

106TH CONGRESS
1ST SESSION

S. 599

To amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 1999

Mr. CHAFEE (for himself, Mr. HATCH, Mr. COCHRAN, Ms. SNOWE, Mr. ROBERTS, Mr. SPECTER, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Caring for Children Act”.

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

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF TO INCREASE CHILD CARE
AFFORDABILITY

- Sec. 101. Expansion of dependent care tax credit.
 Sec. 102. Promotion of dependent care assistance programs.
 Sec. 103. Allowance of credit for employer expenses for child care assistance.

TITLE II—ENCOURAGING QUALITY CHILD CARE

Subtitle A—Dissemination of Information About Quality Child Care

- Sec. 201. Collection and dissemination of information.
 Sec. 202. Grants for the development of a child care training infrastructure.
 Sec. 203. Authorization of appropriations.

Subtitle B—Increased Enforcement of State Health and Safety Standards

- Sec. 211. Enforcement of State health and safety standards.

Subtitle C—Removal of Barriers to Increasing the Supply of Quality Child
Care

- Sec. 221. Increased authorization of appropriations for the Child Care and Development Block Grant Act.
 Sec. 222. Small business child care grant program.
 Sec. 223. GAO report regarding the relationship between legal liability concerns and the availability and affordability of child care.

Subtitle D—Quality Child Care Through Federal Facilities and Programs

- Sec. 231. Providing quality child care in Federal facilities.

1 **TITLE I—TAX RELIEF TO IN-**
 2 **CREASE CHILD CARE AF-**
 3 **FORDABILITY**

4 **SEC. 101. EXPANSION OF DEPENDENT CARE TAX CREDIT.**

5 (a) PERCENTAGE OF EMPLOYMENT-RELATED EX-
 6 PENSES DETERMINED BY TAXPAYER STATUS.—Section
 7 21(a)(2) of the Internal Revenue Code of 1986 (defining
 8 applicable percentage) is amended to read as follows:

9 “(2) APPLICABLE PERCENTAGE DEFINED.—For
 10 purposes of paragraph (1), the term ‘applicable per-
 11 centage’ means 50 percent reduced (but not below
 12 zero) by 1 percentage point for each \$1,500, or frac-

1 tion thereof, by which the taxpayers's adjusted gross
2 income for the taxable year exceeds \$30,000.”.

3 (b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME
4 PARENTS.—Section 21(e) of the Internal Revenue Code
5 of 1986 (relating to special rules) is amended by adding
6 at the end the following:

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

16 “(A) the amount of employment-related ex-
17 penses incurred for such qualifying individuals
18 for the taxable year (determined under this sec-
19 tion without regard to this paragraph), or

20 “(B) \$150 for each month in such taxable
21 year during which such qualifying individual is
22 under the age of 4.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section apply to taxable years beginning after Decem-
25 ber 31, 1998.

1 **SEC. 102. PROMOTION OF DEPENDENT CARE ASSISTANCE**
 2 **PROGRAMS.**

3 (a) PROMOTION OF DEPENDENT CARE ASSISTANCE
 4 PROGRAMS.—The Secretary of Labor shall establish a
 5 program to promote awareness of the use of dependent
 6 care assistance programs (as described in section 129(d)
 7 of the Internal Revenue Code of 1986) by employers.

8 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
 9 authorized to be appropriated to carry out the program
 10 under paragraph (1) \$1,000,000 for each of fiscal years
 11 2000, 2001, 2002, and 2003.

12 **SEC. 103. ALLOWANCE OF CREDIT FOR EMPLOYER EX-**
 13 **PENSES FOR CHILD CARE ASSISTANCE.**

14 (a) IN GENERAL.—Subpart D of part IV of sub-
 15 chapter A of chapter 1 of the Internal Revenue Code of
 16 1986 (relating to business related credits) is amended by
 17 adding at the end the following:

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

19 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
 20 tion 38, the employer-provided child care credit deter-
 21 mined under this section for the taxable year is an amount
 22 equal to 20 percent of the qualified child care expenditures
 23 of the taxpayer for such taxable year.

24 “(b) DOLLAR LIMITATION.—The credit allowable
 25 under subsection (a) for any taxable year shall not exceed
 26 \$100,000.

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

2 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

3 “(A) IN GENERAL.—The term ‘qualified
4 child care expenditure’ means any amount paid
5 or incurred—

6 “(i) to acquire, construct, rehabilitate,
7 or expand property—

8 “(I) which is to be used as part
9 of a qualified child care facility of the
10 taxpayer,

11 “(II) with respect to which a de-
12 duction for depreciation (or amortiza-
13 tion in lieu of depreciation) is allow-
14 able, and

15 “(III) which does not constitute
16 part of the principal residence (within
17 the meaning of section 1034) of the
18 taxpayer or any employee of the tax-
19 payer,

20 “(ii) for the operating costs of a quali-
21 fied child care facility of the taxpayer, in-
22 cluding costs related to the training of em-
23 ployees,

1 “(iii) under a contract with a qualified
 2 child care facility to provide child care
 3 services to employees of the taxpayer, or

4 “(iv) under a contract to provide child
 5 care resource and referral services to em-
 6 ployees of the taxpayer.

7 “(2) EXCLUSION FOR AMOUNTS FUNDED BY
 8 GRANTS, ETC.—The term ‘qualified child care ex-
 9 penditure’ shall not include any amount to the ex-
 10 tent such amount is funded by any grant, contract,
 11 or otherwise by another person (or any governmental
 12 entity).

13 “(3) QUALIFIED CHILD CARE FACILITY.—

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

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

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

1 Clause (i) shall not apply to a facility which is
 2 the principal residence (within the meaning of
 3 section 1034) of the operator of the facility.

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

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

11 “(ii) the facility is not the principal
 12 trade or business of the taxpayer unless at
 13 least 30 percent of the enrollees of such fa-
 14 cility are dependents of employees of the
 15 taxpayer, and

16 “(iii) the use of such facility (or the
 17 eligibility to use such facility) does not dis-
 18 criminate in favor of employees of the tax-
 19 payer who are highly compensated employ-
 20 ees (within the meaning of section 414(q)).

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

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

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

“(A) the applicable recapture percentage,

and

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

“(2) APPLICABLE RECAPTURE PERCENTAGE.—

“(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

“If the recapture event occurs in:	The applicable recapture percentage is:
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.

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

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

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

7 “(B) CHANGE IN OWNERSHIP.—

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

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

25 “(4) SPECIAL RULES.—

“(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

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

“(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

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

“(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections

1 (a) and (b) of section 52 shall be treated as a single
2 taxpayer.

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

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

11 “(f) NO DOUBLE BENEFIT.—

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

14 “(A) IN GENERAL.—If a credit is deter-
15 mined under this section with respect to any
16 property by reason of expenditures described in
17 subsection (c)(1)(A), the basis of such property
18 shall be reduced by the amount of the credit so
19 determined.

20 “(B) CERTAIN DISPOSITIONS.—If during
21 any taxable year there is a recapture amount
22 determined with respect to any property the
23 basis of which was reduced under subparagraph
24 (A), the basis of such property (immediately be-
25 fore the event resulting in such recapture) shall

1 be increased by an amount equal to such recap-
 2 ture amount. For purposes of the preceding
 3 sentence, the term ‘recapture amount’ means
 4 any increase in tax (or adjustment in
 5 carrybacks or carryovers) determined under
 6 subsection (d).

7 “(2) OTHER DEDUCTIONS AND CREDITS.—No
 8 deduction or credit shall be allowed under any other
 9 provision of this chapter with respect to the amount
 10 of the credit determined under this section.

11 “(g) TERMINATION.—This section shall not apply to
 12 taxable years beginning after December 31, 2003.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 38(b) of the Internal Revenue Code
 15 of 1986 is amended—

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

18 (B) by striking out the period at the end
 19 of paragraph (12), and inserting a comma and
 20 “plus”, and

21 (C) by adding at the end the following new
 22 paragraph:

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

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

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

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 1998.

8 **TITLE II—ENCOURAGING**
 9 **QUALITY CHILD CARE**
 10 **Subtitle A—Dissemination of Infor-**
 11 **mation About Quality Child**
 12 **Care**

13 **SEC. 201. COLLECTION AND DISSEMINATION OF INFORMA-**
 14 **TION.**

15 (a) COLLECTION AND DISSEMINATION OF INFORMA-
 16 TION.—The Secretary of Health and Human Services
 17 shall, directly or through a contract awarded on a competi-
 18 tive basis to a qualified entity, collect and disseminate—

19 (1) information concerning health and safety in
 20 various child care settings that would assist—

21 (A) the provision of safe and healthful en-
 22 vironments by child care providers; and

23 (B) the evaluation of child care providers
 24 by parents; and

1 (2) relevant findings in the field of early child-
 2 hood learning and development.

3 (b) INFORMATION AND FINDINGS TO BE GEN-
 4 ERALLY AVAILABLE.—

5 (1) SECRETARIAL RESPONSIBILITY.—The Sec-
 6 retary of Health and Human Services shall make the
 7 information and findings described in subsection (a)
 8 generally available to States, units of local govern-
 9 ments, private nonprofit child care organizations (in-
 10 cluding resource and referral agencies), employers,
 11 child care providers, and parents.

12 (2) DEFINITION OF GENERALLY AVAILABLE.—
 13 For purposes of paragraph (1), the term “generally
 14 available” means that the information and findings
 15 shall be distributed through resources that are used
 16 by, and available to, the public, including such re-
 17 sources as brochures, Internet web sites, toll-free
 18 telephone information lines, and public and private
 19 resource and referral organizations.

20 **SEC. 202. GRANTS FOR THE DEVELOPMENT OF A CHILD**
 21 **CARE TRAINING INFRASTRUCTURE.**

22 (a) AUTHORITY TO AWARD GRANTS.—The Secretary
 23 of Health and Human Services shall award grants to eligi-
 24 ble entities to develop distance learning child care training
 25 technology infrastructures and to develop model tech-

1 nology-based training courses for child care providers and
 2 child care workers. The Secretary shall, to the maximum
 3 extent possible, ensure that grants for the development of
 4 distance learning child care training technology infrastruc-
 5 tures are awarded in those regions of the United States
 6 with the fewest training opportunities for child care pro-
 7 viders.

8 (b) ELIGIBILITY REQUIREMENTS.—To be eligible to
 9 receive a grant under subsection (a), an entity shall—

10 (1) develop the technological and logistical as-
 11 pects of the infrastructure described in this section
 12 and have the capability of implementing and main-
 13 taining the infrastructure;

14 (2) to the maximum extent possible, develop
 15 partnerships with secondary schools, institutions of
 16 higher education, State and local government agen-
 17 cies, and private child care organizations for the
 18 purpose of sharing equipment, technical assistance,
 19 and other technological resources, including—

20 (A) sites from which individuals may ac-
 21 cess the training;

22 (B) conversion of standard child care
 23 training courses to programs for distance learn-
 24 ing; and

1 (C) ongoing networking among program
2 participants; and

3 (3) develop a mechanism for participants to—

4 (A) evaluate the effectiveness of the infra-
5 structure, including the availability and afford-
6 ability of the infrastructure, and the training
7 offered the infrastructure; and

8 (B) make recommendations for improve-
9 ments to the infrastructure.

10 (c) APPLICATION.—To be eligible to receive a grant
11 under subsection (a), an entity shall submit an application
12 to the Secretary at such time and in such manner as the
13 Secretary may require, and that includes—

14 (1) a description of the partnership organiza-
15 tions through which the distance learning programs
16 will be disseminated and made available;

17 (2) the capacity of the infrastructure in terms
18 of the number and type of distance learning pro-
19 grams that will be made available;

20 (3) the expected number of individuals to par-
21 ticipate in the distance learning programs; and

22 (4) such additional information as the Secretary
23 may require.

24 (d) LIMITATION ON FEES.—No entity receiving a
25 grant under this section may collect fees from an individ-

1 ual for participation in a distance learning child care
 2 training program funded in whole or in part by this sec-
 3 tion that exceed the pro rata share of the amount ex-
 4 pended by the entity to provide materials for the training
 5 program and to develop, implement, and maintain the in-
 6 frastructure (minus the amount of the grant awarded by
 7 this section).

8 (e) RULE OF CONSTRUCTION.—Nothing in this sec-
 9 tion shall be construed as requiring a child care provider
 10 to subscribe to or complete a distance learning child care
 11 training program made available by this section.

12 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

13 There is authorized to be appropriated to carry out
 14 this subtitle \$50,000,000 for each of fiscal years 2000
 15 through 2004.

16 **Subtitle B—Increased Enforcement**
 17 **of State Health and Safety**
 18 **Standards**

19 **SEC. 211. ENFORCEMENT OF STATE HEALTH AND SAFETY**
 20 **STANDARDS.**

21 (a) IDENTIFICATION OF STATE INSPECTION RATE.—

22 (1) IN GENERAL.—Section 658E(c)(2)(G) of
 23 the Child Care and Development Block Grant Act of
 24 1990 (42 U.S.C. 9858c(2)(G)) is amended by strik-
 25 ing the period and inserting “, and provide the per-

1 centage of completed child care provider inspections
 2 that were required under State law for each of the
 3 2 preceding fiscal years.”.

4 (2) EFFECTIVE DATE.—The amendment made
 5 by paragraph (1) applies to State plans under the
 6 Child Care and Development Block Grant Act of
 7 1990 (42 U.S.C. 9858 et seq.) on and after Septem-
 8 ber 1, 1999.

9 (b) INCREASED OR DECREASED ALLOTMENTS.—Sec-
 10 tion 658O(b) of the Child Care and Development Block
 11 Grant Act of 1990 (42 U.S.C. 9858m(b)) is amended—

12 (1) in paragraph (1), in the matter preceding
 13 subparagraph (A), by inserting “, subject to para-
 14 graph (5),” after “shall”; and

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

16 “(5) INCREASED OR DECREASED ALLOTMENT
 17 BASED ON STATE INSPECTION RATE.—

18 “(A) INCREASED ALLOTMENT FOR FISCAL
 19 YEARS 2000, 2001, AND 2002.—

20 “(i) IN GENERAL.—Subject to clause
 21 (iii), for fiscal years 2000, 2001, and
 22 2002, the allotment determined for a State
 23 under paragraph (1) for each such fiscal
 24 year shall be increased by an amount equal
 25 to 10 percent of such allotment for the fis-

1 cal year involved with respect to any
2 State—

3 “(I) that certifies to the Sec-
4 retary that the State has not reduced
5 the scope of any State child care
6 health or safety standards or require-
7 ments that were in effect as of De-
8 cember 31, 1998; and

9 “(II) that, with respect to the
10 preceding fiscal year, had a percent-
11 age of completed child care provider
12 inspections (as required to be reported
13 under section 658E(c)(2)(G)), that
14 equaled or exceeded the target inspec-
15 tion and enforcement percentage spec-
16 ified under clause (ii) for the fiscal
17 year for which the allotment is to be
18 paid.

19 “(ii) TARGET INSPECTION AND EN-
20 FORCEMENT PERCENTAGE.—For purposes
21 of clause (i)(II), the target inspection and
22 enforcement percentage is—

23 “(I) for fiscal year 2000, 75 per-
24 cent;

1 “(II) for fiscal year 2001, 80
2 percent; and

3 “(III) for fiscal year 2002, 100
4 percent.

5 “(iii) PRO RATA REDUCTIONS IF IN-
6 SUFFICIENT APPROPRIATIONS.—The Sec-
7 retary shall make pro rata reductions in
8 the percentage increase otherwise required
9 under clause (i) for a State allotment for
10 a fiscal year as necessary so that the ag-
11 gregate of all the allotments made under
12 this section do not exceed the amount ap-
13 propriated for that fiscal year under sec-
14 tion 658B.

15 “(B) DECREASED ALLOTMENT FOR FISCAL
16 YEARS 2001 AND 2002.—

17 “(i) IN GENERAL.—The allotment de-
18 termined for a State under paragraph (1)
19 for each of fiscal years 2001 and 2002
20 shall be decreased by an amount equal to
21 10 percent of such allotment for the fiscal
22 year involved with respect to any State
23 that, with respect to the preceding fiscal
24 year, had a percentage of completed child
25 care provider inspections (as required to be

1 reported under section 658E(c)(2)(G))
2 that was below the minimum inspection
3 and enforcement percentage specified
4 under clause (ii) for the fiscal year for
5 which the allotment is to be paid.

6 “(ii) MINIMUM INSPECTION AND EN-
7 FORCEMENT PERCENTAGE.—For purposes
8 of clause (i), the minimum inspection and
9 enforcement percentage is—

10 “(I) for fiscal year 2001, 50 per-
11 cent; and

12 “(II) for fiscal year 2002, 75
13 percent.

14 “(iii) REQUIREMENT TO EXPEND
15 STATE FUNDS TO REPLACE REDUCTION.—
16 If the allotment determined for a State for
17 a fiscal year is reduced by reason of clause
18 (i), the State shall, during the immediately
19 succeeding fiscal year, expend additional
20 State funds under the State plan funded
21 under this subchapter by an amount equal
22 to the amount of such reduction.”.

1 **Subtitle C—Removal of Barriers to**
 2 **Increasing the Supply of Quality**
 3 **Child Care**

4 **SEC. 221. INCREASED AUTHORIZATION OF APPROPRIA-**
 5 **TIONS FOR THE CHILD CARE AND DEVELOP-**
 6 **MENT BLOCK GRANT ACT.**

7 Section 658B of the Child Care and Development
 8 Block Grant Act of 1990 (42 U.S.C. 9858) is amended
 9 to read as follows:

10 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

11 “There is authorized to be appropriated to carry out
 12 this subchapter—

13 “(1) for fiscal year 1999, \$1,182,672,000;

14 “(2) for fiscal year 2000, \$1,500,000,000;

15 “(3) for fiscal year 2001, \$1,750,000,000;

16 “(4) for fiscal year 2002, \$2,000,000,000;

17 “(5) for fiscal year 2003, \$2,250,000,000; and

18 “(6) for fiscal year 2004, \$2,500,000,000.”.

19 **SEC. 222. SMALL BUSINESS CHILD CARE GRANT PROGRAM.**

20 (a) ESTABLISHMENT.—The Secretary of Health and
 21 Human Services (in this section referred to as the “Sec-
 22 retary”) shall establish a program to award grants to
 23 States to assist States in providing funds to encourage the
 24 establishment and operation of employer operated child
 25 care programs.

1 (b) APPLICATION.—To be eligible to receive a grant
 2 under this section, a State shall prepare and submit to
 3 the Secretary an application at such time, in such manner,
 4 and containing such information as the Secretary may re-
 5 quire, including an assurance that the funds required
 6 under subsection (e) will be provided.

7 (c) AMOUNT OF GRANT.—The Secretary shall deter-
 8 mine the amount of a grant to a State under this section
 9 based on the population of the State as compared to the
 10 population of all States.

11 (d) USE OF FUNDS.—

12 (1) IN GENERAL.—A State shall use amounts
 13 provided under a grant awarded under this section
 14 to provide assistance to small businesses located in
 15 the State to enable the small businesses to establish
 16 and operate child care programs. Such assistance
 17 may include—

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

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

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

24 (D) scholarships for low-income wage earn-
 25 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) care for children with disabilities; or

8 (H) assistance for any other activity deter-
9 mined appropriate by the State.

10 (2) APPLICATION.—To be eligible to receive as-
11 sistance from a State under this section, a small
12 business shall prepare and submit to the State an
13 application at such time, in such manner, and con-
14 taining such information as the State may require.

15 (3) PREFERENCE.—

16 (A) IN GENERAL.—In providing assistance
17 under this section, a State shall give priority to
18 applicants that desire to form a consortium to
19 provide child care in geographic areas within
20 the State where such care is not generally avail-
21 able or accessible.

22 (B) CONSORTIUM.—For purposes of sub-
23 paragraph (A), a consortium shall be made up
24 of 2 or more entities which may include busi-

1 nesses, nonprofit agencies or organizations,
2 local governments, or other appropriate entities.

3 (4) LIMITATION.—With respect to grant funds
4 received under this section, a State may not provide
5 in excess of \$100,000 in assistance from such funds
6 to any single applicant.

7 (e) MATCHING REQUIREMENT.—To be eligible to re-
8 ceive a grant under this section a State shall provide as-
9 surances to the Secretary that, with respect to the costs
10 to be incurred by an entity receiving assistance in carrying
11 out activities under this section, the entity will make avail-
12 able (directly or through donations from public or private
13 entities) non-Federal contributions to such costs in an
14 amount equal to—

15 (1) for the first fiscal year in which the entity
16 receives such assistance, not less than 50 percent of
17 such costs (\$1 for each \$1 of assistance provided to
18 the entity under the grant);

19 (2) for the second fiscal year in which an entity
20 receives such assistance, not less than $66\frac{2}{3}$ percent
21 of such costs (\$2 for each \$1 of assistance provided
22 to the entity under the grant); and

23 (3) for the third fiscal year in which an entity
24 receives such assistance, not less than 75 percent of

1 such costs (\$3 for each \$1 of assistance provided to
2 the entity under the grant).

3 (f) REQUIREMENTS OF PROVIDERS.—To be eligible
4 to receive assistance under a grant awarded under this
5 section a child care provider shall comply with all applica-
6 ble State and local licensing and regulatory requirements
7 and all applicable health and safety standards in effect
8 in the State.

9 (g) ADMINISTRATION.—

10 (1) STATE RESPONSIBILITY.—A State shall
11 have responsibility for administering the grant
12 awarded under this section and for monitoring enti-
13 ties that receive assistance under such grant.

14 (2) AUDITS.—A State shall require each entity
15 receiving assistance under a grant awarded under
16 this section to conduct an annual audit with respect
17 to the activities of the entity. Such audits shall be
18 submitted to the State.

19 (3) MISUSE OF FUNDS.—

20 (A) REPAYMENT.—If the State determines,
21 through an audit or otherwise, that an entity
22 receiving assistance under a grant awarded
23 under this section has misused the assistance,
24 the State shall notify the Secretary of the mis-
25 use. The Secretary, upon such a notification,

1 may seek from such an entity the repayment of
 2 an amount equal to the amount of any misused
 3 assistance plus interest.

4 (B) APPEALS PROCESS.—The Secretary
 5 shall by regulation provide for an appeals proc-
 6 ess with respect to repayments under this para-
 7 graph.

8 (h) REPORTING REQUIREMENTS.—

9 (1) 2-YEAR STUDY.—

10 (A) IN GENERAL.—Not later than 2 years
 11 after the date on which the Secretary first pro-
 12 vides grants under this section, the Secretary
 13 shall conduct a study to determine—

14 (i) the capacity of entities to meet the
 15 child care needs of communities within a
 16 State;

17 (ii) the kinds of partnerships that are
 18 being formed with respect to child care at
 19 the local level; and

20 (iii) who is using the programs funded
 21 under this section and the income levels of
 22 such individuals.

23 (B) REPORT.—Not later than 28 months
 24 after the date of enactment of this Act, the Sec-
 25 retary shall prepare and submit to the appro-

1 priosate committees of Congress a report on the
2 results of the study conducted in accordance
3 with subparagraph (A).

4 (2) 4-YEAR STUDY.—

5 (A) IN GENERAL.—Not later than 4 years
6 after the date on which the Secretary first pro-
7 vides grants under this section, the Secretary
8 shall conduct a study to determine the number
9 of child care facilities funded through entities
10 that received assistance through a grant made
11 under this section that remain in operation and
12 the extent to which such facilities are meeting
13 the child care needs of the individuals served by
14 such facilities.

15 (B) REPORT.—Not later than 52 months
16 after the date of enactment of this Act, the Sec-
17 retary shall prepare and submit to the appro-
18 priate committees of Congress a report on the
19 results of the study conducted in accordance
20 with subparagraph (A).

21 (i) DEFINITION.—As used in this section, the term
22 “small business” means an employer who employed an av-
23 erage of at least 2 but not more than 50 employees on
24 business days during the preceding calendar year.

1 (j) AUTHORIZATION OF APPROPRIATIONS.—There is
2 authorized to be appropriated to carry out this section,
3 \$60,000,000 for the period of fiscal years 2000 through
4 2002. With respect to the total amount appropriated for
5 such period in accordance with this subsection, not more
6 than \$5,000,000 of that amount may be used for expendi-
7 tures related to conducting evaluations required under,
8 and the administration of, this section.

9 (k) TERMINATION OF PROGRAM.—The program es-
10 tablished under subsection (a) shall terminate on Septem-
11 ber 30, 2003.

12 **SEC. 223. GAO REPORT REGARDING THE RELATIONSHIP**
13 **BETWEEN LEGAL LIABILITY CONCERNS AND**
14 **THE AVAILABILITY AND AFFORDABILITY OF**
15 **CHILD CARE.**

16 Not later than 6 months after the date of enactment
17 of this Act, the Comptroller General of the United States
18 shall report to Congress regarding whether and, if so, the
19 extent to which, concerns regarding potential legal liability
20 exposure inhibit the availability and affordability of child
21 care. The report shall include an assessment of whether
22 such concerns prevent—

23 (1) employers from establishing on or near-site
24 child care for their employees;

- 1 (2) schools or community centers from allowing
 2 their facilities to be used for on-site child care; and
 3 (3) individuals from providing professional, li-
 4 censed child care services in their homes.

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

8 **SEC. 231. PROVIDING QUALITY CHILD CARE IN FEDERAL**
 9 **FACILITIES.**

10 (a) DEFINITIONS.—In this section:

11 (1) ADMINISTRATOR.—The term “Adminis-
 12 trator” means the Administrator of General Serv-
 13 ices.

14 (2) EXECUTIVE AGENCY.—The term “Executive
 15 agency” has the meaning given the term in section
 16 105 of title 5, United States Code, but does not in-
 17 clude the Department of Defense.

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

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

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

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

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

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

13 (b) EXECUTIVE BRANCH STANDARDS AND ENFORCE-
14 MENT.—

15 (1) STATE AND LOCAL LICENSING REQUIRE-
16 MENTS.—

17 (A) IN GENERAL.—The Administrator
18 shall issue regulations requiring any entity op-
19 erating a child care center in an executive facil-
20 ity to comply with applicable State and local li-
21 censing requirements related to the provision of
22 child care.

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

1 (i) the entity shall comply, or make
2 substantial progress (as determined by the
3 Administrator) toward complying, with the
4 requirements; and

5 (ii) any contract for the operation of
6 such a child care center shall include a
7 condition that the child care be provided in
8 accordance with the requirements.

9 (2) EVALUATION AND ENFORCEMENT.—The
10 Administrator shall evaluate the compliance of the
11 entities described in paragraph (1) with the regula-
12 tions issued under that paragraph. The Adminis-
13 trator may conduct the evaluation of such an entity
14 directly, or through an agreement with another Fed-
15 eral agency, other than the Federal agency for which
16 the entity is providing child care. If the Adminis-
17 trator determines, on the basis of such an evalua-
18 tion, that the entity is not in compliance with the
19 regulations, the Administrator shall notify the Exec-
20 utive agency.

21 (c) LEGISLATIVE BRANCH STANDARDS AND EN-
22 FORCEMENT.—

23 (1) STATE AND LOCAL LICENSING REQUIRE-
24 MENTS AND ACCREDITATION STANDARDS.—The Ar-
25 chitect of the Capitol shall issue regulations for enti-

ties operating child care centers in legislative facilities, which shall be the same as the regulations issued by the Administrator under subsection (b)(1), except to the extent that the Architect may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the requirements and standards described in such paragraphs.

(2) EVALUATION AND ENFORCEMENT.—Subsection (b)(2) shall apply to the Architect of the Capitol, entities operating child care centers in legislative facilities, and legislative offices. For purposes of that application, references in subsection (b)(2) to regulations shall be considered to be references to regulations issued under this subsection.

(d) JUDICIAL BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS AND ACCREDITATION STANDARDS.—The Director of the Administrative Office of the United States Courts shall issue regulations for entities operating child care centers in judicial facilities, which shall be the same as the regulations issued by the Administrator under subsection (b)(1), except to the

1 extent that the Director may determine, for good
2 cause shown and stated together with the regula-
3 tions, that a modification of such regulations would
4 be more effective for the implementation of the re-
5 quirements and standards described in such para-
6 graphs.

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

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

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