

105TH CONGRESS
2D SESSION

S. 2178

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

IN THE SENATE OF THE UNITED STATES

JUNE 16, 1998

Mr. KOHL (for himself and Mr. D'AMATO) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

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

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

1 **SECTION 1. SHORT TITLE.**

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

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

5 Congress finds the following:

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

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

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

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

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

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

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

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

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

22 “MORTGAGE INSURANCE FOR CHILD CARE AND
 23 DEVELOPMENT FACILITIES

24 “SEC. 257. (a) PURPOSE.—The purpose of this sec-
 25 tion is to facilitate and assist in the provision and develop-
 26 ment of licensed child care and development facilities.

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

8 “(c) ELIGIBLE MORTGAGES.—To carry out the pur-
9 pose of this section, the Secretary may insure any mort-
10 gage that covers a new child care and development facility,
11 including a new addition to an existing child care and de-
12 velopment facility (regardless of whether the existing facil-
13 ity is being rehabilitated), or a substantially rehabilitated
14 child care and development facility, including equipment
15 to be used in the operation of the facility, subject to the
16 following conditions:

17 “(1) APPROVED MORTGAGOR.—The mortgage
18 shall be executed by a mortgagor approved by the
19 Secretary. The Secretary may, in the discretion of
20 the Secretary, require any such mortgagor to be reg-
21 ulated or restricted as to charges and methods of fi-
22 nancing and, if the mortgagor is a corporate entity,
23 as to capital structure and rate of return. As an aid
24 to the regulation or restriction of any mortgagor
25 with respect to any of the foregoing matters, the

1 Secretary may make such contracts with and acquire
2 for not more than \$100 such stock or interest in
3 such mortgagor as the Secretary may consider nec-
4 essary. Any stock or interest so purchased shall be
5 paid for out of the General Insurance Fund, and
6 shall be redeemed by the mortgagor at par upon the
7 termination of all obligations of the Secretary under
8 the insurance.

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

17 “(A) equipment to be used in the operation
18 of the facility when the proposed improvements
19 are completed and the equipment is installed; or

20 “(B) a solar energy system (as defined in
21 subparagraph (3) of the last paragraph of sec-
22 tion 2(a)) or residential energy conservation
23 measures (as defined in subparagraphs (A)
24 through (G) and (I) of section 210(11) of the
25 National Energy Conservation Policy Act), in

1 cases in which the Secretary determines that
2 such measures are in addition to those required
3 under the minimum property standards and will
4 be cost-effective over the life of the measure.

5 “(3) AMORTIZATION AND INTEREST.—The
6 mortgage shall—

7 “(A) provide for complete amortization by
8 periodic payments under such terms as the Sec-
9 retary shall prescribe;

10 “(B) have a maturity satisfactory to the
11 Secretary, but in no event longer than 25 years;
12 and

13 “(C) bear interest at such rate as may be
14 agreed upon by the mortgagor and the mortga-
15 gee, and the Secretary shall not issue any regu-
16 lations or establish any terms or conditions that
17 interfere with the ability of the mortgagor and
18 mortgagee to determine the interest rate.

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

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

6 “(2) after the effective date of the standards
 7 and requirements established under section
 8 258(c)(2), such standards and requirements.

9 “(e) RELEASE.—The Secretary may consent to the
 10 release of a part or parts of the mortgaged property or
 11 project from the lien of any mortgage insured under this
 12 section upon such terms and conditions as the Secretary
 13 may prescribe.

14 “(f) MORTGAGE INSURANCE TERMS.—The provisions
 15 of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n)
 16 of section 207 shall apply to mortgages insured under this
 17 section, except that all references in such subsections to
 18 section 207 shall be considered, for purposes of mortgage
 19 insurance under this section, to refer to this section.

20 “(g) MORTGAGE INSURANCE FOR FIRE SAFETY
 21 EQUIPMENT LOANS.—

22 “(1) AUTHORITY.—The Secretary may, upon
 23 such terms and condition as the Secretary may pre-
 24 scribe, make commitments to insure and insure
 25 loans made by financial institutions or other ap-

1 proved mortgagees to child care and development fa-
 2 cilities to provide for the purchase and installation
 3 of fire safety equipment necessary for compliance
 4 with the 1967 edition of the Life Safety Code of the
 5 National Fire Protection Association (or any subse-
 6 quent edition specified by the Secretary of Health
 7 and Human Services).

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

10 “(A) not exceed the Secretary’s estimate of
 11 the reasonable cost of the equipment fully in-
 12 stalled;

13 “(B) bear interest at such rate as may be
 14 agreed upon by the mortgagor and the mortga-
 15 gee;

16 “(C) have a maturity satisfactory to the
 17 Secretary;

18 “(D) be made by a financial institution or
 19 other mortgagee approved by the Secretary as
 20 eligible for insurance under section 2 or a mort-
 21 gagee approved under section 203(b)(1);

22 “(E) comply with other such terms, condi-
 23 tions, and restrictions as the Secretary may
 24 prescribe; and

1 “(F) be made with respect to a child care
2 and development facility that complies with the
3 requirement under subsection (d).

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

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

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

22 “(1) CHILD CARE AND DEVELOPMENT FACIL-
23 ITY.—The term ‘child care and development facility’
24 means a public facility, proprietary facility, or facil-

1 ity of a private nonprofit corporation or association
2 that—

3 “(A) has as its purpose the care and devel-
4 opment of children less than 12 years of age;
5 and

6 “(B) is licensed or regulated by the State
7 in which it is located (or, if there is no State
8 law providing for such licensing and regulation
9 by the State, by the municipality or other politi-
10 cal subdivision in which the facility is located).

11 The term does not include facilities for school-age
12 children primarily for use during normal school
13 hours. The term includes facilities for training indi-
14 viduals to provide child care and development serv-
15 ices.

16 “(2) EQUIPMENT.—The term ‘equipment’ in-
17 cludes machinery, utilities, and built-in equipment
18 and any necessary enclosures or structures to house
19 them, and any other items necessary for the func-
20 tioning of a particular facility as a child care and
21 development facility, including necessary furniture.
22 Such term includes books, curricular, and program
23 materials.

24 “(3) MORTGAGE; FIRST MORTGAGE; MORTGA-
25 GEE.—The term ‘mortgage’ means a first mortgage

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

19 “(j) LIMITATION ON INSURANCE AUTHORITY.—

20 “(1) TERMINATION.—No mortgage may be in-
 21 sured under this section or section 223(h) after Sep-
 22 tember 30, 2005, except pursuant to a commitment
 23 to insure issued on or before such date.

24 “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-
 25 TION.—The aggregate principal amount of mort-

1 gages for which the Secretary enters into commit-
 2 ments to insure under this section or section 223(h)
 3 on or before the date under paragraph (1) may not
 4 exceed \$2,000,000,000. If, upon the date under
 5 paragraph (1), the aggregate insurance authority
 6 provided under this paragraph has not been fully
 7 used, the Secretary of the Treasury shall submit a
 8 report to Congress evaluating the need for continued
 9 mortgage insurance under this section.”.

10 “(k) REGULATIONS.—The Secretary shall issue any
 11 regulations necessary to carry out this section. In issuing
 12 such regulations, the Secretary shall consult with the Sec-
 13 retary of Health and Human Services with respect to any
 14 aspects of the regulations regarding child care and devel-
 15 opment facilities.”.

16 **SEC. 4. INSURANCE FOR MORTGAGES FOR ACQUISITION OR**
 17 **REFINANCING DEBT OF EXISTING CHILD**
 18 **CARE AND DEVELOPMENT FACILITIES.**

19 Section 223 of the National Housing Act (12 U.S.C.
 20 1715n) is amended by adding at the end the following:

21 “(h) MORTGAGE INSURANCE FOR PURCHASE OR RE-
 22 FINANCING OF EXISTING CHILD CARE AND DEVELOP-
 23 MENT FACILITIES.—

24 “(1) AUTHORITY.—Notwithstanding any other
 25 provision of this Act, the Secretary may insure

1 under any section of this title a mortgage executed
2 in connection with the purchase or refinancing of an
3 existing child care and development facility, the pur-
4 chase of a structure to serve as a child care and de-
5 velopment facility, or the refinancing of existing debt
6 of an existing child care and development facility.

7 “(2) PURCHASE OF EXISTING FACILITIES AND
8 STRUCTURES.—In the case of the purchase under
9 this subsection of an existing child care and develop-
10 ment facility or purchase of an existing structure to
11 serve as such a facility, the Secretary shall prescribe
12 any terms and conditions that the Secretary consid-
13 ers necessary to ensure that—

14 “(A) the facility or structure purchased
15 continues to be used as a child care and devel-
16 opment facility; and

17 “(B) the facility complies with the same
18 requirements applicable under subsections (d)
19 and (e) of section 257 to facilities having mort-
20 gages insured under such section.

21 “(3) REFINANCING OF EXISTING FACILITIES.—
22 In the case of refinancing of an existing child care
23 and development facility, the Secretary shall pre-
24 scribe any terms and conditions that the Secretary
25 considers necessary to ensure that—

1 “(A) the refinancing is used to lower the
2 monthly debt service costs (taking into account
3 any fees or charges connected with such refi-
4 nancing) of the existing facility;

5 “(B) the proceeds of any refinancing will
6 be employed only to retire the existing indebted-
7 ness and pay the necessary cost of refinancing
8 on the existing facility;

9 “(C) the existing facility is economically
10 viable; and

11 “(D) the facility complies with the same
12 requirements applicable under section 257(d) to
13 facilities having mortgages insured under such
14 section.

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

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

1 **SEC. 5. CHILDREN'S DEVELOPMENT COMMISSION.**

2 Title II of the National Housing Act (12 U.S.C. 1707
3 et seq.) is amended by adding at the end (after section
4 257, as added by section 3 of this Act) the following:

5 “CHILDREN’S DEVELOPMENT COMMISSION

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

9 “(b) MEMBERSHIP.—

10 “(1) APPOINTMENT.—The Commission shall be
11 composed of 7 members appointed by the President,
12 not later than the expiration of the 3-month period
13 beginning upon the enactment of this section, by and
14 with the advice and consent of the Senate, as fol-
15 lows:

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

20 “(B) 1 member shall be appointed from
21 among 3 individuals recommended by the Sec-
22 retary of Health and Human Services or the
23 Secretary’s designee.

24 “(C) 1 member shall be appointed from
25 among 3 individuals recommended by the Sec-

1 retary of the Treasury or the Secretary's des-
2 ignee.

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

9 “(2) QUALIFICATIONS OF CONGRESSIONALLY
10 RECOMMENDED MEMBERS.—Of the members ap-
11 pointed under paragraph (1)(D)—

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

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

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

21 “(4) VACANCIES.—Any member appointed to
22 fill a vacancy occurring before the expiration of the
23 term for which the member's predecessor was ap-
24 pointed shall be appointed only for the remainder of
25 that term. A member may serve after the expiration

1 of that member's term until a successor has taken
2 office. A vacancy in the Commission shall be filled
3 in the manner in which the original appointment was
4 made.

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

8 “(6) QUORUM.—A majority of the members of
9 the Commission shall constitute a quorum for the
10 transaction of business.

11 “(7) VOTING.—Each member of the Commis-
12 sion shall be entitled to 1 vote, which shall be equal
13 to the vote of every other member of the Commis-
14 sion.

15 “(8) PROHIBITION ON ADDITIONAL PAY.—
16 Members of the Commission shall serve without
17 compensation, but shall be reimbursed for travel,
18 subsistence, and other necessary expenses incurred
19 in the performance of their duties as members of the
20 Commission.

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

23 “(1) CERTIFICATION OF COMPLIANCE.—The
24 Commission shall collect such information and make
25 such determinations as may be necessary to deter-

mine, for purposes of section 257(d), whether child care and development facilities comply, or will be in compliance within 12 months, with—

“(A) any laws, standards, and requirements applicable to such facilities under the laws of the State, municipality, or other unit of general local government in which the facility is or is to be located, and

“(B) after the effective date of the standards and requirements established under paragraph (2), such standards and requirements, and shall issue certifications of such compliance.

“(2) ESTABLISHMENT OF STANDARDS.—

“(A) STUDY.—Not later than 12 months after the date on which appointment of initial membership of the Commission is completed, the Commission, in consultation with the Secretary of Housing and Urban Development and the Secretary of Health and Human Services, shall conduct a study to determine the laws, standards, and requirements referred to in paragraph (1)(A) that are applicable in each State. Taking into consideration the findings of the study, the Secretary shall establish standards and requirements regarding child care and

1 development facilities that are designed to en-
2 sure that mortgage insurance is provided under
3 section 257 and section 223(h) only for safe,
4 clean, and healthy facilities that provide appro-
5 priate care and development services for chil-
6 dren.

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

15 “(3) SMALL PURPOSE LOANS.—The Commis-
16 sion shall, to the extent amounts are made available
17 for such purpose pursuant to subsection (i) and
18 qualified requests are received, make loans, directly
19 or indirectly to providers of child care and develop-
20 ment facilities for reconstruction or renovation of
21 such facilities, subject to the following requirements:

22 “(A) Loans under this paragraph shall be
23 made only for such facilities that are financially
24 and operationally viable, as determined under

1 standards and guidelines to be established by
2 the Commission.

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

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

9 “(D) Loans under this paragraph shall
10 bear interest at rates and be made under such
11 other conditions and terms as the Commission
12 shall provide.

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

21 “(5) LIABILITY INSURANCE.—Not later than 12
22 months after the date on which appointment of ini-
23 tial membership of the Commission is completed, the
24 Commission shall establish standards and guidelines,
25 applicable to mortgage insurance under sections 257

1 and 223(h) and loans under paragraph (3) of this
2 subsection, requiring child care providers operating
3 child care and development facilities assisted under
4 such provisions to obtain and maintain liability in-
5 surance in such amounts and subject to such re-
6 quirements as the Commission considers appro-
7 priate.

8 “(6) RESEARCH FOUNDATION.—Not later than
9 12 months after the date of enactment of this sec-
10 tion, the Commission shall submit a report to Con-
11 gress recommending a plan for establishing and
12 funding a foundation that is an entity independent
13 of the Commission (but which maintains association
14 with the Commission), the purpose of which shall
15 be—

16 “(A) to support research relating to child
17 care and development facilities;

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

20 “(C) to engage in activities and publish
21 materials to assist persons interested in mort-
22 gage insurance under sections 257 and 223(h)
23 and other assistance provided by the Commis-
24 sion.

25 “(d) NONDISCRIMINATION REQUIREMENT.—

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

10 “(2) FACILITIES OF RELIGIOUS ORGANIZA-
 11 TIONS.—The prohibition with respect to religion
 12 shall not apply to a child care and development facil-
 13 ity which is controlled by or which is closely identi-
 14 fied with the tenets of a particular religious organi-
 15 zation if the application of this subsection would not
 16 be consistent with the religious tenets of such orga-
 17 nization.

18 “(3) CERTIFICATION.—As a condition of certifi-
 19 cation under subsection (c)(1) and eligibility for a
 20 loan under subsection (c)(3), the provider of a child
 21 care and development facility shall certify to the
 22 Commission that the provider does not discriminate,
 23 as required by the provisions of paragraph (1) of
 24 this subsection.

25 “(e) POWERS.—

1 “(1) ASSISTANCE FROM FEDERAL AGENCIES.—

2 The Commission may secure directly from any de-
3 partment or agency of the Federal Government such
4 information as the Commission may require for car-
5 rying out its functions. Upon request of the Com-
6 mission, any such department or agency shall fur-
7 nish such information.

8 “(2) ASSISTANCE FROM GENERAL SERVICES

9 ADMINISTRATION.—The Administrator of General
10 Services shall provide to the Commission, on a reim-
11 bursable basis, such administrative support services
12 as the Commission may request.

13 “(3) ASSISTANCE FROM DEPARTMENT OF

14 HOUSING AND URBAN DEVELOPMENT.—Upon the re-
15 quest of the Commission, the Secretary of Housing
16 and Urban Development shall, to the extent possible
17 and subject to the discretion of the Secretary, detail
18 any of the personnel of the Department of Housing
19 and Urban Development, on a nonreimbursable
20 basis, to assist the Commission in carrying out its
21 functions under this section.

22 “(4) MAILS.—The Commission may use the

23 United States mails in the same manner and under
24 the same conditions as other Federal agencies.

25 “(f) STAFF.—

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

7 “(2) OTHER PERSONNEL.—In addition to the
8 executive director, the Commission may appoint and
9 fix the compensation of such personnel as the Com-
10 mission considers necessary, in accordance with the
11 provisions of title 5, United States Code, governing
12 appointments to the competitive service, and the
13 provisions of chapter 51 and subchapter III of chap-
14 ter 53 of such title, relating to classification and
15 General Schedule pay rates.

16 “(g) REPORTS.—Not later than March 31 of each
17 year, the Commission shall submit a report to the Presi-
18 dent and Congress regarding the operations and activities
19 of the Commission during the preceding calendar year.
20 Each annual report shall include a copy of the Commis-
21 sion’s financial statements and such information and other
22 evidence as is necessary to demonstrate that the activities
23 of the Commission during the year for which the report
24 is made. The Commission may also submit reports to Con-

gress and the President at such other times as the Commission deems desirable.

“(h) DEFINITIONS.—For purposes of this section, the terms defined in section 257(i) shall have the same meanings as provided under such section.

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

**SEC. 6. STUDY OF AVAILABILITY OF SECONDARY MARKETS
FOR MORTGAGES ON CHILD CARE FACILITIES.**

(a) STUDY.—The Secretary of the Treasury shall conduct a study of the secondary mortgage markets to determine—

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

(2) whether such a market would affect the availability of credit available for development of

1 child care and development facilities or would lower
2 development costs of such facilities; and

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

7 (b) REPORT.—The Secretary of the Treasury shall
8 submit to Congress a report regarding the results of the
9 study conducted under this section not later than the expi-
10 ration of the 2-year period beginning on the date of enact-
11 ment of this Act.

○