               tion relating to the time of payment of any  
22               installment of principal, or portion of prin-  
23               cipal, that is payable under the loan.

24          (g) ADMINISTRATION AND ASSISTANCE.—

1           (1) IN GENERAL.—Consistent with section  
2           222(j), the Chief Executive Project Officer shall, out  
3           of funds available in the Fund—

4                   (A) pay expenses incurred by the Chief Ex-  
5           ecutive Project Officer in administering the  
6           Fund; and

7                   (B) provide competent management and  
8           technical assistance to borrowers of loans made  
9           under subsection (a) to assist the borrowers to  
10          achieve the purposes of the loans.

11          (2) ASSISTANCE BY THE SECRETARY.—The  
12          Secretary shall provide to the chief executive officer  
13          of the organization and the Chief Executive Project  
14          Officer such management and technical assistance as  
15          the chief executive officer of the organization and  
16          the Chief Executive Project Officer may request in  
17          order to carry out the provisions of this section.

18          (h) REGULATIONS.—The Secretary may prescribe  
19          such regulations as may be necessary to carry out the ob-  
20          jectives of this section, including regulations involving re-  
21          porting and auditing.



1 **Subtitle D—Quality Child Care**  
 2 **Through Federal Facilities and**  
 3 **Programs**

4 **SEC. 231. PROVIDING QUALITY CHILD CARE IN FEDERAL**  
 5 **FACILITIES.**

6 (a) DEFINITION.—In this section:

7 (1) ADMINISTRATOR.—The term “Adminis-  
 8 trator” means the Administrator of General Serv-  
 9 ices.

10 (2) EXECUTIVE AGENCY.—The term “Executive  
 11 agency” has the meaning given the term in section  
 12 105 of title 5, United States Code, but does not in-  
 13 clude the Department of Defense.

14 (3) EXECUTIVE FACILITY.—The term “execu-  
 15 tive facility” means a facility that is owned or leased  
 16 by an Executive agency.

17 (4) FEDERAL AGENCY.—The term “Federal  
 18 agency” means an Executive agency, a judicial of-  
 19 fice, or a legislative office.

20 (5) JUDICIAL FACILITY.—The term “judicial fa-  
 21 cility” means a facility that is owned or leased by a  
 22 judicial office.

23 (6) JUDICIAL OFFICE.—The term “judicial of-  
 24 fice” means an entity of the judicial branch of the  
 25 Federal Government.

1           (7) LEGISLATIVE FACILITY.—The term “legisla-  
2       tive facility” means a facility that is owned or leased  
3       by a legislative office.

4           (8) LEGISLATIVE OFFICE.—The term “legisla-  
5       tive office” means an entity of the legislative branch  
6       of the Federal Government.

7       (b) EXECUTIVE BRANCH STANDARDS AND ENFORCE-  
8       MENT.—

9           (1) STATE AND LOCAL LICENSING REQUIRE-  
10       MENTS.—

11           (A) IN GENERAL.—The Administrator  
12       shall issue regulations requiring any entity op-  
13       erating a child care center in an executive facil-  
14       ity to comply with applicable State and local li-  
15       censing requirements related to the provision of  
16       child care.

17           (B) COMPLIANCE.—The regulations shall  
18       require that, not later than 6 months after the  
19       date of enactment of this Act—

20                   (i) the entity shall comply, or make  
21       substantial progress (as determined by the  
22       Administrator) toward complying, with the  
23       requirements; and

24                   (ii) any contract for the operation of  
25       such a child care center shall include a

1 condition that the child care be provided in  
2 accordance with the requirements.

3 (2) ACCREDITATION STANDARDS.—

4 (A) IN GENERAL.—The Administrator  
5 shall issue regulations specifying child care cen-  
6 ter accreditation standards and requiring any  
7 entity operating a child care center in an execu-  
8 tive facility to comply with the standards.

9 (B) COMPLIANCE.—The regulations shall  
10 require that, not later than 3 years after the  
11 date of enactment of this Act—

12 (i) the entity shall comply, or make  
13 substantial progress (as determined by the  
14 Administrator) toward complying, with the  
15 standards; and

16 (ii) any contract for the operation of  
17 such a child care center shall include a  
18 condition that the child care be provided  
19 by an entity that complies with the stand-  
20 ards.

21 (C) CONTENTS.—The standards shall base  
22 accreditation on—

23 (i) an accreditation instrument de-  
24 scribed in section 2(2)(B);

1 (ii) outside monitoring described in  
2 section 2(2)(B), by—

3 (I) the Administrator; or

4 (II) a child care credentialing or  
5 accreditation entity, or other entity,  
6 with which the Administrator enters  
7 into a contract to provide such mon-  
8 itoring; and

9 (iii) the criteria described in section  
10 2(2)(B).

11 (3) EVALUATION AND ENFORCEMENT.—

12 (A) IN GENERAL.—The Administrator  
13 shall evaluate the compliance of entities de-  
14 scribed in paragraph (1) with the regulations is-  
15 sued under paragraphs (1) and (2). The Ad-  
16 ministrator may conduct the evaluation of such  
17 an entity directly, or through an agreement  
18 with another Federal agency, other than the  
19 Federal agency for which the entity is providing  
20 child care. If the Administrator determines, on  
21 the basis of such an evaluation, that the entity  
22 is not in compliance with the regulations, the  
23 Administrator shall notify the Executive agency.

1 (B) TERMINATION OF AGENCY PROVISION  
2 OF CHILD CARE OR CONTRACT.—On receipt of  
3 the notification—

4 (i) if the entity operating the child  
5 care center involved is the agency, the  
6 agency shall terminate the direct provision  
7 of child care by the agency; and

8 (ii) if the entity operating the child  
9 care center is a contractor, the agency  
10 shall terminate the contract of the entity  
11 to operate the center.

12 (C) COST REIMBURSEMENT.—The Admin-  
13 istrator may require Executive agencies to reim-  
14 burse the Administrator for the costs of carry-  
15 ing out subparagraph (A) with respect to enti-  
16 ties operating child care centers for the agen-  
17 cies. If an entity described in paragraph (1) op-  
18 erates a child care center for 2 or more Execu-  
19 tive agencies, the Administrator shall allocate  
20 the costs of providing such reimbursement  
21 among the agencies in a fair and equitable  
22 manner, based on the extent to which each  
23 agency is eligible to place children in the center.

24 (c) LEGISLATIVE BRANCH STANDARDS AND EN-  
25 FORCEMENT.—

1           (1) STATE AND LOCAL LICENSING REQUIRE-  
 2           MENTS AND ACCREDITATION STANDARDS.—The Ar-  
 3           chitect of the Capitol shall issue regulations for enti-  
 4           ties operating child care centers in legislative facili-  
 5           ties, which shall be the same as the regulations is-  
 6           sued by the Administrator under paragraphs (1) and  
 7           (2) of subsection (b), except to the extent that the  
 8           Architect may determine, for good cause shown and  
 9           stated together with the regulations, that a modifica-  
 10          tion of such regulations would be more effective for  
 11          the implementation of the requirements and stand-  
 12          ards described in such paragraphs.

13          (2) EVALUATION AND ENFORCEMENT.—Sub-  
 14          section (b)(3) shall apply to the Architect of the  
 15          Capitol, entities operating child care centers in legis-  
 16          lative facilities, and legislative offices. For purposes  
 17          of that application, references in subsection (b)(3) to  
 18          regulations shall be considered to be references to  
 19          regulations issued under this subsection.

20          (d) JUDICIAL BRANCH STANDARDS AND ENFORCE-  
 21          MENT.—

22          (1) STATE AND LOCAL LICENSING REQUIRE-  
 23          MENTS AND ACCREDITATION STANDARDS.—The Di-  
 24          rector of the Administrative Office of the United  
 25          States Courts shall issue regulations for entities op-

1       erating child care centers in judicial facilities, which  
2       shall be the same as the regulations issued by the  
3       Administrator under paragraphs (1) and (2) of sub-  
4       section (b), except to the extent that the Director  
5       may determine, for good cause shown and stated to-  
6       gether with the regulations, that a modification of  
7       such regulations would be more effective for the im-  
8       plementation of the requirements and standards de-  
9       scribed in such paragraphs.

10           (2) EVALUATION AND ENFORCEMENT.—Sub-  
11       section (b)(3) shall apply to the Director described  
12       in paragraph (1), entities operating child care cen-  
13       ters in judicial facilities, and judicial offices. For  
14       purposes of that application, references in subsection  
15       (b)(3) to regulations shall be considered to be ref-  
16       erences to regulations issued under this subsection.

17       (e) APPLICATION.—Notwithstanding any other provi-  
18       sion of this section, if 3 or more child care centers are  
19       operated in facilities owned or leased by a Federal agency,  
20       the head of the Federal agency may carry out the respon-  
21       sibilities assigned to the Administrator under subsection  
22       (b)(3)(A), the Architect of the Capitol under subsection  
23       (c)(2), or the Director described in subsection (d)(2)  
24       under such subsection, as appropriate.

1       (f) TECHNICAL ASSISTANCE.—The Administrator  
2 may provide technical assistance to Executive agencies,  
3 and to entities operating child care centers in executive  
4 facilities, in order to assist the entities in complying with  
5 this section. The Architect of the Capitol and the Director  
6 of the Administrative Office of the United States Courts  
7 may provide, or request that the Administrator provide,  
8 technical assistance to legislative offices and judicial of-  
9 fices, respectively, and to entities operating child care cen-  
10 ters in legislative facilities and judicial facilities, respec-  
11 tively, in order to assist the entities in complying with this  
12 section.

13       (g) COUNCIL.—The Administrator shall establish an  
14 interagency council, comprised of all Federal agencies de-  
15 scribed in subsection (e), to facilitate cooperation and  
16 sharing of best practices, and to develop and coordinate  
17 policy, regarding the provision of child care in the Federal  
18 Government.

19       (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated to carry out this section  
21 \$900,000 for fiscal year 1998 and each subsequent fiscal  
22 year.



1   **SEC. 232. PROVIDING QUALITY CHILD CARE THROUGH FED-**  
2                   **ERAL PROGRAMS.**

3           (a) CORPORATION FOR NATIONAL AND COMMUNITY  
4 SERVICE.—Effective October 1, 2001, the Chief Executive  
5 Officer of the Corporation for National and Community  
6 Service shall ensure that, to the maximum extent prac-  
7 ticable, any child care made available under any Federal  
8 financial assistance program carried out by the Chief Ex-  
9 ecutive Officer, directly or through a child care allowance,  
10 shall be child care provided by an accredited child care  
11 center or a credentialed child care professional, as the  
12 terms are defined in section 2.

13          (b) DEPARTMENTS OF EDUCATION, HOUSING AND  
14 URBAN DEVELOPMENT, JUSTICE, AND LABOR.—Effective  
15 October 1, 2001, the Secretary of Education, Secretary  
16 of Housing and Urban Development, Attorney General,  
17 and Secretary of Labor shall ensure that, to the maximum  
18 extent practicable, any child care made available under  
19 any Federal financial assistance program carried out by  
20 the Attorney General or Secretary involved, directly or  
21 through a child care allowance, shall be child care provided  
22 by an accredited child care center or a credentialed child  
23 care professional, as the terms are defined in section 2.

24          (c) SOCIAL SERVICES BLOCK GRANTS.—Section  
25 2002(a) of the Social Security Act (42 U.S.C. 1397a(a))  
26 is amended by adding at the end the following:

1       “(3) Effective October 1, 2001, child care services  
 2 made available under this subsection shall, to the maxi-  
 3 mum extent practicable, be child care services provided by  
 4 an accredited child care center or a credentialed child care  
 5 professional, as the terms are defined in section 2 of the  
 6 CIDCARE Act.”.

7 **SEC. 233. USE OF COMMUNITY DEVELOPMENT BLOCK**  
 8 **GRANTS TO ESTABLISH ACCREDITED CHILD**  
 9 **CARE CENTERS.**

10       Section 105(a) of the Housing and Community De-  
 11 velopment Act of 1974 (42 U.S.C. 5305(a)) is amended—

12               (1) in paragraph (22), by striking “and” at the  
 13 end;

14               (2) in paragraph (23), by striking the period at  
 15 the end and inserting a semicolon;

16               (3) in paragraph (24), by striking “and” at the  
 17 end;

18               (4) in paragraph (25), by striking the period at  
 19 the end and inserting “; and”; and

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

21               “(26) the establishment of accredited child care  
 22 centers (as that term is defined in section 2 of the  
 23 CIDCARE Act), by upgrading existing child care fa-  
 24 cilities to meet standards for accredited child care

1 centers, or by renovating existing structures for use  
 2 as accredited child care centers.”.

## 3 **Subtitle E—Miscellaneous** 4 **Provisions**

### 5 **SEC. 241. STUDENT LOAN REPAYMENT AND CANCELLATION** 6 **FOR CHILD CARE WORKERS.**

7 (a) STAFFORD LOAN REPAYMENT.—Section 428J of  
 8 the Higher Education Act of 1965 (20 U.S.C. 1078–10)  
 9 is amended—

10 (1) in the section heading by striking “**AND**  
 11 **NURSES**” and inserting “, **NURSES AND CHILD**  
 12 **CARE WORKERS**”;

13 (2) in subsection (a)(1), by striking “and nurs-  
 14 ing profession” and inserting “, nursing and child  
 15 care professions”;

16 (3) in subsection (b)(1)—

17 (A) in subparagraph (B)(ii), by striking  
 18 “or” after the semicolon;

19 (B) in subparagraph (C), by striking the  
 20 period and inserting “; or”; and

21 (C) by adding at the end the following:

22 “(D) is employed full time providing child  
 23 care services, and possesses a certificate or de-  
 24 gree in early childhood education or develop-  
 25 ment.”; and

1 (4) in subsection (g)—

2 (A) in paragraph (1), by striking “and  
3 community service” and inserting “community  
4 service, and child care”; and

5 (B) in paragraph (3)—

6 (i) in subparagraph (A), by striking  
7 “and community service” and inserting  
8 “community service, and child care”; and

9 (ii) in subparagraph (D), by striking  
10 “and community service” and inserting  
11 “community service, and child care”.

12 (b) PERKINS LOAN CANCELLATION.—Section  
13 465(a)(2) of the Higher Education Act of 1965 (20 U.S.C.  
14 1087ee(a)(2)) is amended—

15 (1) in subparagraph (H), by striking “or” after  
16 the semicolon;

17 (2) in subparagraph (I), by striking the period  
18 and inserting “; or”; and

19 (3) by inserting after subparagraph (I) the fol-  
20 lowing:

21 “(J) as a full-time employee who provides  
22 child care services and possesses a certificate or  
23 degree in early childhood education or develop-  
24 ment.”.

1 **SEC. 242. EXPANSION OF COORDINATED ENFORCEMENT**  
2 **EFFORTS OF INTERNAL REVENUE SERVICE**  
3 **AND HHS OFFICE OF CHILD SUPPORT EN-**  
4 **FORCEMENT.**

5 (a) STATE REPORTING OF CUSTODIAL DATA.—Sec-  
6 tion 454A(e)(4)(D) of the Social Security Act (42 U.S.C.  
7 654(e)(4)(D)) is amended by striking “the birth date of  
8 any child” and inserting “the birth date and custodial sta-  
9 tus of any child”.

10 (b) MATCHING PROGRAM BY IRS OF CUSTODIAL  
11 DATA AND TAX STATUS INFORMATION.—

12 (1) NATIONAL DIRECTORY OF NEW HIRES.—  
13 Section 453(i)(3) of the Social Security Act (42  
14 U.S.C. 653(i)(3)) is amended by striking “a claim  
15 with respect to employment in a tax return” and in-  
16 serting “information which is required on a tax re-  
17 turn”.

18 (2) FEDERAL CASE REGISTRY OF CHILD SUP-  
19 PORT ORDERS.—Section 453(h) of the such Act (42  
20 U.S.C. 653(h)) is amended by adding at the end the  
21 following:

22 “(3) ADMINISTRATION OF FEDERAL TAX  
23 LAWS.—The Secretary of the Treasury shall have  
24 access to the information described in paragraph  
25 (2), consisting of the names and social security num-  
26 bers of the custodial parents linked with the children

1 in the custody of such parents, for the purpose of  
 2 administering those sections of the Internal Revenue  
 3 Code of 1986 which grant tax benefits based on sup-  
 4 port and residence provided dependent children.”

5 (c) MINIMUM PAST-DUE SUPPORT THRESHOLD FOR  
 6 USE OF OFFSET PROCEDURE.—

7 (1) PART D FAMILIES.—Section 464(b)(1) of  
 8 the Social Security Act (42 U.S.C. 664(b)(1)) is  
 9 amended by inserting “(not to exceed \$150)” after  
 10 “minimum amount”.

11 (2) OTHER FAMILIES.—Section 464(b)(2)(A) of  
 12 such Act (42 U.S.C. 664(b)(2)(A)) is amended by  
 13 striking “\$500” both places it appears and inserting  
 14 “\$150”.

15 (d) EFFECTIVE DATE.—The amendments made by  
 16 this section shall take effect on October 1, 1997.

○