

106TH CONGRESS
1ST SESSION

S. 810

To amend the Internal Revenue Code of 1986 to expand alternatives for families with children, to establish incentives to improve the quality and supply of child care, to increase the availability and affordability of professional development for child care providers, to expand youth development opportunities, to ensure the safety of children placed in child care centers in Federal facilities, to ensure adequate child care subsidies for low-income working families, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 15, 1999

Mr. JEFFORDS (for himself, Mr. DODD, Ms. LANDRIEU, Mr. KENNEDY, and Mr. KOHL) 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 expand alternatives for families with children, to establish incentives to improve the quality and supply of child care, to increase the availability and affordability of professional development for child care providers, to expand youth development opportunities, to ensure the safety of children placed in child care centers in Federal facilities, to ensure adequate child care subsidies for low-income working families, 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 “Caring for America’s Children Act”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—TAX BENEFITS FOR FAMILIES WITH CHILDREN

Sec. 101. Expansion of dependent care tax credit.

Sec. 102. Increase in child tax credit.

Sec. 103. Expansion of dependent care assistance program.

Sec. 104. Mutually exclusive use of dependent care tax credit, child tax credit,
and dependent care assistance program for each dependent.

Sec. 105. Expansion of home office deduction to include use of office for de-
pendent care.

Sec. 106. Inclusion of child care costs in child support orders.

**TITLE II—ACTIVITIES TO IMPROVE THE QUALITY OF CHILD
CARE**

Subtitle A—Encouraging Business Involvement in Child Care

Sec. 201. Allowance of credit for employer expenses for child care assistance.

Sec. 202. Charitable contributions of scientific equipment, computer technology
and equipment, and other services to child care providers and
to elementary and secondary schools.

Subtitle B—Child Care Quality Improvement Incentive Program

Sec. 211. Definitions.

Sec. 212. Establishment of State program.

Sec. 213. Distribution.

Sec. 214. State eligibility and application requirements.

Sec. 215. Use of funds by States.

Sec. 216. Reservation.

Sec. 217. Authorization of appropriations.

Subtitle C—Increased Enforcement of State Health and Safety Standards

Sec. 221. Enforcement of State health and safety standards.

Subtitle D—Distribution of Information About Quality Child Care

Sec. 231. Expansion of role of the Department of Health and Human Services
in the collection and dissemination of information and tech-
nology.

**TITLE III—EXPANDING PROFESSIONAL DEVELOPMENT
OPPORTUNITIES**

Sec. 301. Child care training infrastructure.

Sec. 302. Child Care Training Revolving Fund.

TITLE IV—EXPANDING YOUTH DEVELOPMENT OPPORTUNITIES DURING NON-SCHOOL HOURS

- Sec. 401. Purpose.
- Sec. 402. Definitions.
- Sec. 403. Establishment of program.
- Sec. 404. State allotments.
- Sec. 405. State application.
- Sec. 406. Local allocations and grants.
- Sec. 407. Local application.
- Sec. 408. Use of grant funds.
- Sec. 409. Federal administration; duties of the Assistant Secretary.
- Sec. 410. State administration; duties of the States.
- Sec. 411. Coordination with other programs.
- Sec. 412. Authorization of appropriations.

TITLE V—CHILD CARE IN FEDERAL FACILITIES

- Sec. 501. Short title.
- Sec. 502. Definitions.
- Sec. 503. Providing quality child care in Federal facilities.
- Sec. 504. Federal child care evaluation.
- Sec. 505. Child care services for Federal employees.
- Sec. 506. Miscellaneous provisions relating to child care provided by Federal agencies.

TITLE VI—EXPANDING CHILD CARE SUBSIDY FOR LOW-INCOME FAMILIES

- Sec. 601. Authorization of appropriations.
- Sec. 602. Application and plan.
- Sec. 603. Automated systems.

TITLE VII—CONSTRUCTION AND RENOVATION OF CHILD CARE FACILITIES

Subtitle A—Community Development Block Grants

- Sec. 701. Use of community development block grants to establish child care facilities.

Subtitle B—Mortgage Insurance For Child Care Facilities

- Sec. 711. Insurance for mortgages on new and rehabilitated child care facilities.
- Sec. 712. Insurance for mortgages for acquisition or refinancing debt of existing child care facilities.
- Sec. 713. Study of availability of secondary markets for mortgages on child care facilities.
- Sec. 714. Technical and financial assistance grants.

1 SEC. 2. DEFINITIONS.

2 In this Act:

1 (1) ACCREDITED CHILD CARE FACILITY.—The
2 term “accredited child care facility” means—

3 (A) a facility that is accredited, by a child
4 care credentialing or accreditation entity recog-
5 nized by a State or national organization de-
6 scribed in paragraph (2)(A), to provide child
7 care (except children who a tribal organization
8 elects to serve through a facility described in
9 subparagraph (B));

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

15 (C) a facility that is used as a Head Start
16 center under the Head Start Act (42 U.S.C.
17 9831 et seq.) and is in compliance with applica-
18 ble performance standards established by regu-
19 lation under such Act for Head Start programs;
20 or

21 (D) a military child development center (as
22 defined in section 1798(1) of title 10, United
23 States Code) that is in a facility owned or
24 leased by the Department of Defense or the
25 Coast Guard.

(2) CHILD CARE CREDENTIALING OR ACCREDITATION ENTITY.—The term “child care credentialing or accreditation entity” means a nonprofit private organization or public agency that—

(A) is recognized by a State agency, a tribal organization, or a national organization that serves as a peer review panel on the standards and procedures of public and private child care or school accrediting bodies; and

(B) accredits a facility or credentials an individual to provide child care on the basis of—

(i) an accreditation or credentialing instrument based on peer-validated research;

(ii) compliance with applicable State and local licensing requirements, or standards described in section 658E(c)(2)(E)(ii) of the Child Care and Development Block Grant Act (42 U.S.C. 9858c(c)(2)(E)(ii)), as appropriate, for the facility or individual;

(iii) outside monitoring of the facility or individual; and

(iv) criteria that provide assurances of—

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

4 (II) use of developmentally ap-
5 propriate educational activities, as an
6 integral part of the child care pro-
7 gram carried out at the facility or by
8 the individual; and

9 (III) use of ongoing staff devel-
10 opment or training activities for the
11 staff of the facility 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—

17 (i) is credentialed, by a child care
18 credentialing or accreditation entity recog-
19 nized by a State or a national organization
20 described in paragraph (2)(A), to provide
21 child care (except children who a tribal or-
22 ganization elects to serve through an indi-
23 vidual described in subparagraph (B)); or

24 (ii) successfully completes a 4-year or
25 graduate degree in a relevant academic

1 field (such as early childhood education,
2 education, or recreation services);

3 (B) an individual who is credentialed, by a
4 child care credentialing or accreditation entity
5 recognized by a tribal organization, to provide
6 child care for children served by the tribal orga-
7 nization; or

8 (C) an individual certified by the Armed
9 Forces of the United States to provide child
10 care as a family child care provider (as defined
11 in section 658P of the Child Care and Develop-
12 ment Block Grant Act of 1990 (42 U.S.C.
13 9858n)) in military family housing.

14 (4) STATE; TRIBAL ORGANIZATION.—The terms
15 “State” and “tribal organization” have the meaning
16 given the term in section 658P of the Child Care
17 and Development Block Grant Act (42 U.S.C.
18 9858n).

19 **TITLE I—TAX BENEFITS FOR** 20 **FAMILIES WITH CHILDREN**

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

22 (a) DOLLAR LIMIT ON CREDITABLE EMPLOYMENT-
23 RELATED EXPENSES INCREASED.—Section 21(c) of the
24 Internal Revenue Code of 1986 (relating to dollar limit
25 on amount creditable) is amended—

1 (1) by striking “\$2,400” in paragraph (1) and
 2 inserting “\$3,600”, and

3 (2) by striking “\$4,800” in paragraph (2) and
 4 inserting “\$6,000”.

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

9 “(2) APPLICABLE PERCENTAGE DEFINED.—For
 10 purposes of paragraph (1), the term ‘applicable per-
 11 centage’ means 40 percent reduced (but not below
 12 10 percent) by 1 percentage point for each \$2,000
 13 (or fraction thereof) by which the taxpayers’s ad-
 14 justed gross income for the taxable year exceeds
 15 \$50,000.”.

16 (c) EMPLOYMENT-RELATED EXPENSES EXPANDED
 17 TO INCLUDE TRANSPORTATION COSTS AND COSTS OF
 18 EDUCATIONAL PROGRAMS.—Section 21(b)(2)(A) of the
 19 Internal Revenue Code of 1986 (defining employment-re-
 20 lated expenses) is amended—

21 (1) by striking “and” at the end of clause (i),

22 (2) by striking the period at the end of clause

23 (ii) and inserting “(including expenses for edu-
 24 cational activities provided during such care), and”,

25 and

1 (3) by adding at the end the following:

2 “(iii) expenses for transportation—

3 “(I) related to such services or

4 care, and

5 “(II) provided by a person not

6 described in subsection (e)(6).”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2000.

10 **SEC. 102. INCREASE IN CHILD TAX CREDIT.**

11 (a) IN GENERAL.—Section 24(a) of the Internal Rev-
12 enue Code of 1986 (relating to allowance of credit) is
13 amended by striking “\$500 (\$400 in the case of taxable
14 years beginning in 1998)” and inserting “\$900”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to taxable years beginning after
17 December 31, 2000.

18 **SEC. 103. EXPANSION OF DEPENDENT CARE ASSISTANCE**
19 **PROGRAM.**

20 (a) DOLLAR LIMIT INCREASED.—Section
21 129(a)(2)(A) of the Internal Revenue Code of 1986 (relat-
22 ing to limitation of exclusion) is amended to read as fol-
23 lows:

24 “(A) DOLLAR LIMITATION.—

1 “(i) IN GENERAL.—The amount which
 2 may be excluded under paragraph (1) for
 3 dependent care assistance with respect to
 4 dependent care services provided during a
 5 taxable year shall not exceed—

6 “(I) in the case of dependent
 7 care services provided for 1 qualifying
 8 individual described in section
 9 21(b)(1), \$5,000, and

10 “(II) in the case of dependent
 11 care services provided for 2 or more
 12 qualifying individuals so described,
 13 \$7,000.

14 “(ii) AMOUNTS FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In
 15 the case of a separate return by a married
 16 individual, the amount applicable under
 17 clause (i) shall be one-half of the amount
 18 specified.”.

19
 20 (b) PAYMENTS FOR INFANT CARE, INCLUDING STAY-
 21 AT-HOME CARE, ALLOWED.—

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

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

3 “(A) the payment of, or provision of, those
4 services which if paid for by the employee would
5 be considered employment-related expenses
6 under section 21(b)(2) (relating to expenses for
7 household and dependent care services nec-
8 essary for gainful employment), and

9 “(B) any payment to the employee or any
10 individual described in subsection (c)(2) from
11 amounts contributed to the employee’s account
12 during the 9-month period ending with the
13 birth of a qualifying individual described in sec-
14 tion 21(b)(1)(A), if paid during a period ending
15 1 year after such birth.”.

16 (2) CONFORMING AMENDMENT.—Section 125
17 of such Code (relating to cafeteria plans) is amended
18 by redesignating subsections (h) and (i) as sub-
19 sections (i) and (j) and by inserting after subsection
20 (g) the following:

21 “(h) ALLOWANCE OF CARRYOVERS OF CERTAIN UN-
22 USED DEPENDENT CARE ASSISTANCE TO LATER TAX-
23 ABLE YEARS.—For purposes of this title—

1 “(1) a plan or other arrangement shall not fail
 2 to be treated as a cafeteria plan or flexible spending
 3 or similar arrangement, and

4 “(2) no amount shall be required to be included
 5 in gross income by reason of this section or any
 6 other provision of this chapter,
 7 solely because under such plan or other arrangement any
 8 dependent care assistance described in section
 9 129(e)(1)(B) which is unused as of the close of a taxable
 10 year may be carried forward to the succeeding taxable
 11 year.”.

12 (c) PAYMENTS TO CERTAIN RELATED INDIVIDUALS
 13 FOR ROUTINE CARE ALLOWED.—Section 129(c) of the
 14 Internal Revenue Code of 1986 (relating to payments to
 15 related individuals) is amended by adding at the end the
 16 following flush sentence:

17 “The preceding sentence shall not apply to any amount
 18 paid or incurred to any individual otherwise described in
 19 paragraph (1) if such amount is paid or incurred for care
 20 of a qualifying individual during the period ending with
 21 the first day of State mandatory schooling of such quali-
 22 fying individual.”.

23 (d) DEPENDENT CARE ASSISTANCE PROGRAM FOR
 24 FEDERAL EMPLOYEES.—Subpart G of part III of title 5,

1 United States Code, is amended by inserting after chapter
2 87 the following:

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

5 **“§ 8801. Definitions**

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

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

10 “(2) a Member of Congress as defined by sec-
11 tion 2106 of this title;

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

14 “(4) the President;

15 “(5) a justice or judge of the United States ap-
16 pointed to hold office during good behavior (i) who
17 is in regular active judicial service, or (ii) who is re-
18 tired from regular active service under section
19 371(b) or 372(a) of title 28, United States Code, or
20 (iii) who has resigned the judicial office under sec-
21 tion 371(a) of title 28 with the continued right dur-
22 ing the remainder of his lifetime to receive the sal-
23 ary of the office at the time of his resignation;

1 “(6) an individual first employed by the govern-
2 ment of the District of Columbia before October 1,
3 1987;

4 “(7) an individual employed by Gallaudet Col-
5 lege;

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

8 “(9) an individual appointed to a position on
9 the office staff of a former President under section
10 1(b) of the Act of August 25, 1958 (72 Stat. 838);
11 and

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

19 but does not include—

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

24 “(B) an individual who is not a citizen or na-
25 tional of the United States and whose permanent

1 duty station is outside the United States, unless the
 2 individual was an employee for the purpose of this
 3 chapter on September 30, 1979, by reason of service
 4 in an Executive agency, the United States Postal
 5 Service, or the Smithsonian Institution in the area
 6 which was then known as the Canal Zone; or

7 “(C) an employee excluded by regulation of the
 8 Office of Personnel Management under section
 9 8716(b) of this title.

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

13 **“§ 8802. Dependent care assistance program**

14 “The Office of Personnel Management shall establish
 15 and maintain a dependent care assistance program for the
 16 benefit of employees.”.

17 (e) EFFECTIVE DATE.—The amendments made by
 18 this section apply to taxable years beginning after Decem-
 19 ber 31, 2000.

20 **SEC. 104. MUTUALLY EXCLUSIVE USE OF DEPENDENT CARE**
 21 **TAX CREDIT, CHILD TAX CREDIT, AND DE-**
 22 **PENDENT CARE ASSISTANCE PROGRAM FOR**
 23 **EACH DEPENDENT.**

24 (a) ELECTION TO APPLY DEPENDENT CARE TAX
 25 CREDIT.—

1 (1) IN GENERAL.—Section 21 of the Internal
 2 Revenue Code of 1986 (relating to expenses for
 3 household and dependent care services necessary for
 4 gainful employment) is amended by redesignating
 5 subsection (f) as subsection (g) and by inserting
 6 after subsection (e) the following:

7 “(f) ELECTION TO HAVE SECTION APPLY.—

8 “(1) IN GENERAL.—No credit shall be allowed
 9 under subsection (a) for a taxable year with respect
 10 to any qualifying individual unless the taxpayer
 11 elects to have this section apply with respect to such
 12 individual for such year.

13 “(2) COORDINATION WITH CHILD TAX CREDIT
 14 AND DEPENDENT CARE ASSISTANCE EXCLUSION.—If
 15 the taxpayer elects to apply this section with respect
 16 to a qualifying individual for the taxable year, such
 17 individual may not be considered—

18 “(A) a qualifying child for purposes of sec-
 19 tion 24 for such year, or

20 “(B) a qualifying individual for purposes
 21 of section 129 for such year.”.

22 (2) CONFORMING AMENDMENT.—Section 21(c)
 23 of such Code, as amended by section 101(a), is
 24 amended by striking the last sentence.

1 (b) ELECTION TO APPLY CHILD TAX CREDIT.—Sec-
 2 tion 24 of the Internal Revenue Code of 1986 (relating
 3 to child tax credit) is amended by adding at the end the
 4 following:

5 “(g) ELECTION TO HAVE SECTION APPLY.—

6 “(1) IN GENERAL.—No credit shall be allowed
 7 under subsection (a) for a taxable year with respect
 8 to any qualifying child unless the taxpayer elects to
 9 have this section apply with respect to such child for
 10 such year.

11 “(2) COORDINATION WITH DEPENDENT CARE
 12 TAX CREDIT AND DEPENDENT CARE ASSISTANCE
 13 EXCLUSION.—If the taxpayer elects to apply this
 14 section with respect to a qualifying child for the tax-
 15 able year, such child may not be considered a quali-
 16 fying individual for purposes of section 21 or 129
 17 for such year.”.

18 (c) ELECTION TO APPLY DEPENDENT CARE ASSIST-
 19 ANCE EXCLUSION.—Section 129 of the Internal Revenue
 20 Code of 1986 (dependent care assistance programs) is
 21 amended by adding at the end the following:

22 “(f) ELECTION TO HAVE SECTION APPLY.—

23 “(1) IN GENERAL.—No exclusion shall be al-
 24 lowed under subsection (a) for a taxable year with
 25 respect to any qualifying individual unless the tax-

1 payer elects to have this section apply with respect
2 to such individual for such year.

3 “(2) COORDINATION WITH DEPENDENT CARE
4 TAX CREDIT AND CHILD TAX CREDIT.—If the tax-
5 payer elects to apply this section with respect to a
6 qualifying individual for the taxable year, such indi-
7 vidual may not be considered—

8 “(A) a qualifying individual for purposes of
9 section 21 for such year, or

10 “(B) a qualifying child for purposes of sec-
11 tion 24 for such year.”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section apply to taxable years beginning after Decem-
14 ber 31, 2000.

15 **SEC. 105. EXPANSION OF HOME OFFICE DEDUCTION TO IN-**
16 **CLUDE USE OF OFFICE FOR DEPENDENT**
17 **CARE.**

18 (a) IN GENERAL.—Section 280A(c)(1) of the Inter-
19 nal Revenue Code of 1986 (relating to certain business
20 use) is amended by adding at the end the following: “A
21 portion of a dwelling unit and the exclusive use of such
22 portion otherwise described in this paragraph shall not fail
23 to be so described if such portion is also used by the tax-
24 payer during such exclusive use to care for a dependent
25 of the taxpayer.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 1999.

4 **SEC. 106. INCLUSION OF CHILD CARE COSTS IN CHILD SUP-**
5 **PORT ORDERS.**

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

9 “(20) CHILD CARE COSTS.—Procedures under
10 which any child support order enforced under this
11 part shall include an equitable division between the
12 custodial and noncustodial parents of any costs of
13 providing child care services in any case where the
14 custodial parent is employed or is actively seeking
15 employment.”.

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

1 **TITLE II—ACTIVITIES TO IM-**
 2 **PROVE THE QUALITY OF**
 3 **CHILD CARE**

4 **Subtitle A—Encouraging Business**
 5 **Involvement in Child Care**

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

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

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

13 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
 14 tion 38, the employer-provided child care credit deter-
 15 mined under this section for the taxable year is an amount
 16 equal to 40 percent of the qualified child care expenditures
 17 of the taxpayer for such taxable year.

18 “(b) DOLLAR LIMITATION.—The credit allowable
 19 under subsection (a) for any taxable year shall not exceed
 20 \$150,000 (\$250,000 in the case of qualified child care ex-
 21 penditures with respect to 3 or more qualified child care
 22 facilities each located in a different jurisdiction of State
 23 or local government).

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

1 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

2 The term ‘qualified child care expenditure’ means
3 any amount paid or incurred—

4 “(A) to acquire, construct, rehabilitate, or
5 expand property—

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

8 “(ii) with respect to which a deduction
9 for depreciation (or amortization in lieu of
10 depreciation) is allowable, and

11 “(iii) which does not constitute part of
12 the principal residence (within the meaning
13 of section 121) of the taxpayer or any em-
14 ployee of the taxpayer,

15 “(B) for the operating costs of a qualified
16 child care facility of the taxpayer, including
17 costs related to the training of employees, to
18 scholarship programs, and to the providing of
19 increased compensation to employees with high-
20 er levels of child care training,

21 “(C) under a contract with a qualified
22 child care facility to provide child care services
23 to employees of the taxpayer,

1 “(D) under a contract to provide child care
2 resource and referral services to employees of
3 the taxpayer, or

4 “(E) for the costs of seeking accreditation
5 from a child care credentialing or accreditation
6 entity (as defined in section 2(2) of the Caring
7 for America’s Children Act) with respect to a
8 qualified child care facility.

9 “(2) QUALIFIED CHILD CARE FACILITY.—

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

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

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

20 Clause (i) shall not apply to a facility which is
21 the principal residence (within the meaning of
22 section 121) of the operator of the facility.

23 “(B) SPECIAL RULES WITH RESPECT TO A
24 TAXPAYER.—A facility shall not be treated as a

1 qualified child care facility with respect to a
 2 taxpayer unless—

3 “(i) enrollment in the facility is open
 4 to employees of the taxpayer during the
 5 taxable year,

6 “(ii) the facility is not the principal
 7 trade or business of the taxpayer unless at
 8 least 30 percent of the enrollees of such fa-
 9 cility are dependents of employees of the
 10 taxpayer, and

11 “(iii) the use of such facility (or the
 12 eligibility to use such facility) does not dis-
 13 criminate in favor of employees of the tax-
 14 payer who are highly compensated employ-
 15 ees (within the meaning of section 414(q)).

16 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-
 17 TION CREDIT.—

18 “(1) IN GENERAL.—If, as of the close of any
 19 taxable year, there is a recapture event with respect
 20 to any qualified child care facility of the taxpayer,
 21 then the tax of the taxpayer under this chapter for
 22 such taxable year shall be increased by an amount
 23 equal to the product of—

24 “(A) the applicable recapture percentage,
 25 and

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

7 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

8 “(A) IN GENERAL.—For purposes of this
 9 subsection, the applicable recapture percentage
 10 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.

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

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

18 “(A) CESSATION OF OPERATION.—The
 19 cessation of the operation of the facility as a
 20 qualified child care facility.

1 “(B) CHANGE IN OWNERSHIP.—

2 “(i) IN GENERAL.—Except as pro-
3 vided in clause (ii), the disposition of a
4 taxpayer’s interest in a qualified child care
5 facility with respect to which the credit de-
6 scribed in subsection (a) was allowable.

7 “(ii) AGREEMENT TO ASSUME RECAP-
8 TURE LIABILITY.—Clause (i) shall not
9 apply if the person acquiring such interest
10 in the facility agrees in writing to assume
11 the recapture liability of the person dis-
12 posing of such interest in effect imme-
13 diately before such disposition. In the
14 event of such an assumption, the person
15 acquiring the interest in the facility shall
16 be treated as the taxpayer for purposes of
17 assessing any recapture liability (computed
18 as if there had been no change in owner-
19 ship).

20 “(4) SPECIAL RULES.—

21 “(A) TAX BENEFIT RULE.—The tax for
22 the taxable year shall be increased under para-
23 graph (1) only with respect to credits allowed
24 by reason of this section which were used to re-
25 duce tax liability. In the case of credits not so

1 used to reduce tax liability, the carryforwards
2 and carrybacks under section 39 shall be appro-
3 priately adjusted.

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

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

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

19 “(1) AGGREGATION RULES.—All persons which
20 are treated as a single employer under subsections
21 (a) and (b) of section 52 shall be treated as a single
22 taxpayer.

23 “(2) PASS-THRU IN THE CASE OF ESTATES AND
24 TRUSTS.—Under regulations prescribed by the Sec-

1 retary, rules similar to the rules of subsection (d) of
2 section 52 shall apply.

3 “(3) ALLOCATION IN THE CASE OF PARTNER-
4 SHIPS OR JOINT VENTURES.—In the case of partner-
5 ships or joint ventures, the credit shall be allocated
6 among partners or members of the joint venture
7 under regulations prescribed by the Secretary.

8 “(f) NO DOUBLE BENEFIT.—

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

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

17 “(B) CERTAIN DISPOSITIONS.—If during
18 any taxable year there is a recapture amount
19 determined with respect to any property the
20 basis of which was reduced under subparagraph
21 (A), the basis of such property (immediately be-
22 fore the event resulting in such recapture) shall
23 be increased by an amount equal to such recap-
24 ture amount. For purposes of the preceding
25 sentence, the term ‘recapture amount’ means

1 any increase in tax (or adjustment in
2 carrybacks or carryovers) determined under
3 subsection (d).

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

8 “(g) TERMINATION.—This section shall not apply to
9 taxable years beginning after December 31, 2002.”

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 38(b) of the Internal Revenue Code
12 of 1986 is amended—

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

15 (B) by striking out the period at the end
16 of paragraph (12), and inserting a comma and
17 “plus”, and

18 (C) by adding at the end the following new
19 paragraph:

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

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

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

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 1999.

4 **SEC. 202. CHARITABLE CONTRIBUTIONS OF SCIENTIFIC**
 5 **EQUIPMENT, COMPUTER TECHNOLOGY AND**
 6 **EQUIPMENT, AND OTHER SERVICES TO**
 7 **CHILD CARE PROVIDERS AND TO ELEMEN-**
 8 **TARY AND SECONDARY SCHOOLS.**

9 (a) SCIENTIFIC EQUIPMENT.—

10 (1) IN GENERAL.—Subparagraph (B) of section
 11 170(e)(4) of the Internal Revenue Code of 1986 (re-
 12 lating to special rule for contributions of scientific
 13 property used for research) is amended to read as
 14 follows:

15 “(B) QUALIFIED RESEARCH, CHILD CARE,
 16 OR EDUCATION CONTRIBUTION.—For purposes
 17 of this paragraph, the term ‘qualified research,
 18 child care, or education contribution’ means a
 19 charitable contribution by a corporation of tan-
 20 gible personal property described in paragraph
 21 (1) of section 1221, but only if—

22 “(i) the contribution is to—

23 “(I) an organization described in
 24 section 501(c)(3) and exempt from
 25 taxation under section 501(a) which is

1 a child care facility in compliance with
2 all applicable laws and regulations of
3 the State or unit of local government
4 in which such facility is located on the
5 date of such contribution,

6 “(II) an organization described
7 in section 501(c)(3) and exempt from
8 taxation under section 501(a) which is
9 a professional or educational support
10 entity for such a child care facility,

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

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

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

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

9 “(II) activities designed to en-
10 hance or support the educational or
11 developmental achievement of children
12 or youth, or

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

20 “(iv) the original use of the property
21 is by donor or the donee,

22 “(v) the property is not transferred by
23 the donee in exchange for money, other
24 property, or services, except for shipping,
25 installation, and transfer costs, and

1 “(vi) the taxpayer receives from the
 2 donee a written statement representing
 3 that its use and disposition of the property
 4 will be in accordance with the provisions of
 5 clauses (iv) and (v).”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Paragraph (4)(A) of section 170(e) of
 8 such Code is amended by striking “qualified re-
 9 search contribution” each place it appears and
 10 inserting “qualified research, child care, or edu-
 11 cation contribution”.

12 (B) The heading for section 170(e)(4) of
 13 such Code is amended by inserting “, CHILD
 14 CARE, OR EDUCATION” after “RESEARCH”.

15 (b) EXPANSION OF RULES RELATING TO CONTRIBU-
 16 TIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT TO
 17 CERTAIN CHILD CARE PROVIDERS.—

18 (1) IN GENERAL.—Section 170(e)(6)(B)(i) of
 19 the Internal Revenue Code of 1986 (defining quali-
 20 fied elementary or secondary educational contribu-
 21 tion) is amended by striking “or” at the end of sub-
 22 clause (I), by adding “or” at the end of subclause
 23 (II), and by inserting after subclause (II) the fol-
 24 lowing:

1 “(III) an entity described in sub-
 2 clause (I) or (II) of paragraph
 3 (4)(B)(i).”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 170(e)(6)(B)(ii) of such Code
 6 is amended by striking “2 years” and inserting
 7 “3 years”.

8 (B) Section 170(e)(6)(B)(iv) of such Code
 9 is amended by striking “grades K–12” and in-
 10 sserting “grades preschool–12”.

11 (C) Section 170(e)(6) of such Code is
 12 amended by striking “qualified elementary or
 13 secondary” each place it appears and inserting
 14 “qualified child care, elementary, or sec-
 15 ondary”.

16 (D) The heading for section 170(e)(6)(B)
 17 of such Code is amended by striking “QUALI-
 18 FIED ELEMENTARY OR SECONDARY” and insert-
 19 ing “QUALIFIED CHILD CARE, ELEMENTARY, OR
 20 SECONDARY”.

21 (E) The heading for section 170(e)(6) of
 22 such Code is amended by striking “ELEMEN-
 23 TARY OR SECONDARY” and inserting “CHILD
 24 CARE OR ELEMENTARY OR SECONDARY”.

25 (c) DONATIONS TO CHARITY FOR REFURBISHING.—

(1) SCIENTIFIC EQUIPMENT.—Section 170(e)(4) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(E) DONATIONS TO CHARITY FOR REFURBISHING.—For purposes of this paragraph, a charitable contribution by a corporation shall be treated as a qualified research, child care, or education contribution if—

“(i) such contribution is a contribution of property described in subparagraph (B)(iii) to an organization described in section 501(c)(3) and exempt from taxation under section 501(a),

“(ii) such organization repairs and refurbishes the property and donates the property to an organization described in subparagraph (B)(i), and

“(iii) the taxpayer receives from the organization to whom the taxpayer contributed the property a written statement representing that its use of the property (and any use by the organization to which it donates the property) meets the requirements of this paragraph.”.

1 (2) COMPUTER TECHNOLOGY AND EQUIP-
 2 MENT.—Section 170(e)(6) of the Internal Revenue
 3 Code of 1986 is amended by redesignating subpara-
 4 graphs (E) and (F) as subparagraphs (F) and (G),
 5 respectively, and by inserting after subparagraph
 6 (D) the following:

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

12 “(i) such contribution is a contribu-
 13 tion of computer technology or equipment
 14 to an organization described in section
 15 501(c)(3) and exempt from taxation under
 16 section 501(a),

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

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

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

3 (d) CORPORATE DONATIONS OF SERVICES.—Section
4 170 of the Internal Revenue Code of 1986 is amended by
5 redesignating subsection (m) as subsection (n) and by in-
6 serting after subsection (l) the following:

7 “(m) TREATMENT OF THE DONATION OF CERTAIN
8 SERVICES.—

9 “(1) IN GENERAL.—For purposes of this sec-
10 tion, 50 percent of the fair market value of chari-
11 table services contributed by a corporation shall be
12 treated as a charitable contribution.

13 “(2) CHARITABLE SERVICES.—

14 “(A) IN GENERAL.—For purposes of para-
15 graph (1), the term ‘charitable services’ means
16 transportation services, qualified employee vol-
17 unteer time, and the use of facilities and
18 equipment—

19 “(i) provided by the taxpayer to a
20 donee described in subsection (e)(6)(B)(i),
21 and

22 “(ii) for which the taxpayer receives
23 from the donee a written statement rep-
24 resenting that the charitable services are

1 not in exchange for money, other property,
2 or services.

3 “(B) QUALIFIED EMPLOYEE VOLUNTEER
4 TIME.—For the purpose of this subsection, the
5 term ‘qualified employee volunteer time’ means
6 time—

7 “(i) volunteered to the donee by an
8 employee of the taxpayer during the em-
9 ployee’s normal working hours, and

10 “(ii) the value of which is based on
11 the usual wage rate of the employee.”.

12 (e) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 1999.

15 **Subtitle B—Child Care Quality** 16 **Improvement Incentive Program**

17 **SEC. 211. DEFINITIONS.**

18 In this subtitle:

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

21 (A) a center-based child care provider, a
22 group home child care provider, a family child
23 care provider, or other provider of non-residen-
24 tial child care services for compensation that—

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

4 (ii) satisfies the State and local re-
5 quirements;

6 applicable to the child care services the provider
7 provides; or

8 (B) a child care provider that is 18 years
9 of age or older who provides child care services
10 only to an eligible child who is, by affinity or
11 consanguinity, or by court decree, the grand-
12 child, great grandchild, sibling, niece, or neph-
13 ew of such provider, if such provider does not
14 reside in the same residence with the child for
15 whom the provider is providing care and if the
16 provider complies with any applicable require-
17 ments that govern child care provided by the
18 relative involved.

19 (2) FAMILY CHILD CARE PROVIDER.—The term
20 “family child care provider” has the meaning given
21 the term in section 658P of the Child Care and De-
22 velopment Block Grant Act of 1990 (42 U.S.C.
23 9858n).

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

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

2 (a) IN GENERAL.—The Secretary shall establish a
3 program to award grants to eligible States to pay for the
4 Federal share of the cost of enabling such States to carry
5 out activities to improve the quality of child care for chil-
6 dren in the States (except children who a tribal organiza-
7 tion elects to serve under section 216).

8 (b) AWARDING OF GRANTS.—The Secretary shall
9 award the grants to the States from allotments made in
10 accordance with section 213.

11 (c) LIMITATION ON ADMINISTRATIVE COSTS.—

12 (1) IN GENERAL.—The Secretary shall not use
13 more than 5 percent of the amount appropriated
14 under section 217 for a fiscal year for the adminis-
15 trative costs associated with the administration of
16 the program under this section.

17 (2) DEFINITION.—In paragraph (1), the term
18 “administrative costs” shall not include the costs of
19 providing direct services.

20 **SEC. 213. DISTRIBUTION.**

21 (a) AMOUNTS RESERVED.—The Secretary shall re-
22 serve not more than $\frac{1}{2}$ of 1 percent of the amount appro-
23 priated under this subtitle for each fiscal year for pay-
24 ments to Guam, American Samoa, the Virgin Islands of
25 the United States, and the Commonwealth of the North-

ern Mariana Islands to be allotted in accordance with their
 respective needs.

(b) STATE ALLOTMENT.—

(1) GENERAL RULE.—From the amount appropriated under section 217 for each fiscal year and remaining after reservations made under subsection (a), section 212(c), and section 216, the Secretary shall allot to each State an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of the remainder as the product of the young child factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of the remainder as the product of the school lunch factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States.

(2) MINIMUM ALLOTMENT.—The amount of an allotment awarded to a State under this subsection shall not be less than an amount equal to 0.75 per-

1 cent of the total amount appropriated for the fiscal
2 year under section 217.

3 (3) YOUNG CHILD FACTOR.—The term “young
4 child factor” means the ratio of the number of chil-
5 dren in the State under 5 years of age to the num-
6 ber of the children in all States as provided by the
7 most recent annual estimates of population in the
8 States by the Bureau of the Census of the Depart-
9 ment of Commerce.

10 (4) SCHOOL LUNCH FACTOR.—The term
11 “school lunch factor” means the ratio of the number
12 of children in the State who are receiving free or re-
13 duced price lunches under the school lunch program
14 established under the National School Lunch Act
15 (42 U.S.C. 1751 et seq.) to the number of the chil-
16 dren in all States as determined annually by the De-
17 partment of Agriculture.

18 (5) ALLOTMENT PERCENTAGE.—

19 (A) IN GENERAL.—The allotment percent-
20 age for a State is determined by dividing the
21 per capita income of all individuals in the
22 United States, by the per capita income of all
23 individuals in the State.

24 (B) LIMITATIONS.—If an allotment per-
25 centage determined under subparagraph (A)—

1 (i) exceeds 1.2 percent, the allotment
 2 percentage of that State shall be consid-
 3 ered to be 1.2 percent; and

4 (ii) is less than 0.8 percent, the allot-
 5 ment percentage of the State shall be con-
 6 sidered to be 0.8 percent.

7 (C) PER CAPITA INCOME.—For purposes
 8 of subparagraph (A), per capita income shall
 9 be—

10 (i) determined at 2-year intervals;

11 (ii) applied for the 2-year period be-
 12 ginning on October 1 of the first fiscal
 13 year beginning on the date the determina-
 14 tion is made; and

15 (iii) equal to the average of the an-
 16 nual per capita incomes for the most re-
 17 cent period of 3 consecutive years for
 18 which satisfactory data are available from
 19 the Department of Commerce at the time
 20 the determination is made.

21 (c) DATA AND INFORMATION.—The Secretary shall
 22 obtain from each appropriate Federal agency, the most re-
 23 cent data and information necessary to determine the al-
 24 lotments provided for in subsection (b).

25 (d) REALLOTMENTS.—

1 (1) IN GENERAL.—Any portion of the allotment
 2 under subsection (b) to a State that the Secretary
 3 determines is not required to carry out State activi-
 4 ties approved under section 214, in the period for
 5 which the allotment is made available, shall be real-
 6 lotted by the Secretary to other States in proportion
 7 to the original allotments to the other States.

8 (2) LIMITATIONS.—

9 (A) REDUCTION.—The amount of any re-
 10 allotment to which a State is entitled under
 11 paragraph (1) shall be reduced to the extent
 12 that the allotment exceeds the amount that the
 13 Secretary estimates will be used in the State to
 14 carry out State activities approved under sec-
 15 tion 214.

16 (B) REALLOTMENTS.—The amount of the
 17 reduction shall be similarly reallocated among
 18 States for which no reduction in an allotment
 19 or reallocation is required by this subsection.

20 (3) AMOUNTS REALLOTED.—For purposes of
 21 any other section of this subtitle, any amount real-
 22 lotted to a State under this subsection shall be con-
 23 sidered to be part of the allotment made under sub-
 24 section (b) to the State.

1 (e) DEFINITION.—In this section, the term “State”
2 includes only the 50 States, the District of Columbia, and
3 the Commonwealth of Puerto Rico.

4 **SEC. 214. STATE ELIGIBILITY AND APPLICATION REQUIRE-**
5 **MENTS.**

6 (a) ELIGIBILITY.—To be eligible to receive a grant
7 under this subtitle, a State shall certify to the Secretary
8 that the State—

9 (1) has not reduced the scope of any State child
10 care standards or requirements that were in effect
11 on January 1, 1995;

12 (2) has not limited the State licensing require-
13 ments with respect to the types of providers that
14 must obtain licenses in order to provide child care
15 in the State as compared to the types of providers
16 that were required to obtain the licenses on January
17 1, 1995;

18 (3) has not otherwise restricted the application
19 of State child care licensing requirements that were
20 in effect on January 1, 1995;

21 (4) is in compliance with the requirements ap-
22 plicable to the State under the Child Care and De-
23 velopment Block Grant Act of 1990 (42 U.S.C.
24 9858 et seq.); and

1 (5) has, with respect to the fiscal year involved,
2 made available sufficient State matching funds to
3 draw down at least 80 percent of the amount award-
4 ed to the State for the preceding fiscal year under
5 a grant under section 418(a)(2) of the Social Secu-
6 rity Act (42 U.S.C. 618(a)(2)).

7 (b) FEDERAL SHARE.—

8 (1) IN GENERAL.—The Federal share of the
9 cost of the State activities approved under this sec-
10 tion is 90 percent.

11 (2) NON-FEDERAL SHARE.—A State that re-
12 ceives a grant under section 212 shall contribute the
13 non-Federal share of the cost in cash (which may be
14 provided from State or local public sources or
15 through donations from private entities).

16 (c) APPLICATION.—To be eligible to receive a grant
17 under this subtitle, a State shall prepare and submit to
18 the Secretary an application at such time, in such manner,
19 and containing such information as the Secretary shall re-
20 quire, including—

21 (1) an assurance that the State will comply
22 with the requirements applicable to States under
23 this subtitle; and

24 (2) an assurance that the State will not use
25 funds received under the grant to supplant or re-

1 place funds used by the State to improve the quality
 2 or increase the supply of child care as required
 3 under section 658G of the Child Care and Develop-
 4 ment Block Grant Act of 1990 (42 U.S.C. 9858e).

5 **SEC. 215. USE OF FUNDS BY STATES.**

6 A State may use amounts provided under a grant
 7 awarded under this subtitle to the State to—

8 (1) establish a subsidy program to provide
 9 funds to child care providers who are credentialed in
 10 the State (as described in section 2(3));

11 (2) provide assistance to small businesses lo-
 12 cated in the State in establishing and operating child
 13 care programs that may include—

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

16 (B) assistance for the start-up costs re-
 17 lated to a child care program;

18 (C) assistance for the training of child care
 19 providers;

20 (D) scholarships for low-income wage earn-
 21 ers in the programs;

22 (E) assistance to enable the businesses to
 23 provide services to care for sick children or to
 24 provide care to school age children; or

1 (F) assistance to enable the businesses to
2 provide care for children with disabilities;

3 (3) improve parental choice through consumer
4 education efforts in the State concerning child care,
5 including the expansion of resource and referral
6 services and improvement of State child care com-
7 plaint systems;

8 (4) establish a scholarship program for child
9 care providers to assist in meeting the educational or
10 training costs associated with accreditation of facili-
11 ties or credentialing of providers (as described in
12 paragraphs (1) and (3) of section 2);

13 (5) expand State-based child care training and
14 technical assistance activities;

15 (6) develop criteria for State recognition of en-
16 tities to accredit facilities, and credential child care
17 providers, in the State, as described in section 2;

18 (7) provide increased rates of reimbursement
19 under Federal or State child care assistance pro-
20 grams for child care that is provided by credentialed
21 child care professionals or at accredited child care
22 centers;

23 (8) provide differential rates of reimbursement
24 under Federal or State child care assistance pro-
25 grams for special needs children;

1 (9) purchase special equipment or supplies or
2 otherwise provide for the payment of other extraor-
3 dinary expenses required for the care of special
4 needs (including disabled) children and the distribu-
5 tion of such equipment or supplies to child care pro-
6 viders serving special needs children;

7 (10) support networks for family child care pro-
8 viders;

9 (11) establish linkages between child care pro-
10 viders;

11 (12) conduct background checks of child care
12 providers; and

13 (13) increase State monitoring of licensed child
14 care facilities in accordance with State law.

15 **SEC. 216. RESERVATION.**

16 The Secretary shall reserve not more than 1.5 per-
17 cent of the amount appropriated under section 217 for a
18 fiscal year to make grants under this subtitle to tribal or-
19 ganizations submitting applications described in section
20 214(c), to be used in accordance with section 215.

21 **SEC. 217. AUTHORIZATION OF APPROPRIATIONS.**

22 There is authorized to be appropriated to carry out
23 this subtitle \$200,000,000 for each of fiscal years 2000
24 through 2004.

1 **Subtitle C—Increased Enforcement**
 2 **of State Health and Safety**
 3 **Standards**

4 **SEC. 221. ENFORCEMENT OF STATE HEALTH AND SAFETY**
 5 **STANDARDS.**

6 (a) IDENTIFICATION OF STATE INSPECTION RATE.—

7 (1) IN GENERAL.—Section 658E(c)(2)(G) of
 8 the Child Care and Development Block Grant Act of
 9 1990 (42 U.S.C. 9858c(c)(2)(G)) is amended by
 10 striking the period and inserting “, and provide the
 11 percentage of child care provider inspections re-
 12 quired under State law that were completed by the
 13 State for each of the 2 preceding fiscal years.”.

14 (2) EFFECTIVE DATE.—The amendment made
 15 by paragraph (1) applies to State plans under the
 16 Child Care and Development Block Grant Act of
 17 1990 (42 U.S.C. 9858 et seq.) on and after Sep-
 18 tember 1, 2000.

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

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

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

1 “(5) INCREASED OR DECREASED ALLOTMENT
2 BASED ON STATE INSPECTION RATE.—

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

5 “(i) IN GENERAL.—Subject to clause
6 (iii), for fiscal years 2000, 2001, and
7 2002, the allotment determined for a State
8 under paragraph (1) for each such fiscal
9 year shall be increased by an amount equal
10 to 10 percent of such allotment for the fis-
11 cal year involved with respect to any
12 State—

13 “(I) that certifies to the Sec-
14 retary that the State has not reduced
15 the scope of any State child care
16 health or safety standards or require-
17 ments that were in effect on January
18 1, 1995; and

19 “(II) that, with respect to the
20 preceding fiscal year, had a percent-
21 age of completed child care provider
22 inspections (as required to be reported
23 under section 658E(c)(2)(G)) that
24 was not less than the target inspec-
25 tion and enforcement percentage spec-

1 ified under clause (ii) for the fiscal
2 year for which the allotment is to be
3 paid.

4 “(ii) TARGET INSPECTION AND EN-
5 FORCEMENT PERCENTAGE.—For purposes
6 of clause (i)(II), the target inspection and
7 enforcement percentage is—

8 “(I) for fiscal year 2000, 75 per-
9 cent;

10 “(II) for fiscal year 2001, 80
11 percent; and

12 “(III) for fiscal year 2002, 100
13 percent.

14 “(iii) PRO RATA REDUCTIONS IF IN-
15 SUFFICIENT APPROPRIATIONS.—The Sec-
16 retary shall make pro rata reductions in
17 the percentage increase otherwise required
18 under clause (i) for a State allotment for
19 a fiscal year as necessary so that the ag-
20 gregate of all the allotments made under
21 this subsection does not exceed the amount
22 appropriated for that fiscal year under sec-
23 tion 658B, and remaining after reserva-
24 tions under subsection (a).

1 “(B) DECREASED ALLOTMENT FOR FISCAL
2 YEARS 2001 AND 2002.—

3 “(i) IN GENERAL.—The allotment de-
4 termined for a State under paragraph (1)
5 for each of fiscal years 2001 and 2002
6 shall be decreased by an amount that is
7 not less than 2 percent of such allotment
8 for the fiscal year involved (except that
9 such amount shall not be more than the
10 State’s expenditures on administrative
11 costs under this subchapter during the pre-
12 ceding fiscal year), with respect to any
13 State that, with respect to the preceding
14 fiscal year, had a percentage of completed
15 child care provider inspections (as required
16 to be reported under section
17 658E(c)(2)(G)) that was less than the
18 minimum inspection and enforcement per-
19 centage specified under clause (ii) for the
20 fiscal year for which the allotment is to be
21 paid.

22 “(ii) MINIMUM INSPECTION AND EN-
23 FORCEMENT PERCENTAGE.—For purposes
24 of clause (i), the minimum inspection and
25 enforcement percentage is—

1 “(I) for fiscal year 2001, 50 per-
2 cent; and

3 “(II) for fiscal year 2002, 75
4 percent.

5 “(iii) REQUIREMENT TO EXPEND
6 STATE FUNDS TO REPLACE REDUCTION.—
7 If the allotment determined for a State for
8 a fiscal year is reduced by reason of clause
9 (i), the State shall, during the immediately
10 succeeding fiscal year, expend additional
11 State funds under the State plan funded
12 under this subchapter, in an amount equal
13 to the amount of such reduction. During
14 the succeeding fiscal year, the State shall
15 maintain the level of services provided by
16 the State under this subchapter during the
17 fiscal year for which the determination is
18 made.”.

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

4 **SEC. 231. 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.—

9 (1) IN GENERAL.—The Secretary of Health and
10 Human Services, by awarding contracts to qualified
11 entities on a competitive basis, shall—

12 (A) provide technical assistance concerning
13 the importance of the high quality child care to
14 States, units of local government, private non-
15 profit child care organizations, child care
16 credentialing or accreditation entities, child care
17 providers, and parents;

18 (B) collect and disseminate information on
19 the importance of high quality child care to
20 States, units of local government, private non-
21 profit child care organizations, child care
22 credentialing or accreditation entities, child care
23 providers, and parents, including, in partner-
24 ship with the Advertising Council or another
25 professional advertising group carrying out a

1 public awareness campaign promoting quality
2 child care.

3 (2) PREFERENCE.—In awarding the contracts,
4 the Secretary shall give preference to qualified enti-
5 ties with experience in carrying out the activities de-
6 scribed in paragraph (1).

7 (b) UNIFORMITY IN DATA COLLECTION AND DIS-
8 SEMINATION BY NATIONAL, STATE, AND LOCAL CHILD
9 CARE RESOURCE AND REFERRAL SERVICES.—The Sec-
10 retary of Health and Human Services shall develop a
11 mechanism, for use by organizations including organiza-
12 tions providing the resource and referral services described
13 in section 658G (42 U.S.C. 9858e), for the collection and
14 dissemination of statistical data on the supply and demand
15 for child care on the national, State, and local levels.

16 (c) GRANT PROGRAM.—

17 (1) IN GENERAL.—The Secretary of Health and
18 Human Services shall award competitive grants to
19 child care credentialing or accreditation entities that
20 have been providing credentialing or accreditation
21 services for child care providers for not more than
22 10 years.

23 (2) APPLICATION.—To be eligible to receive a
24 grant under this subsection, a child care
25 credentialing or accreditation entity shall prepare

1 and submit to the Secretary an application at such
2 time, in such manner, and containing such informa-
3 tion as the Secretary shall require.

4 (3) USE OF FUNDS.—Amounts provided under
5 a grant awarded under paragraph (1) shall be used
6 by grantees to refine and evaluate the procedures
7 and methods used by such grantees in accrediting
8 facilities as accredited child care facilities or
9 credentialing individual child care providers as
10 credentialed child care professionals. Such proce-
11 dures and methods shall be designed to ensure that
12 the highest quality child care is provided by the ac-
13 credited child care facilities and credentialed child
14 care professionals, to provide information about the
15 accreditation or credentialing process to providers,
16 and to provide subsidies to needy individuals and or-
17 ganizations to enable such individuals and organiza-
18 tion to participate in the accreditation or
19 credentialing process.

20 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
21 authorized to be appropriated to carry out this section
22 \$15,000,000 for each of fiscal years 2000 through 2004.

1 **TITLE III—EXPANDING PROFES-**
 2 **SIONAL DEVELOPMENT OP-**
 3 **PORTUNITIES**

4 **SEC. 301. CHILD CARE TRAINING INFRASTRUCTURE.**

5 (a) DEFINITIONS.—In this section:

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

9 (2) ELEMENTARY SCHOOL; SECONDARY
 10 SCHOOL.—The terms “elementary school” and “sec-
 11 ondary school” have the meanings given the terms
 12 in section 14101 of the Elementary and Secondary
 13 Education Act of 1965 (20 U.S.C. 8801).

14 (3) INSTITUTION OF HIGHER EDUCATION.—The
 15 term “institution of higher education” has the
 16 meaning given the term in section 101(a) of the
 17 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

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

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

22 (b) GRANTS.—

23 (1) IN GENERAL.—The Secretary shall make
 24 grants to eligible organizations to develop and oper-

1 ate technology-based child care training infrastruc-
2 tures, to facilitate—

3 (A) the accreditation of facilities as accred-
4 ited child care facilities and accredited family
5 child care homes;

6 (B) the credentialing of individuals as
7 credentialed child care professionals; and

8 (C) the dissemination of child care, child
9 development, and early childhood education in-
10 formation and research to child care providers.

11 (2) ORGANIZATIONS GIVEN PRIORITY.—In
12 awarding grants under this subsection, the Secretary
13 shall give priority to eligible national organizations
14 that have established child care training infrastruc-
15 tures similar in concept and purpose to infrastruc-
16 tures described in this section.

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

20 (1) develop partnerships, to the maximum ex-
21 tent possible, with elementary schools, secondary
22 schools, institutions of higher education, Federal,
23 State, and local government agencies, and private
24 entities, to share equipment, technical assistance,
25 and other technological resources, for the develop-

1 ment of the infrastructure described in subsection
2 (b);

3 (2) enter into arrangements with entities for
4 the provision of sites from which the infrastructure
5 will disseminate training;

6 (3) ensure the establishment of at least 2 of the
7 training sites in each State, and additional training
8 sites based on the populations and geographic con-
9 siderations of States;

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

16 (5) provide, directly or through a contract
17 (which may for good cause be a sole source con-
18 tract), expertise to convert training courses for dis-
19 tance transmission, provide interactive environments,
20 and conduct registration, testing, electronic storage
21 of information, and other technology-based activities
22 to adapt and enhance training course content con-
23 sistent with the medium of transmission involved
24 through the infrastructure;

1 (6) provide, through a logistical scheduling
2 mechanism, equitable access to the infrastructure for
3 all child care credentialing or accreditation entities
4 described in paragraph (4) that request an oppor-
5 tunity to disseminate child care training through the
6 infrastructure and meet the requirements of this sec-
7 tion;

8 (7) develop and implement a mechanism for
9 participants in the training to evaluate the infra-
10 structure, including providing comments on the ac-
11 cessibility and affordability of the training, and rec-
12 ommendations for improvements in the training;

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

16 (A) the number of facilities and individuals
17 participating in the training;

18 (B) the number of facilities receiving ac-
19 creditation (including a repeat accreditation) as
20 accredited child care facilities, and individuals
21 receiving credentialing (including a repeat
22 credentialing) as credentialed child care profes-
23 sionals, after fulfilling requirements that in-
24 clude participation in the training;

1 (C) the number of accredited child care fa-
2 cilities, and credentialed child care profes-
3 sionals, participating in the training; and

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

6 (i) by State; and

7 (ii) by location in an urban, suburban,
8 or rural area; and

9 (9) establish and operate the child care training
10 revolving fund described in section 302.

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

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

14 (A) a child care credentialing or accredita-
15 tion entity;

16 (B) a subsidiary or affiliate of a child care
17 credentialing or accreditation entity; or

18 (C) an entity that has a subsidiary or affil-
19 iate that is a child care credentialing or accredi-
20 tation entity;

21 (2) has experience in developing partnerships
22 with child care credentialing or accreditation enti-
23 ties, institutions of higher education, and State and
24 local governments, for the provision of child care
25 training;

1 (3) has experience in providing and coordi-
2 nating the provision of child care training to family
3 child care providers and center-based child care pro-
4 viders;

5 (4) is related to child care provider support or-
6 ganizations in 35 or more States, through member-
7 ship in a common organization, affiliation, or an-
8 other mechanism;

9 (5) has experience in working with rural and
10 urban child care provider support organizations and
11 child care providers; and

12 (6) has experience in working with national
13 child care groups and organizations, including Fed-
14 eral government agencies, providers of child care
15 training, child care credentialing or accreditation en-
16 tities, and educational groups.

17 (e) APPLICATION.—To be eligible to receive a grant
18 under subsection (b), an organization shall submit an ap-
19 plication to the Secretary at such time, in such manner,
20 and containing such information as the Secretary may re-
21 quire, including—

22 (1) information describing, and indicating a
23 preliminary count of the number of, the sites from
24 which the infrastructure will disseminate training;

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

3 (A) each child care credentialing or accred-
4 itation entity that disseminates training
5 through the infrastructure will provide, during
6 at least 60 percent of the dissemination period,
7 an opportunity for participants in the
8 training—

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

11 (ii) to elect to engage in other inter-
12 active training; and

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

16 (i) the cost to the entity for devel-
17 oping, conducting, and providing materials
18 for, the training; minus

19 (ii) the amount that the entity re-
20 ceives under this section or from any other
21 source to develop, conduct, and provide
22 materials for, the training; and

23 (3) information demonstrating that the organi-
24 zation will comply with the requirements of sub-
25 section (f)(2)(A).

1 (f) DEVELOPMENT AND OPERATION OF INFRASTRUC-
2 TURE.—

3 (1) CONTRACTS.—An organization that receives
4 a grant under subsection (b) may use funds made
5 available through the grant to enter into contracts,
6 which may for good cause be sole source contracts,
7 for the development of the technological and
8 logistical aspects of the infrastructure. The organiza-
9 tion shall enter into such a contract with an entity
10 with experience in establishing technology-based
11 interactive educational or training programs.

12 (2) TIME LINES.—

13 (A) BOARD, PERSONNEL, AND REVOLVING
14 FUND.—Not later than 6 months after the date
15 of receipt of the grant, the organization shall—

16 (i) establish a governing board;

17 (ii) establish bylaws to ensure fair
18 representation on the board of entities dis-
19 seminating training through the infrastruc-
20 ture;

21 (iii) appoint a Chief Executive Project
22 Officer to oversee the daily operation of
23 the infrastructure; and

1 (iv) establish and operate the child
2 care training revolving fund described in
3 section 302.

4 (B) TRAINING SITES.—

5 (i) 50 PERCENT OPERATIONAL.—Not
6 later than 3 years after the date of receipt
7 of the grant, the organization shall dis-
8 seminate training at 50 percent of the sites
9 described in the information submitted
10 under subsection (e)(1).

11 (ii) 75 PERCENT OPERATIONAL.—Not
12 later than 4 years after the date of receipt
13 of the grant, the organization shall dis-
14 seminate training at 75 percent of the
15 sites.

16 (iii) 90 PERCENT OPERATIONAL.—Not
17 later than 5 years after the date of receipt
18 of the grant, the organization shall dis-
19 seminate training at 90 percent of the
20 sites.

21 (C) EVALUATION.—The organization shall
22 develop and implement the mechanism for con-
23 ducting evaluations of the infrastructure de-
24 scribed in subsection (c)(7) not later than 3
25 years after the date of receipt of the grant.

1 (g) MANDATORY PARTICIPATION BY FEDERAL DE-
2 PARTMENTS.—The Secretary of Health and Human Serv-
3 ices, the Secretary of Education, and the Secretary of De-
4 fense shall participate in the infrastructure by ensuring
5 that the training disseminated through the infrastructure
6 includes training provided in accordance with curricula de-
7 veloped by their departments (or by contractors for the
8 departments) for providers carrying out activities under
9 the Head Start Act (42 U.S.C. 9831 et seq.), the Safe
10 and Drug-Free Schools and Communities Act of 1994 (20
11 U.S.C. 7101 et seq.), and the Child Care and Development
12 Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and
13 other relevant curricula developed by the departments (or
14 by contractors for the departments).

15 (h) CORPORATION.—The organization may establish
16 a nonprofit corporation containing the governing board,
17 Chief Executive Project Officer, and personnel, to carry
18 out this section.

19 (i) ADMINISTRATIVE COSTS.—Prior to the date on
20 which the organization disseminates training at 75 percent
21 of the sites described in the information submitted under
22 subsection (e)(1), the organization may use not more than
23 25 percent of the funds made available through the grant
24 to pay for the administrative costs of carrying out this
25 section. Effective on that date, the organization may use

1 not more than 15 percent of the funds to pay for the ad-
2 ministrative costs.

3 (j) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 \$50,000,000 for each of fiscal years 2000 through 2005.

6 **SEC. 302. CHILD CARE TRAINING REVOLVING FUND.**

7 (a) ESTABLISHMENT.—

8 (1) IN GENERAL.—The Chief Executive Project
9 Officer shall use not less than 10 percent of the
10 funds made available through a grant made under
11 section 301 during the 5 years after the date of re-
12 ceipt of the grant to establish and operate a child
13 care training revolving fund (referred to in this sec-
14 tion as the “Fund”)—

15 (A) from which the Chief Executive
16 Project Officer shall make loans to eligible bor-
17 rowers for the purpose of enabling the persons
18 to purchase computers, satellite dishes, and
19 other equipment that will be used to dissemi-
20 nate training through the infrastructure de-
21 scribed in section 301; and

22 (B) into which all payments, charges, and
23 other amounts collected from loans made under
24 subparagraph (A) shall be deposited notwith-
25 standing any other provision of law.

1 (2) SEPARATE ACCOUNT.—The Fund shall be
2 maintained as a separate account. Any portion of
3 the Fund that is not required for expenditure shall
4 be invested in obligations of the United States or in
5 obligations guaranteed or insured by the United
6 States.

7 (3) INTEREST EARNED.—The interest earned
8 on the investments shall be credited to and form a
9 part of the Fund.

10 (b) ELIGIBLE BORROWERS.—To be eligible to receive
11 a loan under subsection (a), a borrower shall be a child
12 care provider who seeks to receive training through the
13 infrastructure or an entity that has entered into an ar-
14 rangement with the Chief Executive Project Officer to pro-
15 vide a training site (as defined in section 301) for the in-
16 frastructure.

17 (c) APPLICATION.—To be eligible to receive a loan
18 under subsection (a), a borrower shall submit an applica-
19 tion to the Chief Executive Project Officer at such time,
20 in such manner, and containing such information as the
21 Chief Executive Project Officer, in consultation with the
22 governing board and the chief executive officer of an orga-
23 nization receiving a grant under section 301, may require.
24 At a minimum, the application shall include—

1 (1) an assurance that the person shall use the
2 equipment funded through the loan to receive or dis-
3 seminate training through the infrastructure, for
4 such period as the Secretary may by regulation pre-
5 scribe; and

6 (2) an assurance that the person shall permit
7 other persons to use the equipment to receive or dis-
8 seminate training through the infrastructure, for
9 such period as the Secretary may by regulation pre-
10 scribe.

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

13 (1) to the maximum extent practicable, equi-
14 tably distribute the loans among borrowers in the
15 various States, and among borrowers in urban, sub-
16 urban, and rural areas; and

17 (2) take into consideration the availability to
18 the borrowers of resources from sources other than
19 the Fund, including the availability of resources
20 through the partnerships described in section
21 301(c)(1).

22 (e) TERMS AND CONDITIONS.—

23 (1) CONDITIONS.—The Chief Executive Project
24 Officer may make a loan to a borrower under sub-

1 section (a) only if the Chief Executive Project Offi-
2 cer determines that—

3 (A) the borrower is unable to obtain re-
4 sources from other sources on reasonable terms
5 and conditions; and

6 (B) there is a reasonable prospect that the
7 borrower will repay the loan.

8 (2) TERMS.—A loan made under subsection (a)
9 shall be—

10 (A) for a term that does not exceed 4
11 years; and

12 (B) at no interest.

13 (3) COLLATERAL.—The Chief Executive Project
14 Officer may require any borrower of a loan made
15 under subsection (a) to provide such collateral as the
16 Chief Executive Project Officer determines to be
17 necessary to secure the loan.

18 (4) PROCEDURES AND DEFINITIONS.—Prior to
19 making loans under subsection (a), the Chief Execu-
20 tive Project Officer shall establish written proce-
21 dures and definitions pertaining to defaults and col-
22 lections of payments under the loans, which shall be
23 subject to the review and approval of the Secretary.
24 The governing board and chief executive officer of
25 the organization involved shall provide to each appli-

1 cant for a loan under subsection (a), at the time ap-
2 plication for the loan is made, a written copy of the
3 procedures and definitions.

4 (f) DEFAULTS.—

5 (1) NOTICE.—The Chief Executive Project Offi-
6 cer shall provide the governing board and the chief
7 executive officer of the organization at regular inter-
8 vals written notice of each loan made under sub-
9 section (a) that is in default and the status of the
10 loan.

11 (2) ACTION.—

12 (A) NOTIFICATION.—After making reason-
13 able efforts to collect all amounts payable under
14 a loan made under subsection (a) that is in de-
15 fault, the Chief Executive Project Officer shall
16 notify the governing board and the chief execu-
17 tive officer of the organization that the loan is
18 uncollectable or collectible only at an unreason-
19 able cost. The notification shall include rec-
20 ommendations for future action to be taken by
21 the Chief Executive Project Director.

22 (B) INSTRUCTIONS.—On receiving the no-
23 tification, the governing board and the chief ex-
24 ecutive officer of the organization shall advise
25 the Chief Executive Project Officer—

1 (i) to continue with its collection ac-
 2 tivities;

3 (ii) to cancel, adjust, compromise, or
 4 reduce the amount of the loan; or

5 (iii) to modify any term or condition
 6 of the loan, including any term or condi-
 7 tion relating to the time of payment of any
 8 installment of principal, or portion of prin-
 9 cipal, that is payable under the loan.

10 (g) ADMINISTRATION AND ASSISTANCE.—

11 (1) IN GENERAL.—Consistent with section
 12 301(i), the Chief Executive Project Officer shall, out
 13 of funds available in the Fund—

14 (A) pay expenses incurred by the Chief Ex-
 15 ecutive Project Officer in administering the
 16 Fund; and

17 (B) provide competent management and
 18 technical assistance to borrowers of loans made
 19 under subsection (a) to assist the borrowers to
 20 achieve the purposes of the loans.

21 (2) ASSISTANCE BY THE SECRETARY.—The
 22 Secretary shall provide to the chief executive officer
 23 of the organization and the Chief Executive Project
 24 Officer such management and technical assistance as
 25 the chief executive officer of the organization and

1 the Chief Executive Project Officer may request in
 2 order to carry out the provisions of this section.

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

7 **TITLE IV—EXPANDING YOUTH**
 8 **DEVELOPMENT OPPORTUNI-**
 9 **TIES DURING NON-SCHOOL**
 10 **HOURS**

11 **SEC. 401. PURPOSE.**

12 The purpose of this title is to establish programs that
 13 provide care for school-age youth during non-school hours,
 14 in order to create activities for youth that better enable
 15 youth to develop the skills and competencies that are nec-
 16 essary to successfully transition from childhood to adult-
 17 hood.

18 **SEC. 402. DEFINITIONS.**

19 In this title:

20 (1) ASSISTANT SECRETARY.—The term “As-
 21 sistant Secretary” means the Assistant Secretary for
 22 Children and Families of the Department of Health
 23 and Human Services.

24 (2) NON-SCHOOL HOURS PROGRAM.—The term
 25 “non-school hours program” means a program, such

1 as a youth development program, that provides care
 2 for youth during non-school hours.

3 (3) PROTECTIVE FACTORS.—The term “protec-
 4 tive factors” means research-based factors or activi-
 5 ties that enable youth to resist high-risk behaviors
 6 that may produce negative health or social outcomes.

7 (4) RISK FACTORS.—The term “risk factors”
 8 means research-based precursors that predict an in-
 9 creased probability of developing high-risk behavior.

10 (5) YOUTH.—The term “youth” means an indi-
 11 vidual who is attending an elementary or secondary
 12 school, as defined in section 14101 of the Elemen-
 13 tary and Secondary Education Act of 1965 (20
 14 U.S.C. 8801).

15 (6) YOUTH DEVELOPMENT PROGRAM.—The
 16 term “youth development program” means a pro-
 17 gram that—

18 (A) in order to enable youth to deal suc-
 19 cessfully with the challenges of adolescence and
 20 prepare the youth for the independence and re-
 21 sponsibilities of being parents, workers, and
 22 citizens, helps the youth to develop—

23 (i) social competencies, such as work
 24 and family life skills, problem-solving
 25 skills, and communication skills;

1 (ii) physical competencies, such as
 2 physical conditioning, endurance, and an
 3 appreciation for and strategies to achieve
 4 lifelong physical health and fitness;

5 (iii) emotional competencies, such as a
 6 sense of personal identity, self-confidence,
 7 autonomy, and the ability to resist negative
 8 peer pressure;

9 (iv) moral competencies, such as char-
 10 acter development, personal values, ethics,
 11 and a sense of responsibility and citizen-
 12 ship (including participation in civic life
 13 and community service); and

14 (v) cognitive competencies, such as
 15 knowledge, reasoning ability, creativity,
 16 and a lifelong commitment to learning and
 17 achievement;

18 (B) conducts activities that (excluding aca-
 19 demic activities conducted outside the classroom
 20 and tutoring) have a primarily nonacademic
 21 focus;

22 (C) employs primarily active and experi-
 23 mental learning methods;

1 (D) builds relationships between adults
 2 who are positive adult role models and youth in
 3 a non-school hours program setting; and

4 (E) promotes the competencies described
 5 in subparagraph (A) through group or one-to-
 6 one activities, which may include activities au-
 7 thorized under section 408(b).

8 **SEC. 403. ESTABLISHMENT OF PROGRAM.**

9 (a) GRANTS.—The Assistant Secretary shall award
 10 grants to eligible States, from allotments made under sec-
 11 tion 404, to enable the eligible States to award grants to
 12 entities to pay for the Federal share of the cost of estab-
 13 lishing quality non-school hours programs.

14 (b) FEDERAL SHARE.—

15 (1) IN GENERAL.—The Federal share of the
 16 cost described in subsection (a) shall be 80 percent.

17 (2) NON-FEDERAL SHARE.—The non-Federal
 18 share of the cost described in subsection (a) may be
 19 contributed in cash or in kind, fairly evaluated, in-
 20 cluding facilities, equipment, or services (which may
 21 be provided from State or local public sources or
 22 through donations from private entities). For pur-
 23 poses of this paragraph the term “facilities” includes
 24 the use of facilities, but the term “equipment”

1 means donated equipment and not the use of equip-
 2 ment.

3 **SEC. 404. STATE ALLOTMENTS.**

4 (a) RESERVATION.—The Assistant Secretary shall re-
 5 serve not more than $\frac{1}{2}$ of 1 percent of the amount appro-
 6 priated under section 412 for each fiscal year for pay-
 7 ments to Guam, American Samoa, the United States Vir-
 8 gin Islands, and the Commonwealth of the Northern Mar-
 9 iana Islands, to be allotted in accordance with their re-
 10 spective needs for assistance under this title.

11 (b) ALLOTMENTS.—From the amount appropriated
 12 under section 412 for each fiscal year and remaining after
 13 amounts are reserved under subsection (a), the Assistant
 14 Secretary shall allot to each State that has an application
 15 approved under section 405, an amount determined under
 16 subsection (c).

17 (c) ALLOTMENT FORMULA.—

18 (1) IN GENERAL.—Subject to paragraph (2),
 19 the Assistant Secretary shall allot to each State an
 20 amount equal to the sum of—

21 (A) an amount that bears the same ratio
 22 to 50 percent of the remainder described in
 23 subsection (b) as the number of children and
 24 youth who are age 5 through 17 in the State

1 bears to the number of such children and youth
2 in all States; and

3 (B) an amount that bears the same ratio
4 to 50 percent of the remainder as the number
5 of children and youth in the State who are re-
6 ceiving free or reduced price lunches under the
7 school lunch program established under the Na-
8 tional School Lunch Act (42 U.S.C. 1751 et
9 seq.) bears to the number of such children and
10 youth in all States.

11 (2) MINIMUM ALLOTMENT.—No State shall re-
12 ceive an allotment under paragraph (1) for a fiscal
13 year in an amount that is less than $\frac{1}{2}$ of 1 percent
14 of the total amount appropriated for the fiscal year
15 under section 412.

16 (d) DATA AND INFORMATION.—The Assistant Sec-
17 retary shall obtain from each appropriate Federal agency,
18 the most recent data and information necessary to deter-
19 mine the allotments provided for in this section.

20 (e) REALLOTMENTS.—

21 (1) IN GENERAL.—Any portion of the allotment
22 to a State that is not used for activities under sec-
23 tion 408 or subsection (g), in the fiscal year for
24 which the allotment is made available, shall be real-
25 lotted by the Assistant Secretary to other States in

1 proportion to the original allotments to the other
2 States.

3 (2) LIMITATIONS.—

4 (A) REDUCTION OF REALLOTMENT
5 AMOUNT.—The amount of any reallotment to
6 which a State is entitled under paragraph (1)
7 shall be reduced to the extent that the allot-
8 ment exceeds the amount that the Assistant
9 Secretary estimates will be used by the State or
10 entities in the State to carry out activities
11 under section 408 or subsection (g).

12 (B) REALLOTMENT OF THE REDUCTION.—

13 The amount of any reduction under subpara-
14 graph (A) shall be reallocated among all other
15 States for which no reduction in an allotment
16 or reallotment is required by this subsection.

17 (3) AMOUNTS REALLOTTED.—For purposes of
18 this title, any amount reallocated to a State under
19 this subsection from an allotment made for a fiscal
20 year shall be considered to be part of the allotment
21 made under subsection (b) to the State for the fol-
22 lowing fiscal year.

23 (f) SUPPLEMENT NOT SUPPLANT.—Amounts re-
24 ceived under this section shall be used to supplement and

1 not supplant other Federal, State, and local public funds
2 expended to provide non-school hours programs.

3 (g) ADMINISTRATIVE COSTS.—A State that receives
4 a grant under this title may use—

5 (1) not more than 5 percent of the funds made
6 available through the grant to carry out training and
7 technical assistance activities under this title; and

8 (2) not more than an additional 10 percent of
9 the funds to pay for other costs associated with ad-
10 ministering activities under this title.

11 (h) DEFINITION.—In this section, the term “State”
12 means the 50 States, the District of Columbia, and the
13 Commonwealth of Puerto Rico.

14 **SEC. 405. STATE APPLICATION.**

15 (a) IN GENERAL.—To be eligible for a grant under
16 this title, a State shall submit an application to the Assist-
17 ant Secretary at such time, in such manner, and accom-
18 panied by such information as the Assistant Secretary
19 may reasonably require.

20 (b) CONTENTS.—Each application submitted pursu-
21 ant to subsection (a) shall contain—

22 (1) such information as the Assistant Secretary
23 determines is necessary to ensure that the grant will
24 be distributed and used in accordance with this title;
25 and

1 (2) information designating administrative re-
 2 gions (in which the administration of Federal or
 3 State programs is carried out), or political subdivi-
 4 sions, of the State as regions to which funds will be
 5 allocated under section 406.

6 **SEC. 406. LOCAL ALLOCATIONS AND GRANTS.**

7 (a) **ALLOCATIONS.**—From the funds made available
 8 to a State under section 404(b) for each fiscal year and
 9 not used under section 404(g), the State shall allocate to
 10 each region designated under section 405(b)(2) an amount
 11 equal to the sum of—

12 (1) an amount that bears the same ratio to 50
 13 percent of the remainder as the number of children
 14 and youth who are age 5 through 17 in the region
 15 bears to the number of such children and youth in
 16 all regions of the State; and

17 (2) an amount that bears the same ratio to 50
 18 percent of the remainder as the number of children
 19 and youth in the region who are receiving free or re-
 20 duced price lunches under the school lunch program
 21 established under the National School Lunch Act
 22 (42 U.S.C. 1751 et seq.) bears to the number of
 23 such children and youth in all regions of the State.

24 (b) **ALLOCATION DATA AND INFORMATION.**—The
 25 State shall obtain from each appropriate Federal or State

1 agency, the most recent data and information necessary
2 to determine the allocations provided for in this section.

3 (c) REALLOCATIONS.—

4 (1) IN GENERAL.—Any portion of the allocation
5 to a region that is not used for activities under sec-
6 tion 408, in the fiscal year for which the allocation
7 is made available, shall be reallocated by the State
8 to other regions in proportion to the original alloca-
9 tions.

10 (2) LIMITATIONS.—

11 (A) REDUCTION OF REALLOCATION
12 AMOUNT.—The amount of any reallocation to
13 which a region is entitled under paragraph (1)
14 shall be reduced to the extent that the alloca-
15 tion exceeds the amount that the State esti-
16 mates will be used by entities in the region to
17 carry out activities under section 408.

18 (B) REALLOCATION OF THE REDUC-
19 TION.—The amount of any reduction under
20 subparagraph (A) shall be reallocated among
21 other regions for which no reduction in an allo-
22 cation or reallocation is required by this sub-
23 section.

24 (3) AMOUNTS REALLOCATED.—For purposes of
25 this title, any amount reallocated to a region under

1 this subsection from an allocation made for a fiscal
 2 year shall be considered to be part of the allocation
 3 made under subsection (a) to the region for the fol-
 4 lowing fiscal year.

5 (d) GRANTS.—The State shall use the funds allocated
 6 to each region under subsection (a) to award grants, on
 7 a competitive basis, to entities in that region.

8 (e) PREFERENCE.—In awarding a grant under sub-
 9 section (d), the State shall give preference to an entity
 10 that provides an assurance that the entity will use the
 11 funds made available through the grant to carry out a
 12 non-school hours program that will—

13 (1) have activities that are designed to remove
 14 barriers to the availability of non-school hours child
 15 care; and

16 (2) coordinate resources from public and pri-
 17 vate entities to achieve a cohesive network consisting
 18 of a variety of activities for youth.

19 (f) SUPPLEMENT NOT SUPPLANT.—Amounts re-
 20 ceived under this section shall be used to supplement and
 21 not supplant other Federal, State, and local public funds
 22 expended to provide non-school hours programs.

23 **SEC. 407. LOCAL APPLICATION.**

24 (a) IN GENERAL.—An entity within a region that de-
 25 sires to receive a grant under section 406 shall submit

1 an application to the State at such time, in such manner,
 2 and accompanied by such information as the State may
 3 require.

4 (b) CONTENTS.—Each application submitted pursu-
 5 ant to subsection (a) shall contain—

6 (1) a statement that demonstrates that the en-
 7 tity maintains co-operative agreements with a broad
 8 range of community entities that provide direct or
 9 indirect services to youth; and

10 (2) such information as the State determines is
 11 necessary to ensure that the allocation will be dis-
 12 tributed and used in accordance with this title.

13 **SEC. 408. USE OF GRANT FUNDS.**

14 (a) PROGRAM REQUIREMENTS.—Funds made avail-
 15 able through a grant received under this title for a non-
 16 school hours program shall be used by an entity to pay
 17 for activities that—

18 (1) meet the child care needs of working par-
 19 ents during non-school hours, including the hours
 20 before and after school, weekends, school holidays,
 21 vacation periods, and other non-school hours;

22 (2) address at least 2 of the competencies de-
 23 scribed under paragraph (6)(A) of section 402;

24 (3) are designed to reduce risk factors;

1 (4) are designed to increase protective factors;
2 and

3 (5) are designed to assist youth in acquiring
4 skills and competencies necessary to make a success-
5 ful transition from childhood to adulthood.

6 (b) AUTHORIZED ACTIVITIES.—Funds made avail-
7 able through a grant received under this title may be used
8 by an entity for activities for youth, including activities
9 that focus on or promote—

- 10 (1) leadership development;
- 11 (2) mentoring;
- 12 (3) crime and delinquency prevention;
- 13 (4) community service or volunteerism;
- 14 (5) literacy;
- 15 (6) involvement in youth groups;
- 16 (7) sports and recreation;
- 17 (8) peer counseling and teaching;
- 18 (9) the arts;
- 19 (10) character development;
- 20 (11) prevention of violence, including domestic
21 violence;
- 22 (12) mediation skills training;
- 23 (13) drug abuse prevention;
- 24 (14) alcohol education;
- 25 (15) parenting skills;

1 (16) camping and environmental education;

2 (17) ethnic or cultural enrichment; and

3 (18) tutoring and academic enrichment.

4 (c) LIMITATION.—

5 (1) LOW-INCOME YOUTH.—Each entity that re-
 6 ceives a grant under this title shall use not less than
 7 50 percent of the funds made available through the
 8 grant to subsidize the cost of activities described in
 9 subsection (b) for youth who are children of families
 10 that meet the income eligibility guidelines for free or
 11 reduced price lunches under section 9(b) of the Na-
 12 tional School Lunch Act (42 U.S.C. 1758(b)).

13 (2) INFORMATION.—An entity that receives a
 14 grant under this title shall be considered to be a per-
 15 son directly connected with the administration of a
 16 Federal education program for purposes of section
 17 9(b)(2)(C)(iii)(II)(aa) of the National School Lunch
 18 Act (42 U.S.C. 1758(b)(2)(C)(iii)(II)(aa)). A school
 19 serving youth who are receiving services under this
 20 title from the entity shall provide information to the
 21 entity on the income eligibility status of the youth
 22 who are children described in section 9(b)(2)(C)(iv)
 23 of such Act (42 U.S.C. 1758(b)(2)(C)(iv)), in ac-
 24 cordance with that section, to enable the entity to
 25 meet the requirements of paragraph (1).

1 **SEC. 409. FEDERAL ADMINISTRATION; DUTIES OF THE AS-**
2 **SISTANT SECRETARY.**

3 (a) MONITORING AND EVALUATION.—The Assistant
4 Secretary shall develop and establish a system for moni-
5 toring and evaluating the effectiveness of activities funded
6 under this title.

7 (b) COORDINATION.—The Assistant Secretary shall
8 consult with the heads of appropriate Federal agencies,
9 including the Administrator of the Office of Juvenile Jus-
10 tice and Delinquency Prevention, and other Federal offi-
11 cers carrying out Federal non-school hours programs, to
12 ensure effective coordination of activities funded under
13 this title with other Federal programs serving youth and
14 families.

15 (c) TRAINING AND TECHNICAL ASSISTANCE.—The
16 Assistant Secretary shall develop and establish a system
17 for providing training and technical assistance to States
18 and local entities to increase their capacity to provide
19 quality non-school hours programs.

20 (d) NONCOMPLIANCE.—If the Assistant Secretary de-
21 termines, based on a review of the annual reports, audits,
22 or other documentation required under this title, that a
23 State or an entity that receives a grant under this title
24 is not complying with the requirements of this title, the
25 Assistant Secretary shall—

1 (1) inform the State or entity of the deficiencies
2 that need correction;

3 (2) provide appropriate training and technical
4 assistance designed to correct the deficiencies and
5 ensure compliance with the requirements; and

6 (3) initiate actions to terminate funding to the
7 State or an entity under this title if, after a reason-
8 able period of time, the State or entity has not made
9 substantial efforts to correct the deficiencies and
10 comply with the requirements.

11 **SEC. 410. STATE ADMINISTRATION; DUTIES OF THE STATES.**

12 (a) DESIGNATION OF STATE ENTITY.—In order for
13 a State to receive a grant under this title, the Governor
14 of the State shall establish or designate an entity to ad-
15 minister the activities carried out in the State under this
16 title.

17 (b) YOUTH DEVELOPMENT INPUT.—The State shall
18 establish a mechanism to regularly receive advice and
19 input from a representative mix of individuals and organi-
20 zations that provide services under this title to youth, or
21 receive services under this title, to improve the effective-
22 ness and increase coordination of non-school hours pro-
23 grams under this title in the State.

24 (c) REVIEW AND COMPLIANCE.—

1 (1) MONITORING OPERATIONS.—The State
2 shall have primary responsibility for ensuring that
3 the grant is administered in compliance with this
4 title.

5 (2) TECHNICAL ASSISTANCE.—The State shall
6 provide technical assistance related to the develop-
7 ment and implementation of non-school hours pro-
8 grams receiving grants under this title.

9 (3) NONCOMPLIANCE.—If the State determines,
10 based on a review of the annual reports, audits, or
11 other documentation required under this title, that
12 an entity carrying out an activity funded by this title
13 is not complying with the requirements of this title,
14 the State shall—

15 (A) inform the entity of the deficiencies
16 that need correction;

17 (B) provide appropriate training and tech-
18 nical assistance designed to correct the defi-
19 ciencies and ensure compliance with the re-
20 quirements; and

21 (C) initiate actions to terminate funding to
22 the entity under this title if, after a reasonable
23 period of time, the entity has not made sub-
24 stantial efforts to correct the deficiencies and
25 comply with the requirements.

1 (d) ANNUAL REPORT AND AUDIT.—

2 (1) IN GENERAL.—Each State shall, not later
3 than 120 days after the end of each fiscal year of
4 the State, prepare and submit to the Assistant Sec-
5 retary an annual report, in such manner and con-
6 taining such information as the Assistant Secretary
7 may reasonably require to determine compliance
8 with this title.

9 (2) CONTENTS.—The report described in para-
10 graph (1) shall include—

11 (A) information on the activities funded in
12 the State under this title during the fiscal year;
13 and

14 (B) the extent to which the activities fund-
15 ed in the State have helped youth develop the
16 competencies described in paragraph (6) of sec-
17 tion 402.

18 (3) AUDIT.—Together with each report sub-
19 mitted under this section, the State shall submit the
20 findings of an independent audit conducted in ac-
21 cordance with chapter 75 of title 31, United States
22 Code, concerning such activities.

23 **SEC. 411. COORDINATION WITH OTHER PROGRAMS.**

24 Activities that receive funding under this title shall
25 be coordinated with programs and activities that receive

1 funding under the Safe and Drug-Free Schools and Com-
 2 munities Act of 1994 (20 U.S.C. 7101 et seq.) or the 21st
 3 Century Community Learning Centers Act (20 U.S.C.
 4 8241 et seq.).

5 **SEC. 412. AUTHORIZATION OF APPROPRIATIONS.**

6 (a) IN GENERAL.—There is authorized to be appro-
 7 priated to carry out this title—

8 (1) \$500,000,000 for fiscal year 2000;

9 (2) \$600,000,000 for fiscal year 2001;

10 (3) \$700,000,000 for fiscal year 2002;

11 (4) \$800,000,000 for fiscal year 2003; and

12 (5) \$1,000,000,000 for fiscal year 2004.

13 (b) AVAILABILITY OF FUNDS.—Subject to sections
 14 404(e) and 406(c), no State or entity that receives funds
 15 during a fiscal year may expend the funds after the end
 16 of the fiscal year.

17 **TITLE V—CHILD CARE IN**
 18 **FEDERAL FACILITIES**

19 **SEC. 501. SHORT TITLE.**

20 This title may be cited as the “Federal Employees
 21 Child Care Act”.

22 **SEC. 502. DEFINITIONS.**

23 In this title (except as otherwise provided in section
 24 505):

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

4 (2) CHILD CARE ACCREDITATION ENTITY.—The
5 term “child care accreditation entity” means a non-
6 profit private organization or public agency that—

7 (A) is recognized by a State agency or by
8 a national organization that serves as a peer re-
9 view panel on the standards and procedures of
10 public and private child care or school accred-
11 iting bodies; and

12 (B) accredits a facility to provide child
13 care on the basis of—

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

17 (ii) compliance with applicable State
18 or local licensing requirements, as appro-
19 priate, for the facility;

20 (iii) outside monitoring of the facility;
21 and

22 (iv) criteria that provide assurances
23 of—

1 (I) use of developmentally appro-
2 priate health and safety standards at
3 the facility;

4 (II) use of developmentally ap-
5 propriate educational activities, as an
6 integral part of the child care pro-
7 gram carried out at the facility; and

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

12 (3) ENTITY SPONSORING A CHILD CARE FACIL-
13 ITY.—The term “entity sponsoring a child care facil-
14 ity” means a Federal agency that operates, or an
15 entity that enters into a contract or licensing agree-
16 ment with a Federal agency to operate, a child care
17 facility primarily for the use of Federal employees.

18 (4) EXECUTIVE AGENCY.—The term “Executive
19 agency” has the meaning given the term in section
20 105 of title 5, United States Code, except that the
21 term—

22 (A) does not include the Department of
23 Defense and the Coast Guard; and

1 (B) includes the General Services Adminis-
2 tration, with respect to the administration of a
3 facility described in paragraph (5)(B).

4 (5) EXECUTIVE FACILITY.—The term “execu-
5 tive facility”—

6 (A) means a facility that is owned or
7 leased by an Executive agency; and

8 (B) includes a facility that is owned or
9 leased by the General Services Administration
10 on behalf of a judicial office.

11 (6) FEDERAL AGENCY.—The term “Federal
12 agency” means an Executive agency, a legislative of-
13 fice, or a judicial office.

14 (7) JUDICIAL FACILITY.—The term “judicial fa-
15 cility” means a facility that is owned or leased by a
16 judicial office (other than a facility that is also a fa-
17 cility described in paragraph (5)(B)).

18 (8) JUDICIAL OFFICE.—The term “judicial of-
19 fice” means an entity of the judicial branch of the
20 Federal Government.

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

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

4 (11) STATE.—The term “State” has the mean-
 5 ing given the term in section 658P of the Child Care
 6 and Development Block Grant Act of 1990 (42
 7 U.S.C. 9858n).

8 **SEC. 503. PROVIDING QUALITY CHILD CARE IN FEDERAL**
 9 **FACILITIES.**

10 (a) EXECUTIVE FACILITIES.—

11 (1) STATE AND LOCAL LICENSING REQUIRE-
 12 MENTS.—

13 (A) IN GENERAL.—Any entity sponsoring
 14 a child care facility in an executive facility
 15 shall—

16 (i) comply with child care standards
 17 described in paragraph (2) that are no less
 18 stringent than applicable State or local li-
 19 censing requirements that are related to
 20 the provision of child care in the State or
 21 locality involved; or

22 (ii) obtain the applicable State or local
 23 licenses, as appropriate, for the facility.

1 (B) COMPLIANCE.—Not later than 6
2 months after the date of enactment of this
3 Act—

4 (i) the entity shall comply, or make
5 substantial progress (as determined by the
6 Administrator) toward complying, with
7 subparagraph (A); and

8 (ii) any contract or licensing agree-
9 ment used by an Executive agency for the
10 provision of child care services in the child
11 care facility shall include a condition that
12 the child care be provided by an entity that
13 complies with the standards described in
14 subparagraph (A)(i) or obtains the licenses
15 described in subparagraph (A)(ii).

16 (2) HEALTH, SAFETY, AND FACILITY STAND-
17 ARDS.—The Administrator shall by regulation estab-
18 lish standards relating to health, safety, facilities, fa-
19 cility design, and other aspects of child care that the
20 Administrator determines to be appropriate for child
21 care in executive facilities, and require child care fa-
22 cilities, and entities sponsoring child care facilities,
23 in executive facilities to comply with the standards.
24 The standards shall include requirements that child

1 care facilities be inspected for, and be free of, lead
2 hazards.

3 (3) ACCREDITATION STANDARDS.—

4 (A) IN GENERAL.—The Administrator
5 shall issue regulations requiring, to the max-
6 imum extent possible, any entity sponsoring an
7 eligible child care facility (as defined by the Ad-
8 ministrator) in an executive facility to comply
9 with standards of a child care accreditation en-
10 tity.

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

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

18 (ii) any contract or licensing agree-
19 ment used by an Executive agency for the
20 provision of child care services in the child
21 care facility shall include a condition that
22 the child care be provided by an entity that
23 complies with the standards.

24 (4) EVALUATION AND COMPLIANCE.—

1 (A) IN GENERAL.—The Administrator
2 shall evaluate the compliance, with the require-
3 ments of paragraph (1) and the regulations
4 issued pursuant to paragraphs (2) and (3), as
5 appropriate, of child care facilities, and entities
6 sponsoring child care facilities, in executive fa-
7 cilities. The Administrator may conduct the
8 evaluation of such a child care facility or entity
9 directly, or through an agreement with another
10 Federal agency or private entity, other than the
11 Federal agency for which the child care facility
12 is providing services. If the Administrator de-
13 termines, on the basis of such an evaluation,
14 that the child care facility or entity is not in
15 compliance with the requirements, the Adminis-
16 trator shall notify the Executive agency.

17 (B) EFFECT OF NONCOMPLIANCE.—On re-
18 ceipt of the notification of noncompliance issued
19 by the Administrator, the head of the Executive
20 agency shall—

21 (i) if the entity operating the child
22 care facility is the agency—

23 (I) not later than 2 business days
24 after the date of receipt of the notifi-
25 cation, correct any deficiencies that

1 are determined by the Administrator
2 to be life threatening or to present a
3 risk of serious bodily harm;

4 (II) not later than 4 months
5 after the date of receipt of the notifi-
6 cation, develop and provide to the Ad-
7 ministrator a plan to correct any
8 other deficiencies in the operation of
9 the facility and bring the facility and
10 entity into compliance with the re-
11 quirements;

12 (III) provide the parents of the
13 children receiving child care services
14 at the child care facility and employ-
15 ees of the facility with a notification
16 detailing the deficiencies described in
17 subclauses (I) and (II) and actions
18 that will be taken to correct the defi-
19 ciencies, and post a copy of the notifi-
20 cation in a conspicuous place in the
21 facility for 5 working days or until the
22 deficiencies are corrected, whichever is
23 later;

24 (IV) bring the child care facility
25 and entity into compliance with the

1 requirements and certify to the Ad-
2 ministrator that the facility and entity
3 are in compliance, based on an onsite
4 evaluation of the facility conducted by
5 an individual with expertise in child
6 care health and safety; and

7 (V) in the event that deficiencies
8 determined by the Administrator to be
9 life threatening or to present a risk of
10 serious bodily harm cannot be cor-
11 rected within 2 business days after
12 the date of receipt of the notification,
13 close the child care facility, or the af-
14 fected portion of the facility, until the
15 deficiencies are corrected and notify
16 the Administrator of the closure; and
17 (ii) if the entity operating the child
18 care facility is a contractor or licensee of
19 the Executive agency—

20 (I) require the contractor or li-
21 censee, not later than 2 business days
22 after the date of receipt of the notifi-
23 cation, to correct any deficiencies that
24 are determined by the Administrator

1 to be life threatening or to present a
2 risk of serious bodily harm;

3 (II) require the contractor or li-
4 censee, not later than 4 months after
5 the date of receipt of the notification,
6 to develop and provide to the head of
7 the agency a plan to correct any other
8 deficiencies in the operation of the
9 child care facility and bring the facil-
10 ity and entity into compliance with
11 the requirements;

12 (III) require the contractor or li-
13 censee to provide the parents of the
14 children receiving child care services
15 at the child care facility and employ-
16 ees of the facility with a notification
17 detailing the deficiencies described in
18 subclauses (I) and (II) and actions
19 that will be taken to correct the defi-
20 ciencies, and to post a copy of the no-
21 tification in a conspicuous place in the
22 facility for 5 working days or until the
23 deficiencies are corrected, whichever is
24 later;

1 (IV) require the contractor or li-
2 censee to bring the child care facility
3 and entity into compliance with the
4 requirements and certify to the head
5 of the agency that the facility and en-
6 tity are in compliance, based on an
7 onsite evaluation of the facility con-
8 ducted by an independent entity with
9 expertise in child care health and
10 safety; and

11 (V) in the event that deficiencies
12 determined by the Administrator to be
13 life threatening or to present a risk of
14 serious bodily harm cannot be cor-
15 rected within 2 business days after
16 the date of receipt of the notification,
17 close the child care facility, or the af-
18 fected portion of the facility, until the
19 deficiencies are corrected and notify
20 the Administrator of the closure,
21 which closure may be grounds for the
22 immediate termination or suspension
23 of the contract or license of the con-
24 tractor or licensee.

1 (C) COST REIMBURSEMENT.—The Execu-
2 tive agency shall reimburse the Administrator
3 for the costs of carrying out subparagraph (A)
4 for child care facilities located in an executive
5 facility other than an executive facility of the
6 General Services Administration. If an entity is
7 sponsoring a child care facility for 2 or more
8 Executive agencies, the Administrator shall allo-
9 cate the reimbursement costs with respect to
10 the entity among the agencies in a fair and eq-
11 uitable manner, based on the extent to which
12 each agency is eligible to place children in the
13 facility.

14 (5) DISCLOSURE OF PRIOR VIOLATIONS TO PAR-
15 ENTS AND FACILITY EMPLOYEES.—

16 (A) IN GENERAL.—The Administrator
17 shall issue regulations that require that each
18 entity sponsoring a child care facility in an ex-
19 ecutive facility, upon receipt by the child care
20 facility or the entity (as applicable) of a request
21 by any individual who is—

22 (i) a parent of any child enrolled at
23 the facility;

(ii) a parent of a child for whom an application has been submitted to enroll at the facility; or

(iii) an employee of the facility;

shall provide to the individual the copies and description described in subparagraph (B).

(B) COPIES AND DESCRIPTION.—The entity shall provide—

(i) copies of all notifications of deficiencies that have been provided in the past with respect to the facility under clause (i)(III) or (ii)(III), as applicable, of paragraph (4)(B); and

(ii) a description of the actions that were taken to correct the deficiencies.

(b) LEGISLATIVE FACILITIES.—

(1) ACCREDITATION.—The Chief Administrative Officer of the House of Representatives, the Librarian of Congress, and the head of a designated entity in the Senate shall ensure that, not later than 1 year after the date of enactment of this Act, the corresponding child care facility obtains accreditation by a child care accreditation entity, in accordance with the accreditation standards of the entity.

(2) REGULATIONS.—

1 (A) IN GENERAL.—If the corresponding
2 child care facility does not maintain accredita-
3 tion status with a child care accreditation enti-
4 ty, the Chief Administrative Officer of the
5 House of Representatives, the Librarian of Con-
6 gress, or the head of the designated entity in
7 the Senate shall issue regulations governing the
8 operation of the corresponding child care facil-
9 ity, to ensure the safety and quality of care of
10 children placed in the facility. The regulations
11 shall be no less stringent in content and effect
12 than the requirements of subsection (a)(1) and
13 the regulations issued by the Administrator
14 under paragraphs (2) and (3) of subsection (a),
15 except to the extent that appropriate adminis-
16 trative officers make the determination de-
17 scribed in subparagraph (B).

18 (B) MODIFICATION MORE EFFECTIVE.—
19 The determination referred to in subparagraph
20 (A) is a determination, for good cause shown
21 and stated together with the regulations, that a
22 modification of the regulations would be more
23 effective for the implementation of the require-
24 ments and standards described in subsection (a)
25 for the corresponding child care facilities, and

1 entities sponsoring the corresponding child care
2 facilities, in legislative facilities.

3 (3) CORRESPONDING CHILD CARE FACILITY.—

4 In this subsection, the term “corresponding child
5 care facility”, used with respect to the Chief Admin-
6 istrative Officer, the Librarian, or the head of a des-
7 ignated entity described in paragraph (1), means a
8 child care facility operated by, or under a contract
9 or licensing agreement with, an office of the House
10 of Representatives, the Library of Congress, or an
11 office of the Senate, respectively.

12 (c) JUDICIAL BRANCH STANDARDS AND COMPLI-
13 ANCE.—

14 (1) STATE AND LOCAL LICENSING REQUIRE-
15 MENTS HEALTH, SAFETY, AND FACILITY STAND-
16 ARDS, AND ACCREDITATION STANDARDS.—The Di-
17 rector of the Administrative Office of the United
18 States Courts shall issue regulations for child care
19 facilities, and entities sponsoring child care facilities,
20 in judicial facilities, which shall be no less stringent
21 in content and effect than the requirements of sub-
22 section (a)(1) and the regulations issued by the Ad-
23 ministrator under paragraphs (2) and (3) of sub-
24 section (a), except to the extent that the Director
25 may determine, for good cause shown and stated to-

1 gether with the regulations, that a modification of
2 such regulations would be more effective for the im-
3 plementation of the requirements and standards de-
4 scribed in paragraphs (1), (2), and (3) of subsection
5 (a) for child care facilities, and entities sponsoring
6 child care facilities, in judicial facilities.

7 (2) EVALUATION AND COMPLIANCE.—

8 (A) DIRECTOR OF THE ADMINISTRATIVE
9 OFFICE OF THE UNITED STATES COURTS.—The
10 Director of the Administrative Office of the
11 United States Courts shall have the same au-
12 thorities and duties with respect to the evalua-
13 tion of, compliance of, and cost reimbursement
14 for child care facilities, and entities sponsoring
15 child care facilities, in judicial facilities as the
16 Administrator has under subsection (a)(4) with
17 respect to the evaluation of, compliance of, and
18 cost reimbursement for such centers and enti-
19 ties sponsoring such centers, in executive facili-
20 ties.

21 (B) HEAD OF A JUDICIAL OFFICE.—The
22 head of a judicial office shall have the same au-
23 thorities and duties with respect to the compli-
24 ance of and cost reimbursement for child care
25 facilities, and entities sponsoring child care fa-

1 cilities, in judicial facilities as the head of an
 2 Executive agency has under subsection (a)(4)
 3 with respect to the compliance of and cost reim-
 4 bursement for such centers and entities spon-
 5 soring such centers, in executive facilities.

6 (d) APPLICATION.—Notwithstanding any other provi-
 7 sion of this section, if 8 or more child care facilities are
 8 sponsored in facilities owned or leased by an Executive
 9 agency, the Administrator shall delegate to the head of
 10 the agency the evaluation and compliance responsibilities
 11 assigned to the Administrator under subsection (a)(4)(A).

12 (e) TECHNICAL ASSISTANCE, STUDIES, AND RE-
 13 VIEWS.—The Administrator may provide technical assist-
 14 ance, and conduct and provide the results of studies and
 15 reviews, for Executive agencies, and entities sponsoring
 16 child care facilities in executive facilities, on a reimburs-
 17 able basis, in order to assist the entities in complying with
 18 this section. The Chief Administrative Officer of the
 19 House of Representatives, the Librarian of Congress, the
 20 head of the designated Senate entity described in sub-
 21 section (b), and the Director of the Administrative Office
 22 of the United States Courts, may provide technical assist-
 23 ance, and conduct and provide the results of studies and
 24 reviews, or request that the Administrator provide tech-
 25 nical assistance, and conduct and provide the results of

1 studies and reviews, for legislative offices and judicial of-
 2 fices, as appropriate, and entities operating child care fa-
 3 cilities in legislative facilities or judicial facilities, as ap-
 4 propriate, on a reimbursable basis, in order to assist the
 5 entities in complying with this section.

6 (f) INTERAGENCY COUNCIL.—

7 (1) COMPOSITION.—The Administrator shall es-
 8 tablish an interagency council, comprised of—

9 (A) representatives of all Executive agen-
 10 cies described in subsection (d) and other Exec-
 11 utive agencies at the election of the heads of the
 12 agencies;

13 (B) a representative of the Chief Adminis-
 14 trative Officer of the House of Representatives,
 15 at the election of the Chief Administrative Offi-
 16 cer;

17 (C) a representative of the head of the des-
 18 ignated Senate entity described in subsection
 19 (b), at the election of the head of the entity;

20 (D) a representative of the Librarian of
 21 Congress, at the election of the Librarian; and

22 (E) a representative of the Director of the
 23 Administrative Office of the United States
 24 Courts, at the election of the Director.

1 (2) FUNCTIONS.—The council shall facilitate
2 cooperation and sharing of best practices, and de-
3 velop and coordinate policy, regarding the provision
4 of child care, including the provision of areas for
5 nursing mothers and other lactation support facili-
6 ties and services, in the Federal Government.

7 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
8 authorized to be appropriated to carry out this section
9 \$900,000 for fiscal year 2000 and such sums as may be
10 necessary for each subsequent fiscal year.

11 **SEC. 504. FEDERAL CHILD CARE EVALUATION.**

12 (a) IN GENERAL.—Not later than 1 year after the
13 date of enactment of this Act, the Administrator and the
14 Director of the Office of Personnel Management shall
15 jointly prepare and submit to Congress a report that eval-
16 uates child care provided by entities sponsoring child care
17 facilities in executive facilities, legislative facilities, or judi-
18 cial facilities.

19 (b) CONTENTS.—The evaluation shall contain, at a
20 minimum—

21 (1) information on the number of children re-
22 ceiving child care described in subsection (a), ana-
23 lyzed by age, including information on the number
24 of those children who are age 6 through 12;

1 (2) information on the number of families not
2 using child care described in subsection (a) because
3 of the cost of the child care; and

4 (3) recommendations for improving the quality
5 and cost effectiveness of child care described in sub-
6 section (a), including recommendations of options
7 for creating an optimal organizational structure and
8 using best practices for the delivery of the child
9 care.

10 **SEC. 505. CHILD CARE SERVICES FOR FEDERAL EMPLOY-**
11 **EES.**

12 (a) IN GENERAL.—In addition to services authorized
13 to be provided by an agency of the United States pursuant
14 to section 616 of the Act of December 22, 1987 (40
15 U.S.C. 490b), an Executive agency that provides or pro-
16 poses to provide child care services for Federal employees
17 may use agency funds to provide the child care services,
18 in a facility that is owned or leased by an Executive agen-
19 cy, or through a contractor, for civilian employees of the
20 agency.

21 (b) AFFORDABILITY.—Funds so used with respect to
22 any such facility or contractor shall be applied to improve
23 the affordability of child care for lower income Federal
24 employees using or seeking to use the child care services
25 offered by the facility or contractor.

1 (c) REGULATIONS.—The Administrator after con-
 2 sultation with the Director of the Office of Personnel Man-
 3 agement, shall, within 180 days after the date of enact-
 4 ment of this Act, issue regulations necessary to carry out
 5 this section.

6 (d) DEFINITION.—For purposes of this section, the
 7 term “Executive agency” has the meaning given the term
 8 by section 105 of title 5, United States Code, but does
 9 not include the General Accounting Office.

10 **SEC. 506. MISCELLANEOUS PROVISIONS RELATING TO**
 11 **CHILD CARE PROVIDED BY FEDERAL AGEN-**
 12 **CIES.**

13 (a) AVAILABILITY OF FEDERAL CHILD CARE CEN-
 14 TERS FOR ONSITE CONTRACTORS; PERCENTAGE GOAL.—
 15 Section 616 of the Act of December 22, 1987 (40 U.S.C.
 16 490b) is amended—

17 (1) in subsection (a)—

18 (A) by striking “officer or agency of the
 19 United States” and inserting “Federal agency
 20 or officer of a Federal agency”; and

21 (B) by striking paragraphs (2) and (3) and
 22 inserting the following:

23 “(2) the officer or agency determines that the
 24 space will be used to provide child care and related
 25 services to—

1 “(A) children of Federal employees or on-
2 site Federal contractors; or

3 “(B) dependent children who live with
4 Federal employees or onsite Federal contrac-
5 tors; and

6 “(3) the officer or agency determines that the
7 individual or entity will give priority for available
8 child care and related services in the space to Fed-
9 eral employees and onsite Federal contractors.”; and

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

11 “(e)(1)(A) The Administrator of General Services
12 shall confirm that at least 50 percent of aggregate enroll-
13 ment in Federal child care centers governmentwide are
14 children of Federal employees or onsite Federal contrac-
15 tors, or dependent children who live with Federal employ-
16 ees or onsite Federal contractors.

17 “(B) Each provider of child care services at an indi-
18 vidual Federal child care center shall maintain 50 percent
19 of the enrollment at the center of children described under
20 subparagraph (A) as a goal for enrollment at the center.

21 “(C)(i) If enrollment at a center does not meet the
22 percentage goal under subparagraph (B), the provider
23 shall develop and implement a business plan with the
24 sponsoring Federal agency to achieve the goal within a
25 reasonable timeframe.

1 “(ii) The plan shall be approved by the Administrator
2 of General Services based on—

3 “(I) compliance of the plan with standards es-
4 tablished by the Administrator; and

5 “(II) the effect of the plan on achieving the ag-
6 gregate Federal enrollment percentage goal.

7 “(2) The Administrator of General Services Adminis-
8 tration may enter into public-private partnerships or con-
9 tracts with nongovernmental entities to increase the ca-
10 pacity, quality, affordability, or range of child care and
11 related services and may, on a demonstration basis, waive
12 subsection (a)(3) and paragraph (1) of this subsection.”.

13 (b) PAYMENT OF COSTS OF TRAINING PROGRAMS.—
14 Section 616(b)(3) of such Act (40 U.S.C. 490b(b)(3)) is
15 amended to read as follows:

16 “(3) If a Federal agency has a child care facility in
17 a Federal space, or is a sponsoring agency for a child care
18 facility in a Federal space, the agency or the General Serv-
19 ices Administration may pay accreditation fees, including
20 renewal fees, for that center to be accredited. Any Federal
21 agency that provides or proposes to provide child care
22 services for children referred to in subsection (a)(2), may
23 reimburse any Federal employee or any person employed
24 to provide the services for the costs of training programs,
25 conferences, and meetings and related travel, transpor-

1 tation, and subsistence expenses incurred in connection
2 with those activities. Any per diem allowance made under
3 this section shall not exceed the rate specified in regula-
4 tions prescribed under section 5707 of title 5, United
5 States Code.”.

6 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
7 Section 616(c) of such Act (40 U.S.C. 490b(c)) is
8 amended—

9 (1) by inserting “Federal” before “child care
10 centers”; and

11 (2) by striking “Federal workers” and inserting
12 “Federal employees”.

13 (d) PROVISION OF CHILD CARE BY PRIVATE ENTI-
14 TIES.—Section 616(d) of such Act (40 U.S.C. 490b(d))
15 is amended to read as follows:

16 “(d)(1) If a Federal agency has a child care facility
17 in a Federal space, or is a sponsoring agency for a child
18 care facility in a Federal space, the agency, the child care
19 center board of directors, or the General Services Adminis-
20 tration may enter into an agreement with 1 or more pri-
21 vate entities under which the private entities would assist
22 in defraying the general operating expenses of the child
23 care providers including salaries and tuition assistance
24 programs at the facility.

1 “(2)(A) Notwithstanding any other provision of law,
2 if a Federal agency does not have a child care program,
3 or if the Administrator of General Services has identified
4 a need for child care for Federal employees at a Federal
5 agency providing child care services that do not meet the
6 requirements of subsection (a), the agency or the Adminis-
7 trator may enter into an agreement with a non-Federal,
8 licensed, and accredited child care facility, or a planned
9 child care facility that will become licensed and accredited,
10 for the provision of child care services for children of Fed-
11 eral employees.

12 “(B) Before entering into an agreement, the head of
13 the Federal agency shall determine that child care services
14 to be provided through the agreement are more cost effec-
15 tively provided through the arrangement than through es-
16 tablishment of a Federal child care facility.

17 “(C) The Federal agency may provide any of the
18 services described in subsection (b)(3) if, in exchange for
19 the services, the facility reserves child care spaces for chil-
20 dren referred to in subsection (a)(2), as agreed to by the
21 parties. The cost of any such services provided by a Fed-
22 eral agency to a Federal child care facility on behalf of
23 another Federal agency shall be reimbursed by the receiv-
24 ing agency.

1 “(3) This subsection does not apply to residential
2 child care programs.”.

3 (e) PILOT PROJECTS.—Section 616 of such Act (40
4 U.S.C. 490b) is further amended by adding at the end
5 the following:

6 “(f)(1) Upon approval of the agency head, a Federal
7 agency may conduct a pilot project not otherwise author-
8 ized by law for no more than 2 years to test innovative
9 approaches to providing alternative forms of quality child
10 care assistance for Federal employees. A Federal agency
11 head may extend a pilot project for an additional 2-year
12 period. Before any pilot project may be implemented, a
13 determination shall be made by the agency head that initi-
14 ating the pilot project would be more cost-effective than
15 establishing a new Federal child care facility. Costs of any
16 pilot project shall be paid solely by the agency conducting
17 the pilot project.

18 “(2) The Administrator of General Services shall
19 serve as an information clearinghouse for pilot projects
20 initiated by other Federal agencies to disseminate infor-
21 mation concerning the pilot projects to the other Federal
22 agencies.

23 “(3) Within 6 months after completion of the initial
24 2-year pilot project period, a Federal agency conducting
25 a pilot project under this subsection shall provide for an

1 evaluation of the impact of the project on the delivery of
2 child care services to Federal employees, and shall submit
3 the results of the evaluation to the Administrator of Gen-
4 eral Services. The Administrator shall share the results
5 with other Federal agencies.”.

6 (f) BACKGROUND CHECK.—Section 616 of such Act
7 (40 U.S.C. 490b) is further amended by adding at the
8 end the following:

9 “(g) Each Federal child care center located in a Fed-
10 eral space shall ensure that each employee of the center
11 (including any employee whose employment began before
12 the date of enactment of this subsection) shall undergo
13 a criminal history background check consistent with sec-
14 tion 231 of the Crime Control Act of 1990 (42 U.S.C.
15 13041).”.

16 (g) DEFINITIONS.—Section 616 of such Act (40
17 U.S.C. 490b) is further amended by adding at the end
18 the following:

19 “(h) In this section:

20 “(1) The term ‘Federal agency’ has the mean-
21 ing given the term ‘Executive agency’ in section 502
22 of the Federal Employees Child Care Act.

23 “(2) The terms ‘Federal building’ and ‘Federal
24 space’ have the meanings given the term ‘executive
25 facility’ in such section 502.

1 “(3) The term ‘Federal child care center’
2 means a child care center in an executive facility, as
3 defined in such section 502.

4 “(4) The terms ‘Federal contractor’ and ‘Fed-
5 eral employee’ mean a contractor and an employee,
6 respectively, of an Executive agency, as defined in
7 such section 502.”.

8 **TITLE VI—EXPANDING CHILD** 9 **CARE SUBSIDY FOR LOW-IN-** 10 **COME FAMILIES**

11 **SEC. 601. AUTHORIZATION OF APPROPRIATIONS.**

12 Section 658B of the Child Care and Development
13 Block Grant Act of 1990 (42 U.S.C. 9858) is amended
14 by striking “\$1,000,000,000” and inserting
15 “\$2,000,000,000”.

16 **SEC. 602. APPLICATION AND PLAN.**

17 Section 658E(c) of the Child Care and Development
18 Block Grant Act of 1990 (42 U.S.C. 9858c(c)) is
19 amended—

20 (1) in paragraph (2), by striking subparagraph
21 (H) and inserting the following:

22 “(H) Provide an assurance that if the
23 State uses an automated system described in
24 section 658K(a)(3), the State will ensure that
25 the system—

1 “(i) if used to provide payment for
 2 child care services, operates in a manner
 3 that ensures prompt and accurate payment
 4 of child care providers; and

5 “(ii) does not limit parental choice.”;

6 (2) in paragraph (3)(D)—

7 (A) by striking “a substantial portion” and
 8 inserting “not less than 70 percent”; and

9 (B) by striking “described in paragraph
 10 (2)(H)” and inserting “receiving assistance
 11 under a State program under part A of title IV
 12 of the Social Security Act (42 U.S.C. 601 et
 13 seq.), families attempting to transition off the
 14 assistance program through work activities, and
 15 families that are at risk of becoming dependent
 16 on the assistance program”;

17 (3) in paragraph (4)(A)—

18 (A) by inserting “, of the type chosen by
 19 the parents of the children,” after “comparable
 20 child care services”; and

21 (B) by adding at the end the following:
 22 “To ensure maximum parental choice, the State
 23 plan shall provide that the rates for the State
 24 shall be determined under separate rate sched-
 25 ules dependent upon—

1 “(i) the age of the child served;
 2 “(ii) the child care setting;
 3 “(iii) the special needs of the child;
 4 and
 5 “(iv) the geographic location of the
 6 services within a State.”; and

7 (4) in paragraph (5)—

8 (A) by striking “The” and inserting the
 9 following:

10 “(A) IN GENERAL.—The”; and

11 (B) by inserting after subparagraph (A)
 12 (as designated in subparagraph (A)) the fol-
 13 lowing:

14 “(B) APPLICATION OF COPAYMENT.—The
 15 State plan shall provide that, if the State pro-
 16 vides to a family a subsidy authorized under
 17 this subchapter that is less than 85 percent of
 18 the applicable market rate determined under
 19 paragraph (4) and also requires a copayment
 20 from the family to meet the cost sharing re-
 21 quirement of subparagraph (A), the State shall
 22 reduce the amount of the copayment by the
 23 amount of the difference between the market
 24 rate and the subsidy.”.

1 **SEC. 603. AUTOMATED SYSTEMS.**

2 Section 658K(a) of the Child Care and Development
3 Block Grant Act of 1990 (42 U.S.C. 9858i(a)) is amended
4 by adding at the end the following:

5 “(3) AUTOMATED SYSTEMS.—A State that re-
6 ceives funds to carry out this subchapter may use an
7 automated system, including an electronic benefit
8 transfer system—

9 “(A) for monitoring or tracking child care
10 attendance or otherwise conducting data collec-
11 tion under this subchapter;

12 “(B) as a means of ensuring prompt and
13 accurate payment for child care services under
14 this subchapter; or

15 “(C) for other purposes that increase the
16 efficiency of the State in administering the
17 funds.”.

1 **TITLE VII—CONSTRUCTION AND**
2 **RENOVATION OF CHILD CARE**
3 **FACILITIES**

4 **Subtitle A—Community**
5 **Development Block Grants**

6 **SEC. 701. USE OF COMMUNITY DEVELOPMENT BLOCK**
7 **GRANTS TO ESTABLISH CHILD CARE FACILI-**
8 **TIES.**

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

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

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

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

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

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

20 “(26) the construction and renovation of child
21 care facilities.”.

Subtitle B—Mortgage Insurance **For Child Care Facilities**

SEC. 711. INSURANCE FOR MORTGAGES ON NEW AND RE- **HABILITATED CHILD CARE FACILITIES.**

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

“SEC. 257. MORTGAGE INSURANCE FOR CHILD CARE FA- **CILITIES.**

“(a) DEFINITIONS.—In this section:

“(1) CHILD CARE FACILITY.—The term ‘child care facility’—

“(A) means a public or private facility that—

“(i) has as its purpose the care and development of—

“(I) children who are less than 16 years of age; or

“(II) school-age children and youth during non-school hours; and

“(ii) is operated in accordance with all applicable State and local laws and regulations; and

“(B) does not include any facility for school-age children that is primarily for use during normal school hours.

1 “(2) EQUIPMENT.—The term ‘equipment’
2 includes—

3 “(A) machinery, utilities, and built-in
4 equipment, and any necessary enclosure or
5 structure to house them; and

6 “(B) any other items necessary for the
7 functioning of a particular facility as a child
8 care facility, including necessary furniture,
9 books, and curricular and program materials.

10 “(3) FIRST MORTGAGE.—The term ‘first
11 mortgage’—

12 “(A) means such classes of first liens as
13 are commonly given to secure advances (includ-
14 ing advances during construction) on, or the
15 unpaid purchase price of, real estate under the
16 laws of the State in which the real estate is lo-
17 cated, together with the credit instrument or in-
18 struments (if any) secured thereby; and

19 “(B) includes any mortgage in the form of
20 1 or more trust mortgages or mortgage inden-
21 tures or deeds of trust, securing notes, bonds,
22 or other credit instruments, that, by the same
23 instrument or by a separate instrument, creates
24 a security interest in initial equipment, whether
25 or not attached to the realty.

1 “(4) MORTGAGE.—The term ‘mortgage’ means
 2 a first mortgage on real estate in fee simple, or on
 3 the interest of either the lessor or lessee thereof
 4 under a lease having a period of not less than 7
 5 years to run beyond the maturity date of the mort-
 6 gage.

7 “(5) MORTGAGOR.—The term ‘mortgagor’ has
 8 the meaning given the term in section 207(a).

9 “(b) INSURANCE OF MORTGAGES.—In order to facili-
 10 tate the establishment and rehabilitation of child care fa-
 11 cilities, the Secretary may—

12 “(1) insure a mortgage that is secured by a
 13 property or project that is—

14 “(A) a new child care facility, including a
 15 new addition to an existing child care facility
 16 (regardless of whether the existing facility is
 17 being rehabilitated); or

18 “(B) a substantially rehabilitated child
 19 care facility, including equipment to be used in
 20 the operation of the facility; and

21 “(2) make a commitment to insure any mort-
 22 gage described in paragraph (1) before the date of
 23 execution or disbursement of the mortgage.

24 “(c) TERMS AND CONDITIONS.—

1 “(1) ELIGIBLE CHILD CARE FACILITIES.—Each
2 mortgage insured under this section shall be secured
3 by a child care facility for which a certification of
4 compliance has been issued by the Secretary under
5 section 258(c) during the 12-month period preceding
6 the date on which the commitment to insure the
7 mortgage is issued under this section.

8 “(2) APPROVED MORTGAGOR.—

9 “(A) IN GENERAL.—Each mortgage in-
10 sured under this section shall be executed by a
11 mortgagor approved by the Secretary.

12 “(B) REGULATION.—The Secretary may—

13 “(i) require an approved mortgagor
14 who executes a mortgage under subpara-
15 graph (A) to be regulated with respect to
16 charges and methods of financing and, if
17 the mortgagor is a corporate entity, with
18 respect to capital structure and rate of re-
19 turn; and

20 “(ii) as an aid to the regulation of any
21 mortgagor under clause (i), make such
22 contracts with and acquire for not more
23 than \$100 such stock or interest in such
24 mortgagor as the Secretary considers to be
25 necessary.

1 “(C) STOCK OR INTEREST.—Any stock or
 2 interest purchased under subparagraph (B)(ii)
 3 shall be—

4 “(i) paid for out of the General Insur-
 5 ance Fund; and

6 “(ii) redeemed by the mortgagor at
 7 par upon the termination of all obligations
 8 of the Secretary under the insurance.

9 “(3) PRINCIPAL OBLIGATION.—Each mortgage
 10 insured under this section shall involve a principal
 11 obligation in an amount not to exceed 90 percent of
 12 the estimated value of the property or project, or 95
 13 percent of the estimated value of the property or
 14 project in the case of a mortgagor that is a private
 15 nonprofit corporation or association (as defined pur-
 16 suant to section 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 “(4) AMORTIZATION AND INTEREST.—Each
 6 mortgage insured under this section 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 date satisfactory to
 11 the Secretary, but in no event longer than 25
 12 years; and

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

19 “(5) RELEASE.—The Secretary may consent to
 20 the release of a part or parts of the mortgaged prop-
 21 erty or project from the lien of any mortgage in-
 22 sured under this section upon such terms and condi-
 23 tions as the Secretary may prescribe.

24 “(6) MORTGAGE INSURANCE TERMS.—Sub-
 25 sections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of

1 section 207 apply to any mortgage insured under
 2 this section, except that all references in such sub-
 3 sections to section 207 shall be construed, for pur-
 4 poses of mortgage insurance under this section, to
 5 refer to this section.

6 “(d) MORTGAGE INSURANCE FOR FIRE SAFETY
 7 EQUIPMENT LOANS.—

8 “(1) AUTHORITY.—The Secretary may, upon
 9 such terms and conditions as the Secretary may pre-
 10 scribe, make commitments to insure and insure
 11 loans made by financial institutions or other ap-
 12 proved mortgagees to child care facilities to provide
 13 for the purchase and installation of fire safety equip-
 14 ment necessary for compliance with the 1967 edition
 15 of the Life Safety Code of the National Fire Protec-
 16 tion Association (or any subsequent edition specified
 17 by the Secretary of Health and Human Services).

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

20 “(A) not exceed the estimate by the Sec-
 21 retary of the reasonable cost of the equipment
 22 fully installed;

23 “(B) bear interest at such rate as may be
 24 agreed upon by the mortgagor and the mort-
 25 gagee;

1 “(C) have a maturity date satisfactory to
2 the Secretary;

3 “(D) be made by a financial institution or
4 other mortgagee approved by the Secretary as
5 eligible for insurance under section 2 or a mort-
6 gagee approved under section 203(b)(1);

7 “(E) comply with other such terms, condi-
8 tions, and restrictions as the Secretary may
9 prescribe; and

10 “(F) be made with respect to a child care
11 facility for which a certification of compliance
12 has been issued by the Secretary under section
13 258(c) during the 12-month period preceding
14 the date on which the commitment to insure is
15 issued under this subsection.

16 “(3) INSURANCE REQUIREMENTS.—

17 “(A) SECTION 2.—Subsections (c), (d),
18 and (h) of section 2 shall apply to any loan in-
19 sured under this subsection, except that all ref-
20 erences in such subsections to ‘this section’ or
21 ‘this title’ shall be construed, for purposes of
22 this subsection, to refer to this subsection.

23 “(B) SECTION 220.—Paragraphs (5), (6),
24 (7), (9), and (10) of section 220(h) shall apply
25 to any loan insured under this subsection, ex-

1 cept that all references in such paragraphs to
 2 home improvement loans shall be construed, for
 3 purposes of this subsection, to refer to loans
 4 under this subsection.

5 “(e) SCHEDULES AND DEADLINES.—The Secretary
 6 shall establish schedules and deadlines for the processing
 7 and approval (or provision of notice of disapproval) of ap-
 8 plications for mortgage insurance under this section.

9 “(f) LIMITATION ON INSURANCE AUTHORITY.—

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

14 “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-
 15 TION.—

16 “(A) IN GENERAL.—The aggregate prin-
 17 cipal amount of mortgages for which the Sec-
 18 retary enters into commitments to insure under
 19 this section or section 223(h) on or before the
 20 date described in paragraph (1) may not exceed
 21 \$2,000,000,000.

22 “(B) REPORT.—If, on the date described
 23 in paragraph (1), the aggregate insurance au-
 24 thority provided under this paragraph has not
 25 been fully used, the Secretary of the Treasury

1 shall submit to Congress a report evaluating the
2 need for continued mortgage insurance under
3 this section.

4 “(g) NONDISCRIMINATION REQUIREMENT.—

5 “(1) IN GENERAL.—A child care facility receiv-
6 ing assistance under this title may not discriminate
7 on the basis of race, color, or national origin (to the
8 extent provided in title VI of the Civil Rights Act of
9 1964 (42 U.S.C. 2000d et seq.)), religion (subject to
10 subparagraph (B)), national origin, sex (to the ex-
11 tent provided in title IX of the Education Amend-
12 ments of 1972 (20 U.S.C. 1681 et seq.)), or dis-
13 ability (to the extent provided in section 504 of the
14 Rehabilitation Act of 1973 (29 U.S.C. 794)), under
15 any program or activity receiving Federal financial
16 assistance under this title.

17 “(2) FACILITIES OF RELIGIOUS ORGANIZA-
18 TIONS.—The prohibition with respect to religion
19 under paragraph (1) shall not apply to a child care
20 facility that is controlled by, or that is closely identi-
21 fied with, the tenets of a particular religious organi-
22 zation, if the application of this paragraph would not
23 be consistent with the religious tenets of such orga-
24 nization.

1 “(h) LIABILITY INSURANCE.—A child care provider
 2 operating a child care facility assisted under this section
 3 or section 223(h) shall obtain and maintain liability insur-
 4 ance in such amounts and subject to such requirements
 5 as the Secretary considers to be appropriate.

6 “(i) SMALL PURPOSE LOANS.—

7 “(1) IN GENERAL.—To the extent that amounts
 8 are made available pursuant to subsection (l), the
 9 Secretary shall make loans, directly or indirectly, to
 10 providers of child care facilities for reconstruction or
 11 renovation of such facilities, in accordance with this
 12 subsection.

13 “(2) REQUIREMENTS.—A loan under this
 14 subsection—

15 “(A) may be made only for a child care fa-
 16 cility that is financially and operationally viable,
 17 as determined under standards established by
 18 the Secretary;

19 “(B) may not have a term to maturity ex-
 20 ceeding 7 years;

21 “(C) shall bear interest at a rate estab-
 22 lished by the Secretary; and

23 “(D) shall be subject to such other terms
 24 and conditions as the Secretary may establish
 25 by regulation.

1 “(3) AGGREGATE LOAN AMOUNT.—The aggre-
2 gate amount of loans under this subsection to a sin-
3 gle provider may not exceed \$30,000.

4 “(j) NOTIFICATION.—The Secretary shall take such
5 actions as may be necessary to publicize the availability
6 of the programs for mortgage insurance under this section
7 and section 223(h), and the loan program under sub-
8 section (i) of this section, in a manner that ensures that
9 information concerning such programs will be available to
10 child care providers throughout the United States.

11 “(k) REGULATIONS.—The Secretary shall—

12 “(1) issue any regulations necessary to carry
13 out this section; and

14 “(2) in carrying out paragraph (1), consult with
15 the Secretary of Health and Human Services with
16 respect to any aspects of the regulations regarding
17 child care facilities.

18 “(l) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$30,000,000 for fiscal year 2001, to remain available until
21 expended, of which not more than 10 percent may be used
22 for loans under subsection (i).”.

1 **SEC. 712. INSURANCE FOR MORTGAGES FOR ACQUISITION**
 2 **OR REFINANCING DEBT OF EXISTING CHILD**
 3 **CARE FACILITIES.**

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

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

9 “(1) DEFINITIONS.—In this subsection, the
 10 terms that are defined in section 257(a) have the
 11 same meanings as in that section.

12 “(2) AUTHORITY.—Notwithstanding any other
 13 provision of this Act, the Secretary may insure
 14 under any section of this title a mortgage executed
 15 in connection with—

16 “(A) the purchase or refinancing of an ex-
 17 isting child care facility;

18 “(B) the purchase of a structure to serve
 19 as a child care facility; or

20 “(C) the refinancing of existing debt of an
 21 existing child care facility.

22 “(3) PURCHASE OF EXISTING FACILITIES AND
 23 STRUCTURES.—In the case of the purchase under
 24 this subsection of an existing child care facility or
 25 purchase of an existing structure to serve as such a
 26 facility, the Secretary shall prescribe any terms and

1 conditions that the Secretary considers necessary to
 2 ensure that—

3 “(A) the facility or structure purchased
 4 continues to be used as a child care facility; and

5 “(B) the facility receives a certification of
 6 compliance under section 258(c).

7 “(4) REFINANCING OF EXISTING FACILITIES.—

8 In the case of refinancing of an existing child care
 9 facility, the Secretary shall prescribe any terms and
 10 conditions that the Secretary considers necessary to
 11 ensure that—

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

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

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

22 “(D) the facility receives a certification of
 23 compliance under section 258(c).

24 “(5) LIMITATION ON INSURANCE AUTHORITY.—

25 The authority of the Secretary to enter into commit-

1 ments to insure mortgages under this subsection is
2 subject to section 257(f).

3 **SEC. 713. STUDY OF AVAILABILITY OF SECONDARY MAR-**
4 **KETS FOR MORTGAGES ON CHILD CARE FA-**
5 **CILITIES.**

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

9 (1) whether such a market exists for purchase
10 of mortgages eligible for insurance under sections
11 223(h) and 257 of the National Housing Act (as
12 added by this subtitle);

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

17 (3) the extent to which such a market or other
18 activities to provide credit enhancement for loans for
19 child care facilities is needed to meet the demand for
20 such facilities.

21 (b) REPORT.—Not later than 2 years after the date
22 of enactment of this Act, the Secretary of the Treasury
23 shall submit to Congress a report regarding the results
24 of the study conducted under this section.

1 **SEC. 714. TECHNICAL AND FINANCIAL ASSISTANCE**
 2 **GRANTS.**

3 (a) DEFINITIONS.—In this section:

4 (1) CHILD CARE FACILITY.—The term “child
 5 care facility” has the meaning given that term in
 6 section 257(a) of the National Housing Act, as
 7 added by section 711 of this subtitle.

8 (2) ELIGIBLE INTERMEDIARY.—The term “eli-
 9 gible intermediary” means a private, nonprofit inter-
 10 mediary organization that has demonstrated experi-
 11 ence in—

12 (A) financing the construction and renova-
 13 tion of physical facilities;

14 (B) providing technical and financial as-
 15 sistance to child care providers or other similar
 16 entities;

17 (C) working with small businesses; and

18 (D) securing private sources for capital fi-
 19 nancing; and

20 (3) ELIGIBLE RECIPIENT.—The term “eligible
 21 recipient” means any—

22 (A) existing or start-up center-based or
 23 home-based child care provider; and

24 (B) organization in the process of estab-
 25 lishing a center-based or home-based child care

1 program or otherwise seeking to provide child
2 care services.

3 (4) EQUIPMENT.—The term “equipment” has
4 the meaning given that term in section 257(a) of the
5 National Housing Act, as added by section 711 of
6 this subtitle.

7 (b) GRANT AUTHORITY.—The Secretary of Housing
8 and Urban Development, in consultation with the Sec-
9 retary of Health and Human Services, may award grants
10 on a competitive basis in accordance with this section to
11 eligible intermediaries for use in accordance with sub-
12 sections (e) and (f).

13 (c) APPLICATIONS.—To be eligible to receive a grant
14 under this section an eligible intermediary shall submit to
15 the Secretary an application, in such form and containing
16 such information as the Secretary may require.

17 (d) PRIORITY.—In awarding grants under this sec-
18 tion the Secretary shall give a priority to applicants under
19 subsection (c) that serve low-income or rural areas.

20 (e) USE OF FUNDS.—

21 (1) REVOLVING LOAN FUND.—Each eligible
22 intermediary that receives a grant under this section
23 shall deposit the grant amount into a child care re-
24 volving loan fund established by the eligible inter-
25 mediary.

1 (2) PAYMENTS FROM FUND.—Subject to sub-
2 section (f), from amounts deposited into the revolving
3 loan fund under paragraph (1), each eligible
4 intermediary shall provide technical and financial assistance
5 (in the form of loans, grants, investments,
6 guarantees, interest subsidies, and other appropriate
7 forms of assistance) to eligible recipients for the acquisition
8 or improvement of child care facilities or
9 equipment.

10 (3) LOAN REPAYMENTS AND INVESTMENT PROCEEDS.—Any amount received by an eligible intermediary
11 from an eligible recipient in the form of a
12 loan repayment or investment proceeds shall be deposited
13 into the child care revolving fund of the eligible
14 intermediary for redistribution to other eligible
15 recipients in accordance with this section.

17 (f) ALLOCATION OF FUNDS.—Of the amounts distributed
18 from the revolving loan fund of an eligible intermediary
19 under subsection (e)(2) in each fiscal year—

20 (1) not less than 50 percent shall be used for
21 the renovation or construction of child care facilities
22 or the acquisition of equipment by eligible recipients,
23 except that the amount made available to any eligible
24 recipient under this paragraph may not to exceed
25 40 percent of the total costs incurred by the eligible

1 recipient in connection with such renovation, con-
2 struction, or acquisition; and

3 (2) the amount remaining after distribution
4 under paragraph (1), shall be used to provide direct
5 assistance to eligible recipients in obtaining public or
6 private financing for the renovation or construction
7 of child care facilities and the acquisition of equip-
8 ment, including developing and implementing financ-
9 ing resources, options, and plans for those recipi-
10 ents.

11 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated to carry out this section
13 \$10,000,000 for each of fiscal years 2000 through 2004.

○