

108TH CONGRESS
2D SESSION

H. R. 3780

To improve the lives of working families by providing family and medical need assistance, child care assistance, in-school and afterschool assistance, family care assistance, and encouraging the establishment of family-friendly workplaces.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2004

Ms. WOOLSEY (for herself, Mrs. JONES of Ohio, Ms. DeLAURO, Mr. KUCINICH, Ms. MILLENDER-McDONALD, Mr. SERRANO, Ms. LEE, Mr. CONYERS, Mr. FRANK of Massachusetts, Mrs. NAPOLITANO, Mr. LAMPSON, Mr. TOWNS, Mr. BALLANCE, Ms. CORRINE BROWN of Florida, Mr. GEORGE MILLER of California, Mr. LANTOS, Ms. KILPATRICK, Mr. PAYNE, Ms. CARSON of Indiana, Mr. OWENS, and Ms. LINDA T. SÁNCHEZ of California) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on House Administration, Government Reform, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve the lives of working families by providing family and medical need assistance, child care assistance, in-school and afterschool assistance, family care assistance, and encouraging the establishment of family-friendly workplaces.

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 “Family and Workplace Balancing Act of 2004” or “Bal-
 4 ancing Act of 2004”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

**TITLE I—PAID LEAVE FOR NEW PARENTS AND FAMILY AND
 MEDICAL LEAVE ENHANCEMENT ACT OF 2003**

Subtitle A—Paid Leave for New Parents

Sec. 101. Short title.

Sec. 102. Purpose.

Sec. 103. Definitions.

Sec. 104. Grants.

Sec. 105. Notification.

Sec. 106. Report.

Sec. 107. Authorization of appropriations.

Sec. 108. Technical and conforming amendments.

Subtitle B—Family and Medical Leave Enhancement Act of 2003

Sec. 111. Short title.

Sec. 112. Additional leave for parental involvement.

Sec. 113. Parental involvement leave for civil servants.

Sec. 114. Clarification of leave entitlement.

Sec. 115. Definition of grandchild.

TITLE II—CHILD CARE EXPANSION AND IMPROVEMENT

Subtitle A—Care for Young Children

Sec. 201. Expanding child care for young children.

Subtitle B—Improving Child Care Quality Through Teacher Incentives

Sec. 221. Purpose.

Sec. 222. Definitions.

Sec. 223. Funds for child care provider development and retention grants,
 scholarships, and health benefits coverage.

Sec. 224. Allotments to States.

Sec. 225. Application and plan.

Sec. 226. Child care provider development and retention grant program.

Sec. 227. Child care provider scholarship program.

Sec. 228. Child care provider health benefits coverage.

Sec. 229. Annual report.

Sec. 230. Evaluation of health benefits programs by Secretary.

Sec. 231. Authorization of appropriations.

Subtitle C—Child Care Construction and Renovation Incentive Grants

- Sec. 241. Short title.
- Sec. 242. Use of community development block grants to establish child care facilities.
- Sec. 243. Insurance for mortgages on new and rehabilitated child care facilities.
- Sec. 244. Insurance for mortgages for acquisition or refinancing debt of existing child care facilities.
- Sec. 245. Study of availability of secondary markets for mortgages on child care facilities.
- Sec. 246. Technical and financial assistance grants.

Subtitle D—Business Child Care Incentive Grant Program

- Sec. 251. Business child care incentive grant program.

TITLE III—PRE-SCHOOL, IN-SCHOOL, AND AFTERSCHOOL ASSISTANCE

Subtitle A—Universal Prekindergarten Act

- Sec. 301. Short title.
- Sec. 302. Findings and purpose.
- Sec. 303. Prekindergarten grant program authorization.
- Sec. 304. State requirements.
- Sec. 305. Local requirements.
- Sec. 306. Professional development set-aside.
- Sec. 307. Reporting.
- Sec. 308. Federal funds supplementary.
- Sec. 309. Definitions.
- Sec. 310. Authorization of appropriations.

Subtitle B—Universal Free School Breakfast Program

- Sec. 311. Universal free school breakfast program.

Subtitle C—Nutritional Improvement for Children Served Under Child Nutrition Programs

- Sec. 321. Nutritional improvement for children served under child nutrition programs.

Subtitle D—Child and Adult Care Food Program

- Sec. 331. Reimbursements for afterschool dinners.
- Sec. 332. Eligibility of private child care centers.

Subtitle E—Afterschool Education Enhancement Act

- Sec. 341. Short title.
- Sec. 342. Amendments regarding 21st century community learning centers.

TITLE IV—IMPROVING THE WORKPLACE FOR FAMILIES

Subtitle A—Part-Time and Temporary Workers Benefits

- Sec. 401. Treatment of employees working at less than full-time under participation, vesting, and accrual rules governing pension plans.

- Sec. 402. Treatment of employees working at less than full-time under group health plans.
- Sec. 403. Expansion of definition of employee to include certain individuals whose services are leased or contracted for.
- Sec. 404. Effective dates.

Subtitle B—United States Business Telework Act

- Sec. 411. Short title.
- Sec. 412. Telework pilot program.
- Sec. 413. Report to Congress.
- Sec. 414. Definition.
- Sec. 415. Termination.
- Sec. 416. Authorization of appropriations.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Currently in two-thirds of married families
 4 with children in the United States, both parents
 5 work full-time. Seventy-one percent of mothers with
 6 children under age 18 work full-time, and another
 7 29 percent work part-time.

8 (2) The National Study of the Changing Work-
 9 force found that 70 percent of employed parents in-
 10 dicated that they don't have enough time with their
 11 children.

12 (3)(A) A survey conducted by the Boys and
 13 Girls Clubs of America found that more than half of
 14 the respondents indicated that they had little or no
 15 time to spend in physical activities with their chil-
 16 dren.

17 (B) Parents in 3,500,000 households, rep-
 18 resenting 7,000,000 children, spend an hour or less
 19 a week doing physical activities with their children.

1 (C) The primary obstacle cited by the parents
2 to engaging in physical activities with their children
3 was their work schedules.

4 (4) Nearly two-thirds of employees who need to
5 take family or medical leave do not take such leave
6 because they cannot afford to forgo the pay.

7 (5) Nearly every industrialized nation other
8 than the United States, and most developing na-
9 tions, provides parents with paid leave for infant
10 care.

11 (6) In the United States, more than half of all
12 mothers of children under the age of one now work.
13 Yet parents of infants and toddlers face acute prob-
14 lems finding child care, and child care that is avail-
15 able is often of mediocre quality.

16 (7) The cost of child care averages \$4,000 to
17 \$6,000 per year in the United States, and families
18 with younger children or with more than one child
19 face even greater costs. For example, the average
20 annual cost of child care for a 4-year-old in an
21 urban area center is more than the average annual
22 cost of public college tuition in all but one State.

23 (8) The average annual child care teacher sal-
24 ary is \$15,430, a wage so low that many programs
25 find it extremely challenging to recruit fully qualified

1 teachers and to retain them. High turnover rates
2 make it more difficult to provide quality and con-
3 tinuity of care.

4 (9) Only 12 percent of eligible children receive
5 child care assistance through the Child Care Devel-
6 opment Block Grant, and only about 3 out of 5 eligi-
7 ble preschoolers are able to participate in the Head
8 Start program.

9 (10) Among needy students, school nutrition
10 programs often provide the primary opportunity for
11 consumption of nutritionally valuable foods.

12 (11) Breakfast is a critical meal for children
13 and provides the nutrition necessary to optimize
14 their learning capacities.

15 (12) According to the Bureau of the Census,
16 nearly 7,000,000 children in the United States are
17 left alone after school each week without adult su-
18 pervision or structured activities of any kind.

19 (13) Violent juvenile crime peaks between the
20 hours of 3:00 p.m. and 7:00 p.m. and teens are
21 more likely to be victims of serious violent crime in
22 the hour after school lets out than any other time
23 of the day.

1 (14) The Nation’s communities can benefit
2 from teleworking, which give workers more time to
3 spend at home with their families.

4 (15) Companies with telework programs have
5 found that telework can boost employee productivity
6 5 percent to 20 percent, thereby saving businesses
7 valuable resources and time.

8 (16) More United States families are working
9 more hours than ever. In 2000, the average Amer-
10 ican worker worked 36 hours more, almost a full
11 week, than in 1990. A recent AFL–CIO poll found
12 that nearly three-quarters of working adults indi-
13 cated that they have little or no control over their
14 work schedules.

15 (17) The AFL–CIO’s “Ask a Working Woman”
16 survey for 2002 reported that 63 percent of working
17 women work more than 40 hours a week, 30 percent
18 of working women work 20 to 39 hours a week, and
19 7 percent of working women work less than 20
20 hours a week.

1 **TITLE I—PAID LEAVE FOR NEW**
2 **PARENTS AND FAMILY AND**
3 **MEDICAL LEAVE ENHANCE-**
4 **MENT ACT OF 2003**

5 **Subtitle A—Paid Leave for New**
6 **Parents**

7 **SEC. 101. SHORT TITLE.**

8 This subtitle may be cited as the “Family Income To
9 Respond to Significant Transitions Act”.

10 **SEC. 102. PURPOSE.**

11 The purpose of this subtitle is to establish a program
12 that supports the efforts of States and political subdivi-
13 sions to provide partial or full wage replacement, often re-
14 ferred to as FIRST insurance, to new parents so that the
15 new parents are able to spend time with a new infant or
16 newly adopted child, and to other employees.

17 **SEC. 103. DEFINITIONS.**

18 In this subtitle:

19 (1) EMPLOYER; SON OR DAUGHTER; STATE.—

20 The terms “employer”, “son or daughter”, and
21 “State” have the meanings given the terms in sec-
22 tion 101 of the Family and Medical Leave Act of
23 1993 (29 U.S.C. 2611).

1 (2) SECRETARY.—The term “Secretary” means
2 the Secretary of Labor, acting after consultation
3 with the Secretary of Health and Human Services.

4 **SEC. 104. GRANTS.**

5 (a) GRANTS.—

6 (1) IN GENERAL.—The Secretary shall make
7 grants to eligible entities to pay for the Federal
8 share of the cost of carrying out projects that assist
9 families by providing, through various mechanisms,
10 wage replacement for eligible individuals who are re-
11 sponding to—

12 (A) caregiving needs resulting from the
13 birth or adoption of a son or daughter; or

14 (B) other family caregiving needs.

15 (2) PERIODS.—The Secretary shall make the
16 grants for periods of 5 years.

17 (b) ELIGIBLE ENTITIES.—To be eligible to receive a
18 grant under this section, an entity shall be a State or polit-
19 ical subdivision of a State.

20 (c) USE OF FUNDS.—

21 (1) IN GENERAL.—An entity that receives a
22 grant under this section may use the funds made
23 available through the grant to provide partial or full
24 wage replacement as described in subsection (a) to
25 eligible individuals—

1 (A) directly;

2 (B) through an insurance program, such
3 as a State temporary disability insurance pro-
4 gram or the State unemployment compensation
5 benefit program;

6 (C) through a private disability or other
7 insurance plan, or another mechanism provided
8 by a private employer; or

9 (D) through another mechanism.

10 (2) PERIOD.—In carrying out a project under
11 this section, the entity shall provide partial or full
12 wage replacement to eligible individuals for not less
13 than 6 weeks during a period of leave, or an absence
14 from employment, described in subsection (d)(2),
15 during any 12-month period. Wage replacement
16 available to an individual under this paragraph shall
17 be in addition to any compensation from annual or
18 sick leave that the individual may elect to use during
19 a period of leave, or an absence from employment,
20 described in subsection (d)(2), during any 12-month
21 period.

22 (3) ADMINISTRATIVE COSTS.—No entity may
23 use more than 10 percent of the total funds made
24 available through the grant during the 5-year period

1 of the grant to pay for the administrative costs re-
2 lating to a project described in subsection (a).

3 (d) ELIGIBLE INDIVIDUALS.—To be eligible to re-
4 ceive wage replacement under subsection (a), an individual
5 shall—

6 (1) meet such eligibility criteria as the eligible
7 entity providing the wage replacement may specify
8 in an application described in subsection (e); and

9 (2) be—

10 (A) an individual who is taking leave,
11 under the Family and Medical Leave Act of
12 1993 (29 U.S.C. 2601 et seq.), other Federal,
13 State, or local law, or a private plan, for a rea-
14 son described in subparagraph (A) or (B) of
15 section 102(a)(1) of the Family and Medical
16 Leave Act of 1993 (29 U.S.C. 2612(a)(1));

17 (B) at the option of the eligible entity, an
18 individual who—

19 (i) is taking leave, under that Act,
20 other Federal, State, or local law, or a pri-
21 vate plan, for a reason described in sub-
22 paragraph (C), (D), (E), or (F) of section
23 102(a)(1) of the Family and Medical
24 Leave Act of 1993 (29 U.S.C. 2612(a)(1));
25 or

1 (ii) leaves employment, and has an ab-
2 sence from employment, because the indi-
3 vidual has elected to care for a son or
4 daughter under age 1; or

5 (C) at the option of the eligible entity, an
6 individual who has an absence from employ-
7 ment and has other characteristics specified by
8 the eligible entity in an application described in
9 subsection (e).

10 (e) APPLICATION.—To be eligible to receive a grant
11 under this section, an entity shall submit an application
12 to the Secretary, at such time, in such manner, and con-
13 taining such information as the Secretary may require, in-
14 cluding, at a minimum—

15 (1) a description of the wage replacement pro-
16 gram;

17 (2)(A) information on the number and type of
18 families to be covered by the project, and the extent
19 of such coverage in the area served under the grant;
20 and

21 (B) information on any criteria or characteris-
22 tics that the entity will use to determine whether an
23 individual is eligible for wage replacement under
24 subsection (a), as described in paragraphs (1) and
25 (2)(C) of subsection (d);

1 (3) if the project will expand on State and pri-
2 vate systems of wage replacement for eligible indi-
3 viduals, information on the manner in which the
4 project will expand on the systems; and

5 (4) information demonstrating the manner in
6 which the wage replacement assistance provided
7 through the project will assist families in which an
8 individual takes leave or is absent from employment
9 as described in subsection (d)(2).

10 (f) SELECTION CRITERIA.—In selecting entities to re-
11 ceive grants for projects under this section, the Secretary
12 shall—

13 (1) take into consideration—

14 (A) the scope of the proposed projects;

15 (B) the cost-effectiveness, feasibility, and
16 financial soundness of the proposed projects;

17 (C) the extent to which the proposed
18 projects would expand access to wage replace-
19 ment in response to family caregiving needs,
20 particularly for low-wage employees, in the area
21 served by the grant; and

22 (D) the benefits that would be offered to
23 families and children through the proposed
24 projects; and

1 (2) to the extent feasible, select entities pro-
2 posing projects that utilize diverse mechanisms, in-
3 cluding expansion of State unemployment compensa-
4 tion benefit programs, and establishment or expan-
5 sion of State temporary disability insurance pro-
6 grams, to provide the wage replacement.

7 (g) FEDERAL SHARE.—

8 (1) IN GENERAL.—The Federal share of the
9 cost described in subsection (a) shall be—

10 (A) 50 percent for the first year of the
11 grant period;

12 (B) 40 percent for the second year of that
13 period;

14 (C) 30 percent for the third year of that
15 period; and

16 (D) 20 percent for each subsequent year.

17 (2) NON-FEDERAL SHARE.—The non-Federal
18 share of the cost may be in cash or in kind, fairly
19 evaluated, including plant, equipment, and services
20 and may be provided from State, local, or private
21 sources, or Federal sources other than this subtitle.

22 (h) SUPPLEMENT NOT SUPPLANT.—Funds appro-
23 priated pursuant to the authority of this subtitle shall be
24 used to supplement and not supplant other Federal, State,

1 and local public funds and private funds expended to pro-
2 vide wage replacement.

3 (i) EFFECT ON EXISTING RIGHTS.—Nothing in this
4 subtitle shall be construed to supersede, preempt, or other-
5 wise infringe on the provisions of any collective bargaining
6 agreement or any employment benefit program or plan
7 that provides greater rights to employees than the rights
8 established under this subtitle.

9 **SEC. 105. NOTIFICATION.**

10 An eligible entity that provides partial or full wage
11 replacement to an eligible individual under this subtitle
12 shall notify (in a form and manner prescribed by the Sec-
13 retary)—

14 (1) the employer of the individual of the
15 amount of the wage replacement provided; and

16 (2) the individual and the employer of the indi-
17 vidual that the employer shall count an appropriate
18 period of leave, calculated under section 102(g) of
19 the Family and Medical Leave Act of 1993 (29
20 U.S.C. 2612(g)), as added by section 108, against
21 the total amount of leave (if any) to which the em-
22 ployee is entitled under section 102(a)(1) of that Act
23 (29 U.S.C. 2612(a)(1)).

1 **SEC. 106. REPORT.**

2 Not later than 3 years after the beginning of the
3 grant period for the first grant made under section 104,
4 and annually thereafter, the Secretary shall prepare and
5 submit to Congress a report that contains a description
6 and evaluation of the program under this subtitle for the
7 preceding year.

8 **SEC. 107. AUTHORIZATION OF APPROPRIATIONS.**

9 There are authorized to be appropriated to carry out
10 this subtitle \$400,000,000 for fiscal year 2004 and such
11 sums as may be necessary for each subsequent fiscal year.

12 **SEC. 108. TECHNICAL AND CONFORMING AMENDMENTS.**

13 (a) IN GENERAL.—Section 102 of the Family and
14 Medical Leave Act of 1993 (29 U.S.C. 2612) is amended
15 by adding at the end the following:

16 “(g) RELATIONSHIP TO FIRST INSURANCE.—

17 “(1) FULL WAGE REPLACEMENT.—If an eligible
18 entity provides full wage replacement to an employee
19 for a period under title I of the Family and Work-
20 place Balancing Act of 2003, the employee’s em-
21 ployer shall count an amount of leave, equal to that
22 period, against the total amount of leave (if any) to
23 which the employee is entitled under subsection
24 (a)(1).

25 “(2) PARTIAL WAGE REPLACEMENT.—If an eli-
26 gible entity provides partial wage replacement to an

1 employee for a period under title I of the Family
 2 and Workplace Balancing Act of 2003, the employ-
 3 ee’s employer shall—

4 “(A) total the amount of partial wage re-
 5 placement provided for that period;

6 “(B) convert the total into a corresponding
 7 amount of full wage replacement provided for a
 8 proportionately reduced period; and

9 “(C) count an amount of leave, equal to
 10 the period described in subparagraph (B),
 11 against the total amount of leave (if any) to
 12 which the employee is entitled under subsection
 13 (a)(1).”.

14 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
 15 Section 102(d)(2) of the Family and Medical Leave Act
 16 of 1993 (29 U.S.C. 2612(d)(2)) is amended by striking
 17 “for leave” and inserting “for any unpaid leave”.

18 **Subtitle B—Family and Medical** 19 **Leave Enhancement Act of 2003**

20 **SEC. 111. SHORT TITLE.**

21 This subtitle may be cited as the “Family and Med-
 22 ical Leave Enhancement Act of 2003”.

1 **SEC. 112. ADDITIONAL LEAVE FOR PARENTAL INVOLVE-**
2 **MENT.**

3 (a) LEAVE REQUIREMENT.—Section 102(a) of the
4 Family and Medical Leave Act of 1993 (29 U.S.C.
5 2612(a)) is amended by adding at the end the following:

6 “(3) ENTITLEMENT TO ADDITIONAL LEAVE FOR
7 PARENTAL INVOLVEMENT.—

8 “(A) IN GENERAL.—Subject to section
9 103(f), in addition to leave available under
10 paragraph (1), an eligible employee shall be en-
11 titled to a total of 4 hours of leave during any
12 30-day period, and a total of 24 hours of leave
13 during any 12-month period to participate in or
14 attend an activity that—

15 “(i) is sponsored by a school or com-
16 munity organization; and

17 “(ii) relates to a program of the
18 school or organization that is attended by
19 a son or daughter or a grandchild of the
20 employee.

21 “(B) DEFINITIONS.—As used in this para-
22 graph:

23 “(i) SCHOOL.—The term ‘school’
24 means an elementary school or secondary
25 school (as such terms are defined in the
26 Elementary and Secondary Education Act

1 of 1965 (20 U.S.C. 6301 et seq.)), a Head
2 Start program assisted under the Head
3 Start Act (42 U.S.C. 9831 et seq.), and a
4 child care facility licensed under State law.

5 “(ii) COMMUNITY ORGANIZATION.—
6 The term ‘community organization’ means
7 a private nonprofit organization that is
8 representative of a community or a signifi-
9 cant segment of a community and provides
10 activities for individuals described in sub-
11 paragraph (A) or (B) of section 101(12),
12 such as a scouting or sports organiza-
13 tion.”.

14 (b) SCHEDULE.—Section 102(b)(1) of such Act (29
15 U.S.C. 2612(b)(1)) is amended by inserting after the sec-
16 ond sentence the following: “Leave under subsection
17 (a)(3)(A) may be taken intermittently or on a reduced
18 leave schedule.”.

19 (c) SUBSTITUTION OF PAID LEAVE.—Section
20 102(d)(2)(A) of such Act (29 U.S.C. 2612(d)(2)(A)) is
21 amended—

22 (1) by striking “under” and inserting the fol-
23 lowing: “under—

24 “(i)”; and

1 (2) inserting before the period at the end the
2 following: “; or

3 “(ii) subsection (a)(3)(A) for any part
4 of the 24-hour period of such leave under
5 such subsection”.

6 (d) NOTICE.—Section 102(e)(1) of such Act (29
7 U.S.C. 2612(e)(1)) is amended by adding at the end the
8 following: “In any case in which an employee requests
9 leave under subsection (a)(3)(A), the employee shall pro-
10 vide the employer with not less than 7 days’ notice, before
11 the date the leave is to begin, of the employee’s intention
12 to take leave under such subsection.”.

13 (e) CERTIFICATION.—Section 103 of such Act (29
14 U.S.C. 2613) is amended by adding at the end the fol-
15 lowing:

16 “(f) CERTIFICATION FOR PARENTAL INVOLVEMENT
17 LEAVE.—An employer may require that a request for
18 leave under section 102(a)(3)(A) be supported by a certifi-
19 cation issued at such time and in such manner as the Sec-
20 retary may by regulation prescribe.”.

21 **SEC. 113. PARENTAL INVOLVEMENT LEAVE FOR CIVIL**
22 **SERVANTS.**

23 (a) LEAVE REQUIREMENT.—Section 6382(a) of title
24 5, United States Code, is amended by adding at the end
25 the following:

1 “(3)(A) Subject to section 6383(f), in addition to
2 leave available under paragraph (1), an employee shall be
3 entitled to a total of 4 hours of leave during any 30-day
4 period, and a total of 24 hours of leave during any 12-
5 month period to participate in or attend an activity that—

6 “(i) is sponsored by a school or community or-
7 ganization; and

8 “(ii) relates to a program of the school or orga-
9 nization that is attended by a son or daughter or a
10 grandchild of the employee.

11 “(B) For the purpose of this paragraph:

12 “(i) The term ‘school’ means an elementary
13 school or secondary school (as such terms are de-
14 fined in the Elementary and Secondary Education
15 Act of 1965 (20 U.S.C. 6301 et seq.)), a Head Start
16 program assisted under the Head Start Act (42
17 U.S.C. 9831 et seq.), and a child care facility li-
18 censed under State law.

19 “(ii) The term ‘community organization’ means
20 a private nonprofit organization that is representa-
21 tive of a community or a significant segment of a
22 community and provides activities for individuals de-
23 scribed in subparagraph (A) or (B) of section
24 6381(6), such as a scouting or sports organization.”.

1 (b) SCHEDULE.—Section 6382(b)(1) of such title is
2 amended by inserting after the second sentence the fol-
3 lowing: “Leave under subsection (a)(3)(A) may be taken
4 intermittently or on a reduced leave schedule.”.

5 (c) SUBSTITUTION OF PAID LEAVE.—Section
6 6382(d) of such title is amended by inserting before “,
7 except” the following: “, or for leave provided under sub-
8 section (a)(3)(A) any of the employee’s accrued or accu-
9 mulated annual leave under subchapter I for any part of
10 the 24-hour period of such leave under such subsection”.

11 (d) NOTICE.—Section 6382(e)(1) of such title is
12 amended by adding at the end the following: “In any case
13 in which an employee requests leave under subsection
14 (a)(3)(A), the employee shall provide the employing agen-
15 cy with not less than 7 days’ notice, before the date the
16 leave is to begin, of the employee’s intention to take leave
17 under such subsection.”.

18 (e) CERTIFICATION.—Section 6383 of such title is
19 amended by adding at the end the following:

20 “(f) An employing agency may require that a request
21 for leave under section 6382(a)(3)(A) be supported by a
22 certification issued at such time and in such manner as
23 the Office of Personnel Management may by regulation
24 prescribe.”.

1 **SEC. 114. CLARIFICATION OF LEAVE ENTITLEMENT.**

2 Section 102(a)(1) of the Family and Medical Leave
3 Act of 1993 (29 U.S.C. 2612(a)(1)) and section
4 6382(a)(1) of title 5, United States Code, are each amend-
5 ed by adding at the end the following:

6 “(E) In order to meet routine family med-
7 ical needs, including transportation of a son or
8 daughter or a grandchild for medical and dental
9 appointments for annual checkups and vaccina-
10 tions.

11 “(F) In order to meet the routine medical
12 care needs of elderly individuals who are related
13 to the eligible employee, including visits to
14 nursing homes and group homes.”.

15 **SEC. 115. DEFINITION OF GRANDCHILD.**

16 (a) NON-CIVIL-SERVICE EMPLOYEES.—Section 101
17 of the Family and Medical Leave Act (29 U.S.C. 2611)
18 is amended by adding at the end the following new para-
19 graph:

20 “(14) GRANDCHILD.—The term ‘grandchild’
21 means a son or daughter of an employee’s child.”.

22 (b) CIVIL SERVICE EMPLOYEES.—Section 6381 of
23 title 5, United States Code, is amended—

24 (1) in paragraph (5)(B), by striking “and” at
25 the end;

1 (2) in paragraph (6)(B), by striking the period
2 at the end and inserting “; and”; and

3 (3) by adding at the end the following new
4 paragraph:

5 “(7) the term ‘grandchild’ means a son or
6 daughter of an employee’s child.”.

7 **TITLE II—CHILD CARE**
8 **EXPANSION AND IMPROVEMENT**
9 **Subtitle A—Care for Young**
10 **Children**

11 **SEC. 201. EXPANDING CHILD CARE FOR YOUNG CHILDREN.**

12 (a) GOALS.—Section 658A(b) of the Child Care and
13 Development Block Grant Act of 1990 (42 U.S.C. 9801
14 note) is amended—

15 (1) in paragraph (4), by striking “and”;

16 (2) in paragraph (5), by striking the period and
17 inserting “; and”; and

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

19 “(6) to assist States in improving child care
20 services for young children.”.

21 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
22 658B of the Child Care and Development Block Grant Act
23 of 1990 (42 U.S.C. 9858) is amended—

24 (1) by striking “There” and inserting “(a) IN
25 GENERAL.—There”; and

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

2 “(b) CHILD CARE ACTIVITIES FOR YOUNG CHIL-
3 DREN.—In addition to amounts appropriated under sub-
4 section (a), there is authorized to be appropriated to carry
5 out child care activities for young children under this sub-
6 chapter \$500,000,000 for each of the fiscal years 2004,
7 2005, and 2006.”.

8 (c) CHILD CARE ACTIVITIES FOR YOUNG CHIL-
9 DREN.—The Child Care and Development Block Grant
10 Act of 1990 (42 U.S.C. 9801 et seq.) is amended by in-
11 serting after section 658G the following:

12 **“SEC. 658H. CHILD CARE ACTIVITIES FOR YOUNG CHIL-**
13 **DREN.**

14 “Child care activities for young children for which
15 funds under this subchapter may be used include activities
16 that are designed to accomplish the following:

17 “(1) Increase the availability of child care serv-
18 ices for young children with disabilities.

19 “(2) Provide support services for networks of
20 family child care providers.

21 “(3) Provide or support programs that provide
22 training, services, materials, equipment, or other
23 support to caregivers, eligible child care providers,
24 and family child care providers that provide child
25 care to young children. Such support may include

1 the purchase of equipment such as cribs and high
2 chairs.

3 “(4) Provide funds to increase compensation of-
4 ferred and provide bonuses to caregivers, eligible
5 child care providers, and family child care providers
6 who provide child care to children under the age of
7 3 years, especially those caregivers and providers
8 who have formal education in early childhood devel-
9 opment.

10 “(5) Provide and support networks between
11 health care providers and caregivers, eligible child
12 care providers, and family child care providers that
13 provide child care to young children.

14 “(6) Provide child care services for young chil-
15 dren who are enrolled in Head Start programs under
16 the Head Start Act (42 U.S.C. 9831 et seq.).”.

17 (d) DEFINITIONS.—Section 658P of the Child Care
18 and Development Block Grant Act of 1990 (42 U.S.C.
19 9858n) is amended by adding at the end the following:

20 “(15) YOUNG CHILDREN.—The term ‘young
21 children’ means eligible children who are less than 3
22 years of age.”.

1 **Subtitle B—Improving Child Care**
2 **Quality Through Teacher Incen-**
3 **tives**

4 **SEC. 221. PURPOSE.**

5 The purposes of this subtitle are—

- 6 (1) to establish the Child Care Provider Devel-
7 opment and Retention Grant Program, the Child
8 Care Provider Scholarship Program, and a program
9 of child care provider health benefits coverage; and
10 (2) to help children receive the high quality
11 child care and early education the children need for
12 positive cognitive and social development, by reward-
13 ing and promoting the retention of committed, quali-
14 fied child care providers and by providing financial
15 assistance to improve the educational qualifications
16 of child care providers.

17 **SEC. 222. DEFINITIONS.**

18 In this subtitle:

19 (1) **CHILD CARE PROVIDER.**—The term “child
20 care provider” means an individual who provides a
21 service directly to a child on a person-to-person basis
22 for compensation for—

23 (A) a center-based child care provider that
24 is licensed or regulated under State or local law
25 and that satisfies the State and local require-

1 ments applicable to the child care services pro-
2 vided;

3 (B) a licensed or regulated family child
4 care provider that satisfies the State and local
5 requirements applicable to the child care serv-
6 ices provided; or

7 (C) an out-of-school time program that is
8 licensed or regulated under State or local law
9 and that satisfies the State and local require-
10 ments applicable to the child care services pro-
11 vided.

12 (2) FAMILY CHILD CARE PROVIDER.—The term
13 “family child care provider” has the meaning given
14 such term in section 658P of the Child Care and
15 Development Block Grant Act of 1990 (42 U.S.C.
16 9858n).

17 (3) INDIAN TRIBE.—The term “Indian tribe”
18 has the meaning given such term in section 4 of the
19 Indian Self-Determination and Education Assistance
20 Act (25 U.S.C. 450b).

21 (4) LEAD AGENCY.—The term “lead agency”
22 means the agency designated under section 658D of
23 the Child Care and Development Block Grant Act of
24 1990 (42 U.S.C. 9858b).

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

3 (6) STATE.—The term “State” means any of
4 the several States, the District of Columbia, the
5 Commonwealth of Puerto Rico, the Virgin Islands of
6 the United States, Guam, American Samoa, or the
7 Commonwealth of the Northern Mariana Islands.

8 (7) TRIBAL ORGANIZATION.—The term “tribal
9 organization” has the meaning given the term in
10 section 4 of the Indian Self-Determination and Edu-
11 cation Assistance Act (25 U.S.C. 450b).

12 **SEC. 223. FUNDS FOR CHILD CARE PROVIDER DEVELOP-**
13 **MENT AND RETENTION GRANTS, SCHOLAR-**
14 **SHIPS, AND HEALTH BENEFITS COVERAGE.**

15 (a) IN GENERAL.—From amounts appropriated to
16 carry out this subtitle, the Secretary may allot and dis-
17 tribute funds to eligible States, and make payments to In-
18 dian tribes and tribal organizations, to pay for the Federal
19 share of the cost of carrying out activities under sections
20 226, 227, and 228 for eligible child care providers.

21 (b) ALLOTMENTS.—The funds shall be allotted and
22 distributed, and the payments shall be made, by the Sec-
23 retary in accordance with section 224, and expended by
24 the States (directly, or at the option of the States, through
25 units of general purpose local government), and by Indian

1 tribes and tribal organizations, in accordance with this
2 subtitle.

3 **SEC. 224. ALLOTMENTS TO STATES.**

4 (a) AMOUNTS RESERVED.—

5 (1) TERRITORIES AND POSSESSIONS.—The Sec-
6 retary shall reserve not more than $\frac{1}{2}$ of 1 percent
7 of the funds appropriated under section 231(a), and
8 not more than $\frac{1}{2}$ of 1 percent of the funds appro-
9 priated under section 232(b), for any fiscal year for
10 payments to the Virgin Islands of the United States,
11 Guam, American Samoa, and the Commonwealth of
12 the Northern Mariana Islands, to be allotted in ac-
13 cordance with their respective needs.

14 (2) INDIAN TRIBES AND TRIBAL ORGANIZA-
15 TIONS.—The Secretary shall reserve not more than
16 3 percent of the funds appropriated under section
17 231(a), and not more than 3 percent of the funds
18 appropriated under section 231(b), for any fiscal
19 year for payments to Indian tribes and tribal organi-
20 zations with applications approved under subsection
21 (c).

22 (b) ALLOTMENTS TO REMAINING STATES.—

23 (1) GENERAL AUTHORITY.—From the funds
24 appropriated under section 231(a) for any fiscal year
25 and remaining after the reservations made under

1 subsection (a), and from the funds appropriated
2 under section 231(b) for any fiscal year and remain-
3 ing after the reservations made under subsection (a),
4 the Secretary shall allot to each State an amount
5 equal to the sum of—

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

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

18 (2) YOUNG CHILD FACTOR.—In this subsection,
19 the term “young child factor” means the ratio of the
20 number of children under 5 years of age in the State
21 to the number of such children in all the States, as
22 determined according to the most recent annual esti-
23 mates of population in the States, as provided by the
24 Bureau of the Census.

1 (3) SCHOOL LUNCH FACTOR.—In this sub-
2 section, the term “school lunch factor” means the
3 ratio of the number of children who are receiving
4 free or reduced price lunches under the school lunch
5 program established under the Richard B. Russell
6 National School Lunch Act (42 U.S.C. 1751 et seq.)
7 in the State to the number of such children in all
8 the States, as determined annually by the Depart-
9 ment of Agriculture.

10 (4) ALLOTMENT PERCENTAGE.—

11 (A) IN GENERAL.—Except as provided in
12 subparagraph (B), for purposes of this sub-
13 section, the allotment percentage for a State
14 shall be determined by dividing the per capita
15 income of all individuals in the United States,
16 by the per capita income of all individuals in
17 the State.

18 (B) LIMITATIONS.—For purposes of this
19 subsection, if an allotment percentage deter-
20 mined under subparagraph (A)—

21 (i) is more than 1.2 percent, the allot-
22 ment percentage of that State shall be con-
23 sidered to be 1.2 percent; and

1 (ii) is less than 0.8 percent, the allot-
 2 ment percentage of the State shall be con-
 3 sidered to be 0.8 percent.

4 (C) PER CAPITA INCOME.—For purposes
 5 of subparagraph (A), per capita income shall
 6 be—

7 (i) determined at 2-year intervals;

8 (ii) applied for the 2-year period be-
 9 ginning on October 1 of the first fiscal
 10 year beginning after the date such deter-
 11 mination is made; and

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

18 (c) PAYMENTS TO INDIAN TRIBES AND TRIBAL OR-
 19 GANIZATIONS.—

20 (1) RESERVATION OF FUNDS.—From amounts
 21 reserved under subsection (a)(2), the Secretary may
 22 make grants to or enter into contracts with Indian
 23 tribes and tribal organizations that submit applica-
 24 tions under this subsection, to plan and carry out
 25 programs and activities—

1 (A) to encourage child care providers to
2 improve their qualifications;

3 (B) to retain qualified child care providers
4 in the child care field; and

5 (C) to provide health benefits coverage for
6 child care providers.

7 (2) APPLICATIONS AND REQUIREMENTS.—To
8 be eligible to receive a grant or contract under this
9 subsection, an Indian tribe or tribal organization
10 shall submit an application to the Secretary at such
11 time, in such manner, and containing such informa-
12 tion as the Secretary may require. The application
13 shall provide that the applicant—

14 (A) will coordinate the programs and ac-
15 tivities involved, to the maximum extent prac-
16 ticable, with the lead agency in each State in
17 which the applicant will carry out such pro-
18 grams and activities; and

19 (B) will make such reports on, and conduct
20 such audits of the funds made available through
21 the grant or contract for, programs and activi-
22 ties under this subtitle as the Secretary may re-
23 quire.

24 (d) DATA AND INFORMATION.—The Secretary shall
25 obtain from each appropriate Federal agency, the most re-

1 cent data and information necessary to determine the al-
2 lotments provided for in subsection (b).

3 (e) REALLOTMENTS.—

4 (1) IN GENERAL.—Any portion of an allotment
5 under subsection (b) to a State for a fiscal year that
6 the Secretary determines will not be distributed to
7 the State for such fiscal year shall be reallocated by
8 the Secretary to other States in proportion to the
9 original corresponding allotments made under such
10 subsection to such States for such fiscal year.

11 (2) LIMITATIONS.—

12 (A) REDUCTION.—The amount of any re-
13 allotment to which a State is entitled under this
14 subsection shall be reduced to the extent that
15 such amount exceeds the amount that the Sec-
16 retary estimates will be distributed to the State
17 to carry out corresponding activities under this
18 subtitle.

19 (B) REALLOTMENTS.—The amount of
20 such reduction shall be reallocated to States for
21 which no reduction in a corresponding allot-
22 ment, or in a corresponding reallocation, is re-
23 quired by this subsection, in proportion to the
24 original corresponding allotments made under

1 subsection (b) to such States for such fiscal
2 year.

3 (3) AMOUNTS REALLOTTED.—For purposes of
4 this subtitle (other than this subsection and sub-
5 section (b)), any amount reallocated to a State under
6 this subsection shall be considered to be part of the
7 corresponding allotment made under subsection (b)
8 to the State.

9 (4) INDIAN TRIBES OR TRIBAL ORGANIZA-
10 TIONS.—Any portion of a grant or contract made to
11 an Indian tribe or tribal organization under sub-
12 section (c) that the Secretary determines is not
13 being used in a manner consistent with the provi-
14 sions of this subtitle in the period for which the
15 grant or contract is made available, shall be used by
16 the Secretary to make payments to other tribes or
17 organizations that have submitted applications under
18 subsection (c) in accordance with their respective
19 needs.

20 (f) COST-SHARING.—

21 (1) CHILD CARE PROVIDER DEVELOPMENT AND
22 RETENTION GRANTS AND SCHOLARSHIPS.—

23 (A) FEDERAL SHARE.—The Federal share
24 of the cost of carrying out activities under sec-
25 tions 226 and 227, with funds allotted under

1 this section and distributed by the Secretary to
2 a State, shall be—

3 (i) not more than 90 percent of the
4 cost of each grant made under such sec-
5 tions, in the first fiscal year for which the
6 State receives such funds;

7 (ii) not more than 85 percent of the
8 cost of each grant made under such sec-
9 tions, in the second fiscal year for which
10 the State receives such funds;

11 (iii) not more than 80 percent of the
12 cost of each grant made under such sec-
13 tions, in the third fiscal year for which the
14 State receives such funds; and

15 (iv) not more than 75 percent of the
16 cost of each grant made under such sec-
17 tions, in any subsequent fiscal year for
18 which the State receives such funds.

19 (B) NON-FEDERAL SHARE.—

20 (i) IN GENERAL.—The State may pro-
21 vide the non-Federal share of the cost in
22 cash or in the form of an in-kind contribu-
23 tion, fairly evaluated by the Secretary.

24 (ii) IN-KIND CONTRIBUTION.—In this
25 subparagraph, the term “in-kind contribu-

1 tion” means payment of the costs of par-
 2 ticipation of eligible child care providers in
 3 health insurance programs or retirement
 4 programs.

5 (2) CHILD CARE PROVIDER HEALTH BENEFITS
 6 COVERAGE.—

7 (A) FEDERAL SHARE.—The Federal share
 8 of the cost of carrying out activities under sec-
 9 tion 228, with funds allotted under this section
 10 and distributed by the Secretary to a State,
 11 shall be not more than 50 percent of such cost.

12 (B) NON-FEDERAL SHARE.—The State
 13 may provide the non-Federal share of the cost
 14 in cash or in kind, fairly evaluated by the Sec-
 15 retary, including plant, equipment, or services.
 16 The State shall provide the non-Federal share
 17 directly or through donations from public or
 18 private entities. Amounts provided by the Fed-
 19 eral Government, or services assisted or sub-
 20 sidized to any significant extent by the Federal
 21 Government, may not be included in deter-
 22 mining the amount of such share.

23 (g) AVAILABILITY OF ALLOTTED FUNDS DISTRIB-
 24 UTED TO STATES.—Of the funds allotted under this sec-

tion for activities described in sections 226 and 227 and distributed by the Secretary to a State for a fiscal year—

(1) not less than 67.5 percent shall be available to the State for grants under section 226;

(2) not less than 22.5 percent shall be available to the State for grants under section 227; and

(3) not more than 10 percent shall be available to pay administrative costs incurred by the State to carry out activities described in sections 226 and 227.

(h) DEFINITION.—For the purposes of subsections (a) through (e), the term “State” includes only the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 225. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive a distribution of funds allotted under section 224, a State shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require by rule and shall include in such application—

(1) a State plan that satisfies the requirements of subsection (b); and

1 (2) assurances of compliance satisfactory to the
2 Secretary with respect to the requirements of section
3 228.

4 (b) REQUIREMENTS OF PLAN.—

5 (1) LEAD AGENCY.—The State plan shall iden-
6 tify the lead agency to make grants under this sub-
7 title for the State.

8 (2) RECRUITMENT AND RETENTION OF CHILD
9 CARE PROVIDERS.—The State plan shall describe
10 how the lead agency will encourage both the recruit-
11 ment of qualified child care providers who are new
12 to the child care field and the retention of qualified
13 child care providers who have a demonstrated com-
14 mitment to the child care field.

15 (3) NOTIFICATION OF AVAILABILITY OF GRANTS
16 AND BENEFITS.—The State plan shall describe how
17 the lead agency will identify all eligible child care
18 providers in the State and notify the providers of the
19 availability of grants and benefits under this sub-
20 title.

21 (4) DISTRIBUTION OF GRANTS.—The State
22 plan shall describe how the lead agency will make
23 grants under sections 226 and 227 to eligible child
24 care providers in selected geographical areas in the
25 State in compliance with the following requirements:

1 (A) SELECTION OF GEOGRAPHICAL
2 AREAS.—For the purpose of making such
3 grants for a fiscal year, the State shall—

4 (i) select a variety of geographical
5 areas, determined by the State, that, col-
6 lectively—

7 (I) include urban areas, suburban
8 areas, and rural areas; and

9 (II) are areas whose residents
10 have diverse income levels; and

11 (ii) give special consideration to geo-
12 graphical areas selected under this sub-
13 paragraph for the preceding fiscal year.

14 (B) SELECTION OF CHILD CARE PRO-
15 VIDERS TO RECEIVE GRANTS.—In making
16 grants under section 226, the State may make
17 grants only to eligible child care providers in
18 geographical areas selected under subparagraph
19 (A), but may give special consideration in such
20 areas to eligible child care providers—

21 (i) who have attained a higher rel-
22 evant educational credential;

23 (ii) who provide a specific kind of
24 child care services;

1 (iii) who provide child care services to
2 populations who meet specific economic
3 characteristics; or

4 (iv) who meet such other criteria as
5 the State may establish.

6 (C) LIMITATION.—The State shall describe
7 how the State will ensure that grants made
8 under section 226 to child care providers will
9 not be used to offset reductions in the com-
10 pensation of such providers.

11 (D) REPORTING REQUIREMENT.—With re-
12 spect to each particular geographical area se-
13 lected under subparagraph (A), the State shall
14 provide an assurance that the State will, for
15 each fiscal year for which such State receives a
16 grant under section 226—

17 (i) include in the report required by
18 section 229, detailed information regard-
19 ing—

20 (I) the continuity of employment
21 of the grant recipients as child care
22 providers with the same employer;

23 (II) with respect to each em-
24 ployer that employed such a grant re-
25 cipient, whether such employer was

1 accredited by a recognized national or
2 State accrediting body during the pe-
3 riod of employment; and

4 (III) to the extent practicable
5 and available to the State, the rate
6 and frequency of employment turnover
7 of qualified child care providers
8 throughout such area,

9 during the 2-year period ending on the
10 deadline for submission of applications for
11 grants under section 226 for that fiscal
12 year; and

13 (ii) provide a follow-up report, not
14 later than 90 days after the end of the suc-
15 ceeding fiscal year that includes informa-
16 tion regarding—

17 (I) the continuity of employment
18 of the grant recipients as child care
19 providers with the same employer;

20 (II) with respect to each em-
21 ployer that employed such a grant re-
22 cipient, whether such employer was
23 accredited by a recognized national or
24 State accrediting body during the pe-
25 riod of employment; and

1 (III) to the extent practicable
2 and available to the State, detailed in-
3 formation regarding the rate and fre-
4 quency of employment turnover of
5 qualified child care providers through-
6 out such area,
7 during the 1-year period beginning on the
8 date on which the grant to the State was
9 made under section 226.

10 (5) CHILD CARE PROVIDER DEVELOPMENT AND
11 RETENTION GRANT PROGRAM.—The State plan shall
12 describe how the lead agency will determine the
13 amounts of grants to be made under section 226 in
14 accordance with the following requirements:

15 (A) SUFFICIENT AMOUNTS.—The State
16 shall demonstrate that the amounts of indi-
17 vidual grants to be made under section 226 will
18 be sufficient—

19 (i) to encourage child care providers
20 to improve their qualifications; and

21 (ii) to retain qualified child care pro-
22 viders in the child care field.

23 (B) AMOUNTS TO CREDENTIALLED PRO-
24 VIDERS.—Such grants made to eligible child
25 care providers who have a child development as-

1 sociate credential (or equivalent) and who are
2 employed full-time to provide child care services
3 shall be in an amount that is not less than
4 \$1,000 per year.

5 (C) AMOUNTS TO PROVIDERS WITH HIGH-
6 ER LEVELS OF EDUCATION.—The State shall
7 make such grants in amounts greater than
8 \$1,000 per year to eligible child care providers
9 who have higher levels of education than the
10 education required for a credential such as a
11 child development associate credential (or equiv-
12 alent), according to the following requirements:

13 (i) PROVIDERS WITH BACCALAUREATE
14 DEGREES IN RELEVANT FIELDS.—An eligi-
15 ble child care provider who has a bacca-
16 laureate degree in the area of child devel-
17 opment or early child education shall re-
18 ceive a grant under section 226 in an
19 amount that is not less than twice the
20 amount of the grant that is made under
21 section 226 to an eligible child care pro-
22 vider who has an associate of the arts de-
23 gree in the area of child development or
24 early child education.

1 (ii) PROVIDERS WITH ASSOCIATE DE-
 2 GREES.—An eligible child care provider
 3 who has an associate of the arts degree in
 4 the area of child development or early child
 5 education shall receive a grant under sec-
 6 tion 226 in an amount that is not less
 7 than 150 percent of the amount of the
 8 grant that is made under section 226 to an
 9 eligible child care provider who has a child
 10 development associate credential (or equiv-
 11 alent) and is employed full-time to provide
 12 child care services.

13 (iii) OTHER PROVIDERS WITH BACCA-
 14 LAUREATE DEGREES.—

15 (I) IN GENERAL.—Except as pro-
 16 vided in subclause (II), an eligible
 17 child care provider who has a bacca-
 18 laureate degree in a field other than
 19 child development or early child edu-
 20 cation shall receive a grant under sec-
 21 tion 226 in an amount equal to the
 22 amount of the grant that is made
 23 under section 226 to an eligible child
 24 care provider who has an associate of

1 the arts degree in the area of child de-
2 velopment or early child education.

3 (II) EXCEPTION.—If an eligible
4 child care provider who has such a
5 baccalaureate degree obtains addi-
6 tional educational training in the area
7 of child development or early child
8 education, as specified by the State,
9 such provider shall receive a grant
10 under section 226 in an amount equal
11 to the amount of the grant that is
12 made under section 226 to an eligible
13 child care provider who has a bacca-
14 laureate degree specified in clause (i).

15 (D) AMOUNTS TO FULL-TIME PRO-
16 VIDERS.—The State shall make a grant under
17 section 226 to an eligible child care provider
18 who works full-time in a greater amount than
19 the amount of the grant that is made under
20 section 226 to an eligible child care provider
21 who works part-time, based on the State defini-
22 tions of full-time and part-time work.

23 (E) AMOUNTS TO EXPERIENCED PRO-
24 VIDERS.—The State shall make grants under
25 section 226 in progressively larger amounts to

1 eligible child care providers to reflect the num-
2 ber of years worked as child care providers.

3 (6) DISTRIBUTION OF CHILD CARE PROVIDER
4 SCHOLARSHIPS.—The State plan shall describe how
5 the lead agency will make grants for scholarships in
6 compliance with section 227 and shall specify the
7 types of educational and training programs for
8 which the scholarship grants made under such sec-
9 tion may be used, including only programs that—

10 (A) are administered by institutions of
11 higher education that are eligible to participate
12 in student financial assistance programs under
13 title IV of the Higher Education Act of 1965
14 (20 U.S.C. 1070 et seq.); and

15 (B) lead to a State or nationally recog-
16 nized credential in the area of child develop-
17 ment or early child education, an associate of
18 the arts degree in the area of child development
19 or early child education, or a baccalaureate de-
20 gree in the area of child development or early
21 child education.

22 (7) EMPLOYER CONTRIBUTION.—The State
23 plan shall describe how the lead agency will encour-
24 age employers of child care providers to contribute

1 to the attainment of education goals by eligible child
2 care providers who receive grants under section 227.

3 (8) SUPPLEMENTATION.—The State plan shall
4 provide assurances that amounts received by the
5 State to carry out sections 226, 227, and 228 will
6 be used only to supplement, and not to supplant,
7 Federal, State, and local funds otherwise available to
8 support existing services and activities (as of the
9 date the amounts are used) that—

10 (A) encourage child care providers to im-
11 prove their qualifications and that promote the
12 retention of qualified child care providers in the
13 child care field; or

14 (B) provide health benefits coverage for
15 child care providers.

16 **SEC. 226. CHILD CARE PROVIDER DEVELOPMENT AND RE-**
17 **TENTION GRANT PROGRAM.**

18 (a) IN GENERAL.—A State that receives funds allot-
19 ted under section 224 and made available to carry out this
20 section shall expend such funds to pay for the Federal
21 share of the cost of making grants to eligible child care
22 providers in accordance with this section, to improve the
23 qualifications and promote the retention of qualified child
24 care providers.

1 (b) ELIGIBILITY TO RECEIVE GRANTS.—To be eligi-
2 ble to receive a grant under this section, a child care pro-
3 vider shall—

4 (1) have a child development associate creden-
5 tial (or equivalent), an associate of the arts degree
6 in the area of child development or early child edu-
7 cation, a baccalaureate degree in the area of child
8 development or early child education, or a bacca-
9 laureate degree in an unrelated field; and

10 (2) be employed as a child care provider for not
11 less than 1 calendar year, or (if the provider is em-
12 ployed on the date of the eligibility determination in
13 a child care program that operates for less than a
14 full calendar year) the program equivalent of 1 cal-
15 endar year, ending on the date of the application for
16 such grant, except that not more than 3 months of
17 education related to child development or to early
18 child education obtained during the corresponding
19 calendar year may be treated as employment that
20 satisfies the requirements of this paragraph.

21 (c) PRESERVATION OF ELIGIBILITY.—A State shall
22 not take into consideration whether a child care provider
23 is receiving, may receive, or may be eligible to receive any
24 funds or benefits under any other provision of this subtitle

1 for purposes of selecting eligible child care providers to
2 receive grants under this section.

3 **SEC. 227. CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.**

4 (a) IN GENERAL.—A State that receives funds allot-
5 ted under section 224 and made available to carry out this
6 section shall expend such funds to pay for the Federal
7 share of the cost of making scholarship grants to eligible
8 child care providers in accordance with this section, to im-
9 prove their educational qualifications to provide child care
10 services.

11 (b) ELIGIBILITY REQUIREMENT FOR SCHOLARSHIP
12 GRANTS.—To be eligible to receive a scholarship grant
13 under this section, a child care provider shall be employed
14 as a child care provider for not less than 1 calendar year,
15 or (if the provider is employed on the date of the eligibility
16 determination in a child care program that operates for
17 less than a full calendar year) the program equivalent of
18 1 calendar year, ending on the date of the application for
19 such grant.

20 (c) SELECTION OF GRANTEES.—For purposes of se-
21 lecting eligible child care providers to receive scholarship
22 grants under this section and determining the amounts of
23 such grants, a State shall not—

24 (1) take into consideration whether a child care
25 provider is receiving, may receive, or may be eligible

1 to receive any funds or benefits under any other pro-
 2 vision of this subtitle, or under any other Federal
 3 or State law that provides funds for educational pur-
 4 poses; or

5 (2) consider as resources of such provider any
 6 funds such provider is receiving, may receive, or may
 7 be eligible to receive under any other provision of
 8 this subtitle, under any other Federal or State law
 9 that provides funds for educational purposes, or
 10 from a private entity.

11 (d) COST-SHARING REQUIRED.—The amount of a
 12 scholarship grant made under this section to an eligible
 13 child care provider shall be less than the cost of the edu-
 14 cational or training program for which such grant is made.

15 (e) ANNUAL MAXIMUM SCHOLARSHIP GRANT
 16 AMOUNT.—The maximum aggregate dollar amount of a
 17 scholarship grant made by a State to an eligible child care
 18 provider under this section in a fiscal year shall be \$1,500.

19 **SEC. 228. CHILD CARE PROVIDER HEALTH BENEFITS COV-**
 20 **ERAGE.**

21 (a) SHORT TITLE.—This section may be cited as the
 22 “Healthy Early Education Workforce Grant Program
 23 Act”.

24 (b) DEFINITION.—In this section, the terms “depend-
 25 ent”, “domestic partner”, and “spouse”, used with respect

1 to a State, have the meanings given the terms by the
2 State.

3 (c) GENERAL AUTHORITY.—A State that receives
4 funds allotted under section 224 and made available to
5 carry out this section shall expend such funds to pay for
6 the Federal share of the cost of providing access to afford-
7 able health benefits coverage for—

8 (1) eligible child care providers; and

9 (2) at the discretion of the State involved, the
10 spouses, domestic partners, and dependents of such
11 providers.

12 (d) PERMISSIBLE ACTIVITIES.—In carrying out sub-
13 section (c), the State may expend such funds for any of
14 the following:

15 (1) To reimburse an employer of an eligible
16 child care provider, or the provider, for the employ-
17 er's or provider's share (or a portion of the share)
18 of the premiums or other costs for coverage under
19 group or individual health plans.

20 (2) To offset the cost of enrolling eligible child
21 care providers in public health benefits plans, such
22 as the medicaid program under title XIX of the So-
23 cial Security Act (42 U.S.C. 1396 et seq.), the State
24 children's health insurance program under title XXI

1 of such Act (42 U.S.C. 1397aa et seq.), or public
2 employee health benefit plans.

3 (3) To otherwise subsidize the cost of health
4 benefits coverage for eligible child care providers.

5 (e) ELIGIBILITY CRITERIA FOR HEALTH BENEFITS
6 COVERAGE.—The State may establish criteria to limit the
7 child care providers who may receive benefits through the
8 allotment.

9 (f) SELECTION OF GRANTEES.—For purposes of se-
10 lecting eligible child care providers to receive benefits
11 under this section for a fiscal year, a State shall give—

12 (1) highest priority to—

13 (A) providers that meet any applicable cri-
14 teria established in accordance with subsection
15 (e) and received such assistance during the pre-
16 vious fiscal year; and

17 (B) at the State’s discretion, the spouses,
18 domestic partners, and dependents of such pro-
19 viders; and

20 (2) second highest priority to—

21 (A) providers that meet any applicable cri-
22 teria established in accordance with subsection
23 (e) and are accredited by the National Associa-
24 tion for the Education of Young Children or the

1 National Association for Family Child Care;
2 and

3 (B) at the State's discretion, the spouses,
4 domestic partners, and dependents of such pro-
5 viders.

6 **SEC. 229. ANNUAL REPORT.**

7 A State that receives funds appropriated to carry out
8 this subtitle for a fiscal year shall submit to the Secretary,
9 not later than 90 days after the end of such fiscal year,
10 a report—

11 (1) specifying the uses for which the State ex-
12 pended such funds, and the aggregate amount of
13 funds (including State funds) expended for each of
14 such uses;

15 (2) containing available data relating to grants
16 made and benefits provided with such funds, includ-
17 ing—

18 (A) the number of eligible child care pro-
19 viders who received such grants and benefits;

20 (B) the amounts of such grants and bene-
21 fits;

22 (C) any other information that describes or
23 evaluates the effectiveness of this subtitle;

1 (D) the particular geographical areas se-
2 lected under section 225 for the purpose of
3 making such grants;

4 (E) with respect to grants made under sec-
5 tion 226—

6 (i) the number of years grant recipi-
7 ents have been employed as child care pro-
8 viders;

9 (ii) the level of training and education
10 of grant recipients;

11 (iii) to the extent practicable and
12 available to the State, detailed information
13 regarding the salaries and other compensa-
14 tion received by grant recipients to provide
15 child care services before, during, and after
16 receiving such grants;

17 (iv) the number of children who re-
18 ceived child care services provided by grant
19 recipients;

20 (v) information on family demo-
21 graphics of such children;

22 (vi) the types of settings described in
23 subparagraphs (A), (B), and (C) of section
24 222(1) in which grant recipients are em-
25 ployed; and

1 (vii) the ages of the children who re-
2 ceived child care services provided by grant
3 recipients;

4 (F) with respect to grants made under sec-
5 tion 227—

6 (i) the number of years grant recipi-
7 ents have been employed as child care pro-
8 viders;

9 (ii) the level of training and education
10 of grant recipients;

11 (iii) to the extent practicable and
12 available to the State, detailed information
13 regarding the salaries and other compensa-
14 tion received by grant recipients to provide
15 child care services before, during, and after
16 receiving such grants;

17 (iv) the types of settings described in
18 subparagraphs (A), (B), and (C) of section
19 222(1) in which grant recipients are em-
20 ployed;

21 (v) the ages of the children who re-
22 ceived child care services provided by grant
23 recipients;

1 (vi) the number of course credits or
2 credentials obtained by grant recipients;
3 and

4 (vii) the amount of time taken for
5 completion of the educational and training
6 programs for which such grants were
7 made; and

8 (G) such other information as the Sec-
9 retary may require by rule.

10 **SEC. 230. EVALUATION OF HEALTH BENEFITS PROGRAMS**

11 **BY SECRETARY.**

12 (a) EVALUATION.—The Secretary shall conduct an
13 evaluation of several State programs carried out with
14 grants made under section 228, representing various ap-
15 proaches to raising the rate of child care providers with
16 health benefits coverage.

17 (b) ASSESSMENT OF IMPACTS.—In evaluating State
18 programs under subsection (a), the Secretary may con-
19 sider any information appropriate to measure the success
20 of the programs, and shall assess the impact of the pro-
21 grams on the following:

22 (1) The rate of child care providers with health
23 benefits coverage.

24 (2) The take-up rate by eligible child care pro-
25 viders.

1 (3) The turnover rate in the child care field.

2 (4) The average wages paid to a child care pro-
3 vider.

4 (c) REPORT.—Not later than 3 years after the date
5 of enactment of this subtitle, the Secretary shall prepare
6 and submit a report to Congress containing the results
7 of the evaluation conducted under subsection (a), together
8 with recommendations for strengthening programs carried
9 out with grants made under section 228.

10 **SEC. 231. AUTHORIZATION OF APPROPRIATIONS.**

11 (a) CHILD CARE PROVIDER DEVELOPMENT, RETEN-
12 TION, AND SCHOLARSHIPS.—There are authorized to be
13 appropriated to carry out the activities described in sec-
14 tions 226 and 227 \$500,000,000 for fiscal year 2004 and
15 such sums as may be necessary for each of fiscal years
16 2005 through 2008.

17 (b) CHILD CARE PROVIDER HEALTH BENEFITS COV-
18 ERAGE.—There is authorized to be appropriated to carry
19 out the activities described in section 228 \$200,000,000
20 for fiscal year 2004 and such sums as may be necessary
21 for each of fiscal years 2005 through 2008.

1 **Subtitle C—Child Care Construc-**
2 **tion and Renovation Incentive**
3 **Grants**

4 **SEC. 241. SHORT TITLE.**

5 This subtitle may be cited as the “Child Care Con-
6 struction and Renovation Incentive Grants Act”.

7 **SEC. 242. USE OF COMMUNITY DEVELOPMENT BLOCK**
8 **GRANTS TO ESTABLISH CHILD CARE FACILI-**
9 **TIES.**

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

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

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

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

18 (4) by adding at the end the following:

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

21 **SEC. 243. INSURANCE FOR MORTGAGES ON NEW AND RE-**
22 **HABILITATED CHILD CARE FACILITIES.**

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

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

3 “(a) DEFINITIONS.—In this section:

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

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

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

10 “(I) children who are less than
11 16 years of age; or

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

14 “(ii) is operated in accordance with all
15 applicable State and local laws and regula-
16 tions; and

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

20 “(2) EQUIPMENT.—The term ‘equipment’ in-
21 cludes—

22 “(A) machinery, utilities, and built-in
23 equipment, and any necessary enclosure or
24 structure to house them; and

25 “(B) any other items necessary for the
26 functioning of a particular facility as a child

1 care facility, including necessary furniture,
2 books, and curricular and program materials.

3 “(3) FIRST MORTGAGE.—The term ‘first mort-
4 gage’—

5 “(A) means such classes of first liens as
6 are commonly given to secure advances (includ-
7 ing advances during construction) on, or the
8 unpaid purchase price of, real estate under the
9 laws of the State in which the real estate is lo-
10 cated, together with the credit instrument or in-
11 struments (if any) secured thereby; and

12 “(B) includes any mortgage in the form of
13 1 or more trust mortgages or mortgage inden-
14 tures or deeds of trust, securing notes, bonds,
15 or other credit instruments, that, by the same
16 instrument or by a separate instrument, creates
17 a security interest in initial equipment, whether
18 or not attached to the realty.

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

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

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

6 “(1) insure a mortgage that is secured by a
7 property or project that is—

8 “(A) a new child care facility, including a
9 new addition to an existing child care facility
10 (regardless of whether the existing facility is
11 being rehabilitated); or

12 “(B) a substantially rehabilitated child
13 care facility, including equipment to be used in
14 the operation of the facility; and

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

18 “(c) TERMS AND CONDITIONS.—

19 “(1) ELIGIBLE CHILD CARE FACILITIES.—Each
20 mortgage insured under this section shall be secured
21 by a child care facility that the Secretary deter-
22 mines, during the 12-month period preceding the
23 date on which the commitment to insure the mort-
24 gage is issued under this section, complies or will be
25 in compliance within 12 months, with any laws,

standards, and requirements applicable to child care facilities under the laws of the State, municipality, or other unit of general local government in which the facility is or is to be located.

“(2) APPROVED MORTGAGOR.—

“(A) IN GENERAL.—Each mortgage insured under this section shall be executed by a mortgagor approved by the Secretary.

“(B) REGULATION.—The Secretary may—

“(i) require an approved mortgagor who executes a mortgage under subparagraph (A) to be regulated with respect to charges and methods of financing and, if the mortgagor is a corporate entity, with respect to capital structure and rate of return; and

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

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

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

3 “(ii) redeemed by the mortgagor at
4 par upon the termination of all obligations
5 of the Secretary under the insurance.

6 “(3) PRINCIPAL OBLIGATION.—Each mortgage
7 insured under this section shall involve a principal
8 obligation in an amount not to exceed 90 percent of
9 the estimated value of the property or project, or 95
10 percent of the estimated value of the property or
11 project in the case of a mortgagor that is a private
12 nonprofit corporation or association (as defined pur-
13 suant to section 221(d)(3)), including—

14 “(A) equipment to be used in the operation
15 of the facility when the proposed improvements
16 are completed and the equipment is installed; or

17 “(B) a solar energy system (as defined in
18 subparagraph (3) of the last paragraph of sec-
19 tion 2(a)) or residential energy conservation
20 measures (as defined in subparagraphs (A)
21 through (G) and (I) of section 210(11) of the
22 National Energy Conservation Policy Act), in
23 cases in which the Secretary determines that
24 such measures are in addition to those required

1 under the minimum property standards and will
2 be cost-effective over the life of the measure.

3 “(4) AMORTIZATION AND INTEREST.—Each
4 mortgage insured under this section shall—

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

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

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

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

22 “(6) MORTGAGE INSURANCE TERMS.—Sub-
23 sections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of
24 section 207 apply to any mortgage insured under
25 this section, except that all references in such sub-

1 sections to section 207 shall be construed, for pur-
2 poses of mortgage insurance under this section, to
3 refer to this section.

4 “(d) MORTGAGE INSURANCE FOR FIRE SAFETY
5 EQUIPMENT LOANS.—

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

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

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

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

24 “(C) have a maturity date satisfactory to
25 the Secretary;

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

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

8 “(F) be made with respect to a child care
 9 facility that the Secretary determines, during
 10 the 12-month period preceding the date on
 11 which the commitment to insure the mortgage
 12 is issued under this subsection, complies or will
 13 be in compliance within 12 months, with any
 14 laws, standards, and requirements applicable to
 15 child care facilities under the laws of the State,
 16 municipality, or other unit of general local gov-
 17 ernment in which the facility is or is to be lo-
 18 cated.

19 “(3) INSURANCE REQUIREMENTS.—

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

1 “(B) SECTION 220.—Paragraphs (5), (6),
2 (7), (9), and (10) of section 220(h) shall apply
3 to any loan insured under this subsection, ex-
4 cept that all references in such paragraphs to
5 home improvement loans shall be construed, for
6 purposes of this subsection, to refer to loans
7 under this subsection.

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

12 “(f) LIMITATION ON INSURANCE AUTHORITY.—

13 “(1) TERMINATION.—No mortgage may be in-
14 sured under this section or section 223(h) after Sep-
15 tember 30, 2007, except pursuant to a commitment
16 to insure issued on or before such date.

17 “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-
18 TION.—

19 “(A) IN GENERAL.—The aggregate prin-
20 cipal amount of mortgages for which the Sec-
21 retary enters into commitments to insure under
22 this section or section 223(h) on or before the
23 date described in paragraph (1) may not exceed
24 \$2,000,000,000.

1 “(B) REPORT.—If, on the date described
2 in paragraph (1), the aggregate insurance au-
3 thority provided under this paragraph has not
4 been fully used, the Secretary of the Treasury
5 shall submit to Congress a report evaluating the
6 need for continued mortgage insurance under
7 this section.

8 “(g) NONDISCRIMINATION REQUIREMENT.—

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

21 “(2) FACILITIES OF RELIGIOUS ORGANIZA-
22 TIONS.—The prohibition with respect to religion
23 under paragraph (1) shall not apply to a child care
24 facility that is controlled by, or that is closely identi-
25 fied with, the tenets of a particular religious organi-

1 zation, if the application of this paragraph would not
2 be consistent with the religious tenets of such orga-
3 nization.

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

9 “(i) SMALL PURPOSE LOANS.—

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

16 “(2) REQUIREMENTS.—A loan under this sub-
17 section—

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

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

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

1 “(D) shall be subject to such other terms
2 and conditions as the Secretary may establish
3 by regulation.

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

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

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

15 “(1) issue any regulations necessary to carry
16 out this section; and

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

21 “(l) AUTHORIZATION OF APPROPRIATIONS.—There is
22 authorized to be appropriated to carry out this section
23 \$30,000,000 for fiscal year 2004, to remain available until
24 expended, of which not more than 10 percent may be used
25 for loans under subsection (i).”.

1 **SEC. 244. 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 complies with any laws,
6 standards, and requirements applicable to child
7 care facilities under the laws of the State, mu-
8 nicipality, or other unit of general local govern-
9 ment in which the facility is or is to be located.

10 “(4) REFINANCING OF EXISTING FACILITIES.—

11 In the case of refinancing of an existing child care
12 facility, the Secretary shall prescribe any terms and
13 conditions that the Secretary considers necessary to
14 ensure that—

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

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

23 “(C) the existing facility is economically
24 viable; and

1 “(D) the facility receives a certification of
2 compliance under section 258(c).

3 “(5) LIMITATION ON INSURANCE AUTHORITY.—
4 The authority of the Secretary to enter into commit-
5 ments to insure mortgages under this subsection is
6 subject to section 257(f).”.

7 **SEC. 245. STUDY OF AVAILABILITY OF SECONDARY MAR-**
8 **KETS FOR MORTGAGES ON CHILD CARE FA-**
9 **CILITIES.**

10 (a) STUDY.—The Secretary of the Treasury shall
11 conduct a study of the secondary mortgage markets to de-
12 termine—

13 (1) whether such a market exists for purchase
14 of mortgages eligible for insurance under sections
15 223(h) and 257 of the National Housing Act (as
16 added by this Act);

17 (2) whether such a market would affect the
18 availability of credit available for development of
19 child care facilities or would lower development costs
20 of such facilities; and

21 (3) the extent to which such a market or other
22 activities to provide credit enhancement for loans for
23 child care facilities is needed to meet the demand for
24 such facilities.

1 (b) REPORT.—Not later than 2 years after the date
2 of enactment of this Act, the Secretary of the Treasury
3 shall submit to Congress a report regarding the results
4 of the study conducted under this section.

5 **SEC. 246. TECHNICAL AND FINANCIAL ASSISTANCE**
6 **GRANTS.**

7 (a) DEFINITIONS.—In this section:

8 (1) CHILD CARE FACILITY.—The term “child
9 care facility” has the meaning given that term in
10 section 257(a) of the National Housing Act, as
11 added by section 243.

12 (2) ELIGIBLE INTERMEDIARY.—The term “eli-
13 gible intermediary” means a private, nonprofit inter-
14 mediary organization that has demonstrated experi-
15 ence in—

16 (A) financing the construction and renova-
17 tion of physical facilities;

18 (B) providing technical and financial as-
19 sistance to child care providers or other similar
20 entities;

21 (C) working with small businesses; and

22 (D) securing private sources for capital fi-
23 nancing; and

24 (3) ELIGIBLE RECIPIENT.—The term “eligible
25 recipient” means any—

1 (A) existing or start-up center-based or
2 home-based child care provider; and

3 (B) organization in the process of estab-
4 lishing a center-based or home-based child care
5 program or otherwise seeking to provide child
6 care services.

7 (4) EQUIPMENT.—The term “equipment” has
8 the meaning given that term in section 257(a) of the
9 National Housing Act, as added by section 243.

10 (b) GRANT AUTHORITY.—The Secretary of Housing
11 and Urban Development, in consultation with the Sec-
12 retary of Health and Human Services, may award grants
13 on a competitive basis in accordance with this section to
14 eligible intermediaries for use in accordance with sub-
15 sections (e) and (f).

16 (c) APPLICATIONS.—To be eligible to receive a grant
17 under this section an eligible intermediary shall submit to
18 the Secretary an application, in such form and containing
19 such information as the Secretary may require.

20 (d) PRIORITY.—In awarding grants under this sec-
21 tion the Secretary shall give a priority to applicants under
22 subsection (c) that serve low-income or rural areas.

23 (e) USE OF FUNDS.—

24 (1) REVOLVING LOAN FUND.—Each eligible
25 intermediary that receives a grant under this section

1 shall deposit the grant amount into a child care re-
2 volving loan fund established by the eligible inter-
3 mediary.

4 (2) PAYMENTS FROM FUND.—Subject to sub-
5 section (f), from amounts deposited into the revolv-
6 ing loan fund under paragraph (1), each eligible
7 intermediary shall provide technical and financial as-
8 sistance (in the form of loans, grants, investments,
9 guarantees, interest subsidies, and other appropriate
10 forms of assistance) to eligible recipients for the ac-
11 quisition or improvement of child care facilities or
12 equipment.

13 (3) LOAN REPAYMENTS AND INVESTMENT PRO-
14 CEEDS.—Any amount received by an eligible inter-
15 mediary from an eligible recipient in the form of a
16 loan repayment or investment proceeds shall be de-
17 posited into the child care revolving fund of the eligi-
18 ble intermediary for redistribution to other eligible
19 recipients in accordance with this section.

20 (f) ALLOCATION OF FUNDS.—Of the amounts dis-
21 tributed from the revolving loan fund of an eligible inter-
22 mediary under subsection (e)(2) in each fiscal year—

23 (1) not less than 50 percent shall be used for
24 the renovation or construction of child care facilities
25 or the acquisition of equipment by eligible recipients,

1 except that the amount made available to any eligi-
2 ble recipient under this paragraph may not exceed
3 40 percent of the total costs incurred by the eligible
4 recipient in connection with such renovation, con-
5 struction, or acquisition; and

6 (2) the amount remaining after distribution
7 under paragraph (1), shall be used to provide direct
8 assistance to eligible recipients in obtaining public or
9 private financing for the renovation or construction
10 of child care facilities and the acquisition of equip-
11 ment, including developing and implementing financ-
12 ing resources, options, and plans for those recipi-
13 ents.

14 (g) DAVIS BACON ACT.—Subchapter IV of chapter
15 31 of title 40, United States Code (popularly known as
16 the Davis-Bacon Act) shall apply to actions taken under
17 this Act.

18 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$10,000,000 for each of fiscal years 2004 through 2008.

1 **Subtitle D—Business Child Care**
2 **Incentive Grant Program**

3 **SEC. 251. BUSINESS CHILD CARE INCENTIVE GRANT PRO-**
4 **GRAM.**

5 (a) ESTABLISHMENT.—The Secretary of Health and
6 Human Services (referred to in this section as the “Sec-
7 retary”) shall establish a program to award grants to
8 States, on a competitive basis, to assist States in providing
9 funds to encourage the establishment and operation of em-
10 ployer operated child care programs.

11 (b) APPLICATION.—To be eligible to receive a grant
12 under this section, a State shall prepare and submit to
13 the Secretary an application at such time, in such manner,
14 and containing such information as the Secretary may re-
15 quire, including an assurance that the funds required
16 under subsection (e) will be provided.

17 (c) AMOUNT OF GRANT.—The Secretary shall deter-
18 mine the amount of a grant to a State under this section
19 based on the population of children less than 5 years of
20 age in the State as compared to the population of all
21 States receiving grants under this section.

22 (d) USE OF FUNDS.—

23 (1) IN GENERAL.—A State shall use amounts
24 provided under a grant awarded under this section
25 to provide assistance to businesses located in the

1 State to enable the businesses to establish and oper-
2 ate child care programs. Such assistance may in-
3 clude—

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

6 (B) assistance for the startup costs related
7 to a child care program;

8 (C) assistance for the training of child care
9 providers;

10 (D) scholarships for low-income wage earn-
11 ers;

12 (E) the provision of services to care for
13 sick children or to provide care to school aged
14 children;

15 (F) the entering into of contracts with
16 local resource and referral or local health de-
17 partments;

18 (G) assistance for care for children with
19 disabilities; or

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

22 (2) APPLICATION.—To be eligible to receive as-
23 sistance from a State under this section, a business
24 shall prepare and submit to the State an application

1 at such time, in such manner, and containing such
2 information as the State may require.

3 (3) PREFERENCE.—

4 (A) IN GENERAL.—In providing assistance
5 under this section, a State shall give priority to
6 applicants that desire to form a consortium to
7 provide child care in a geographic area within
8 the State where such care is not generally avail-
9 able or accessible.

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

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

19 (e) MATCHING REQUIREMENT.—To be eligible to re-
20 ceive a grant under this section a State shall provide as-
21 surances to the Secretary that, with respect to the costs
22 to be incurred by an entity receiving assistance in carrying
23 out activities under this section, the entity will make avail-
24 able (directly or through donations from public or private

1 entities) non-Federal contributions to such costs in an
2 amount equal to—

3 (1) for the first fiscal year in which the entity
4 receives such assistance, not less than 50 percent of
5 such costs (\$1 for each \$1 of assistance provided to
6 the entity under the grant);

7 (2) for the second fiscal year in which the enti-
8 ty receives such assistance, not less than $66\frac{2}{3}$ per-
9 cent of such costs (\$2 for each \$1 of assistance pro-
10 vided to the entity under the grant); and

11 (3) for the third fiscal year in which the entity
12 receives such assistance, not less than 75 percent of
13 such costs (\$3 for each \$1 of assistance provided to
14 the entity under the grant).

15 (f) REQUIREMENTS OF PROVIDERS.—To be eligible
16 to receive assistance under a grant awarded under this
17 section a child care provider shall comply with all applica-
18 ble State and local licensing and regulatory requirements
19 and all applicable health and safety standards in effect
20 in the State.

21 (g) ADMINISTRATION.—

22 (1) STATE RESPONSIBILITY.—A State shall
23 have responsibility for administering a grant award-
24 ed for the State under this section and for moni-

1 toring entities that receive assistance under such
2 grant.

3 (2) AUDITS.—A State shall require each entity
4 receiving assistance under the grant awarded under
5 this section to conduct an annual audit with respect
6 to the activities of the entity. Such audits shall be
7 submitted to the State.

8 (3) MISUSE OF FUNDS.—

9 (A) REPAYMENT.—If the State determines,
10 through an audit or otherwise, that an entity
11 receiving assistance under a grant awarded
12 under this section has misused the assistance,
13 the State shall notify the Secretary of the mis-
14 use. The Secretary, upon such a notification,
15 may seek from such an entity the repayment of
16 an amount equal to the amount of any such
17 misused assistance plus interest.

18 (B) APPEALS PROCESS.—The Secretary
19 shall by regulation provide for an appeals proc-
20 ess with respect to repayments under this para-
21 graph.

22 (h) REPORTING REQUIREMENTS.—

23 (1) 2-YEAR STUDY.—

24 (A) IN GENERAL.—Not later than 2 years
25 after the date on which the Secretary first

1 awards grants under this section, the Secretary
2 shall conduct a study to determine—

3 (i) the capacity of entities to meet the
4 child care needs of communities within
5 States;

6 (ii) the kinds of partnerships that are
7 being formed with respect to child care at
8 the local level to carry out programs fund-
9 ed under this section; and

10 (iii) who is using the programs funded
11 under this section and the income levels of
12 such individuals.

13 (B) REPORT.—Not later than 28 months
14 after the date on which the Secretary first
15 awards grants under this section, the Secretary
16 shall prepare and submit to the appropriate
17 committees of Congress a report on the results
18 of the study conducted in accordance with sub-
19 paragraph (A).

20 (2) 4-YEAR STUDY.—

21 (A) IN GENERAL.—Not later than 4 years
22 after the date on which the Secretary first
23 awards grants under this section, the Secretary
24 shall conduct a study to determine the number
25 of child care facilities funded through entities

1 that received assistance through a grant award-
2 ed under this section that remain in operation
3 and the extent to which such facilities are meet-
4 ing the child care needs of the individuals
5 served by such facilities.

6 (B) REPORT.—Not later than 52 months
7 after the date on which the Secretary first
8 awards grants under this section, the Secretary
9 shall prepare and submit to the appropriate
10 committees of Congress a report on the results
11 of the study conducted in accordance with sub-
12 paragraph (A).

13 (i) DEFINITION.—In this section, the term “busi-
14 ness” means an employer who employed an average of at
15 least 2 employees on business days during the preceding
16 calendar year.

17 (j) AUTHORIZATION OF APPROPRIATIONS.—

18 (1) IN GENERAL.—There is authorized to be
19 appropriated to carry out this section, \$60,000,000
20 for the period of fiscal years 2004 through 2006.

21 (2) EVALUATIONS AND ADMINISTRATION.—

22 With respect to the total amount appropriated for
23 such period in accordance with this subsection, not
24 more than \$5,000,000 of that amount may be used
25 for expenditures related to conducting evaluations

1 required under, and the administration of, this sec-
2 tion.

3 (k) TERMINATION OF PROGRAM.—The program es-
4 tablished under subsection (a) shall terminate on Sep-
5 tember 30, 2007.

6 **TITLE III—PRE-SCHOOL, IN-**
7 **SCHOOL, AND AFTERSCHOOL**
8 **ASSISTANCE**

9 **Subtitle A—Universal**
10 **Prekindergarten Act**

11 **SEC. 301. SHORT TITLE.**

12 This subtitle may be cited as the “Universal Pre-
13 kindergarten Act”.

14 **SEC. 302. FINDINGS AND PURPOSE.**

15 (a) FINDINGS.—The Congress finds the following:

16 (1) High-quality prekindergarten programs help
17 children to succeed academically. Children who at-
18 tended a high-quality prekindergarten program have
19 higher academic achievement, lower rates of grade
20 retention, are less likely to be placed in special edu-
21 cation, and graduate from high school at higher
22 rates than those who did not.

23 (2) Early childhood education can reduce juve-
24 nile delinquency rates. A 15-year study following
25 989 low-income children who attended high-quality,

1 comprehensive prekindergarten found that they were
2 33 percent less likely to be arrested, and 42 percent
3 less likely to be arrested for a violent crime, than
4 children in the control group.

5 (3) There is currently a drastic shortage of af-
6 fordable, quality early education programs that are
7 accessible for working families.

8 (4) Full-day, full-calendar-year universal pre-
9 kindergarten programs would ensure all children 3,
10 4, and 5 years old have access to school readiness
11 programs and quality child care.

12 (5) Research shows that investing in quality
13 prekindergarten programs will provide savings in the
14 form of reduced need for remedial education, de-
15 creased crime rates, lower school dropout rates, and
16 decreased welfare dependence.

17 (b) PURPOSE.—The purpose of this subtitle is to en-
18 sure that all children 3, 4, and 5 years old have access
19 to a high-quality full-day, full-calendar-year prekind-
20 garten program by providing grants to States to assist in
21 developing a universal prekindergarten program that is
22 voluntary and free-of-charge.

1 **SEC. 303. PREKINDERGARTEN GRANT PROGRAM AUTHOR-**
2 **IZATION.**

3 The Secretary of Health and Human Services, in con-
4 sultation with the Secretary of Education, shall provide
5 grants to an agency designated by each State (hereafter
6 in this subtitle referred to as the “designated State agen-
7 cy”) for the development of high-quality full-day, full-cal-
8 endar-year universal prekindergarten programs for all
9 children 3, 4, and 5 years old in the State.

10 **SEC. 304. STATE REQUIREMENTS.**

11 (a) STATE MATCHING FUNDS.—Federal funds made
12 available to a designated State agency under this subtitle
13 shall be matched at least 20 percent by State funds.

14 (b) STATE APPLICATION.—To be eligible to receive
15 funds under this subtitle, a designated State agency shall
16 submit an application at such time, in such manner, and
17 containing such information as the Secretary of Health
18 and Human Services may require. The application shall
19 include the following:

20 (1) How the designated State agency, in over-
21 seeing the State’s universal prekindergarten pro-
22 gram, will coordinate with other State agencies re-
23 sponsible for early childhood education and health
24 programs.

1 (2) A State plan to establish and implement a
2 statewide universal prekindergarten program, in ac-
3 cordance with subsection (c).

4 (c) STATE PLAN.—The State plan required under
5 subsection (b)(2) shall include each of the following:

6 (1) A description of the universal prekindergarten
7 program that will be established and how it
8 will support children’s cognitive, social, emotional,
9 and physical development.

10 (2) A statement of the goals for universal pre-
11 kindergarten programs and how program outcomes
12 will be measured.

13 (3) A description of—

14 (A) how funding will be distributed to eli-
15 gible prekindergarten program providers based
16 on the need for early childhood education in
17 each geographical area served by such pro-
18 viders; and

19 (B) how the designated State agency will
20 involve representatives of early childhood pro-
21 gram providers (including child care providers,
22 Head Start programs, and State and local
23 agencies) that sponsor programs addressing
24 children 3, 4, and 5 years old.

1 (4) A description of how the designated State
2 agency will coordinate with existing State-funded
3 prekindergarten programs, federally funded pro-
4 grams (such as Head Start programs), public school
5 programs, and child care providers.

6 (5) A description of how an eligible prekind-
7 ergarten program provider may apply to the des-
8 ignated State agency for funding under this Act.

9 (6) A plan to address the shortages of qualified
10 early childhood education teachers, including how to
11 increase such teachers' compensation to be com-
12 parable to that of public school teachers.

13 (7) How the designated State agency will pro-
14 vide ongoing professional development opportunities
15 to help increase the number of teachers in early
16 childhood programs who meet the State's education
17 or credential requirements for prekindergarten
18 teachers.

19 (8) A plan to address how the universal pre-
20 kindergarten program will meet the needs of chil-
21 dren with disabilities, limited English proficiency,
22 and other special needs.

23 (9) A plan to provide transportation to children
24 to and from the universal prekindergarten program.

1 (10) A description of how the State will provide
2 the 20 percent match of Federal funds.

3 (d) ADMINISTRATION.—A designated State agency
4 may not use more than 5 percent of a grant under this
5 subtitle for costs associated with State administration of
6 the program under this subtitle.

7 **SEC. 305. LOCAL REQUIREMENTS.**

8 (a) IN GENERAL.—An eligible prekindergarten pro-
9 gram provider receiving funding under this subtitle
10 shall—

11 (1) maintain a maximum class size of 20 chil-
12 dren;

13 (2) maintain a ratio of not more than 10 chil-
14 dren for each member of the teaching staff;

15 (3)(A) ensure that all prekindergarten teachers
16 meet the requirements for teachers at a State-fund-
17 ed prekindergarten program under an applicable
18 State law; and

19 (B) document that the State is demonstrating
20 significant progress in assisting prekindergarten
21 teachers on working toward a bachelor of arts de-
22 gree with training in early childhood development or
23 early childhood education;

1 (4)(A) be accredited by a national organization
2 with demonstrated experience in accrediting pre-
3 kindergarten programs; or

4 (B) provide assurances that it shall obtain such
5 accreditation not later than 3 years after first re-
6 ceiving funding under this subtitle; and

7 (5) meet applicable State and local child care li-
8 censing health and safety standards.

9 (b) LOCAL APPLICATION.—Eligible prekindergarten
10 program providers desiring to receive funding under this
11 subtitle shall submit an application to the designated
12 State agency overseeing funds under this subtitle con-
13 taining the following:

14 (1) A description of the prekindergarten pro-
15 gram.

16 (2) A statement of the demonstrated need for
17 a program, or an enhanced or expanded program, in
18 the area served by the eligible prekindergarten pro-
19 gram provider.

20 (3) A description of the age-appropriate and de-
21 velopmentally appropriate educational curriculum to
22 be provided that will help children be ready for
23 school and assist them in the transition to kinder-
24 garten.

1 (4) A description of how the eligible prekindergarten
2 program provider will collaborate with exist-
3 ing community-based child care providers and Head
4 Start programs.

5 (5) A description of how students and families
6 will be assisted in obtaining supportive services
7 available in their communities.

8 (6) A plan to promote parental involvement in
9 the prekindergarten program.

10 (7) A description of how teachers will receive
11 ongoing professional development in early childhood
12 development and education.

13 (8) An assurance that prekindergarten pro-
14 grams receiving funds under this subtitle provide the
15 data required in section 7(c).

16 **SEC. 306. PROFESSIONAL DEVELOPMENT SET-ASIDE.**

17 (a) IN GENERAL.—A designated State agency may
18 set aside up to 5 percent of a grant under this subtitle
19 for ongoing professional development activities for teach-
20 ers and staff at prekindergarten programs that wish to
21 participate in the universal prekindergarten grant pro-
22 gram under this subtitle. A designated State agency using
23 the set-aside for professional development must include in
24 its application the following:

1 (1) A description of how the designated State
2 agency will ensure that eligible prekindergarten pro-
3 gram providers in a range of settings (including
4 child care providers, Head Start programs, and
5 schools) will participate in the professional develop-
6 ment programs.

7 (2) An assurance that, in developing its applica-
8 tion and in carrying out its program, the profes-
9 sional development provider has consulted, and will
10 consult, with relevant agencies, early childhood orga-
11 nizations, early childhood education experts, and
12 early childhood program providers.

13 (3) A description of how the designated State
14 agency will ensure that the professional development
15 is ongoing and accessible to educators in all geo-
16 graphic areas of the State, including by the use of
17 advanced educational technologies.

18 (4) A description of how the designated State
19 agency will ensure that such set-aside funds will be
20 used to pay the cost of additional education and
21 training.

22 (5) A description of how the designated State
23 agency will work with other agencies and institutions
24 of higher education to provide scholarships and
25 other financial assistance to prekindergarten staff.

1 (6) A description of how the State educational
2 agency will provide a financial incentive, such as a
3 financial stipend or a bonus, to educators who par-
4 ticipate in and complete such professional develop-
5 ment.

6 (7) A description of how the professional devel-
7 opment activities will be carried out, including the
8 following:

9 (A) How programs and educators will be
10 selected to participate.

11 (B) How professional development pro-
12 viders will be selected, based on demonstrated
13 experience in providing research-based profes-
14 sional development to early childhood educators.

15 (C) The types of research-based profes-
16 sional development activities that will be carried
17 out in all domains of children's physical, cog-
18 nitive, social, and emotional development and
19 on early childhood pedagogy.

20 (D) How the program will train early
21 childhood educators to meet the diverse edu-
22 cational needs of children in the community, es-
23 pecially children who have limited English pro-
24 ficiency, disabilities, and other special needs.

1 (E) How the program will coordinate with
2 and build upon, but not supplant or duplicate,
3 early childhood education professional develop-
4 ment activities that exist in the community.

5 (b) USES OF FUNDS.—Funds set aside under this
6 section may be used for ongoing professional develop-
7 ment—

8 (1) to provide prekindergarten teachers and
9 staff with the knowledge and skills for the applica-
10 tion of recent research on child cognitive, social,
11 emotional, and physical development, including lan-
12 guage and literacy development, and on early child-
13 hood pedagogy;

14 (2) to provide the cost of education needed to
15 obtain a credential or degree with specific training
16 in early childhood development or education;

17 (3) to work with children who have limited
18 English proficiency, disabilities, and other special
19 needs; and

20 (4) to select and use developmentally appro-
21 priate screening and diagnostic assessments to im-
22 prove teaching and learning and make appropriate
23 referrals for services to support prekindergarten
24 children’s development and learning.

1 **SEC. 307. REPORTING.**

2 (a) REPORT BY SECRETARY.—For each year in which
3 funding is provided under this subtitle, the Secretary of
4 Health and Human Services shall submit an annual report
5 to the Congress on the implementation and effectiveness
6 of the universal prekindergarten program under this sub-
7 title.

8 (b) REPORT BY DESIGNATED STATE AGENCY.—Each
9 designated State agency that provides grants to eligible
10 prekindergarten program providers under this subtitle
11 shall submit to the Secretary an annual report on the im-
12 plementation and effectiveness of the programs in the
13 State supported under this subtitle. Such report shall con-
14 tain such additional information as the Secretary may rea-
15 sonably require.

16 (c) REPORT BY GRANT RECIPIENT.—Each eligible
17 prekindergarten program provider that receives a grant
18 under this subtitle shall submit to the designated State
19 agency an annual report that includes, with respect to the
20 program supported by such grant, the following:

21 (1) A description of the type of program and a
22 statement of the number and ages of children served
23 by the program, as well as the number and ages of
24 children with a disability or a native language other
25 than English.

1 (2) A description of the qualifications of the
2 program staff and the type of ongoing professional
3 development provided to such staff.

4 (3) A statement of all sources of Federal, State,
5 local, and private funds received by the program.

6 (4) A description of the curricula, materials,
7 and activities used by the program to support early
8 childhood development and learning.

9 (5) Such other information as the designated
10 State agency may reasonably require.

11 **SEC. 308. FEDERAL FUNDS SUPPLEMENTARY.**

12 Funds made available under this subtitle may not be
13 used to supplant other Federal, State, local, or private
14 funds that would, in the absence of such Federal funds,
15 be made available for the program assisted under this sub-
16 title.

17 **SEC. 309. DEFINITIONS.**

18 In this subtitle:

19 (1) The term “eligible prekindergarten program
20 provider” means a prekindergarten program pro-
21 vider that is—

22 (A) a school;

23 (B) supported, sponsored, supervised, or
24 carried out by a local educational agency;

25 (C) a Head Start program; or

1 (D) a child care provider.

2 (2) The term “prekindergarten program”
3 means a program serving children 3, 4, and 5 years
4 old that supports children’s cognitive, social, emo-
5 tional, and physical development and helps prepare
6 those children for the transition to kindergarten.

7 (3) The term “local educational agency” has
8 the meaning given that term in the Elementary and
9 Secondary Education Act of 1965 (20 U.S.C. 6301
10 et seq.).

11 (4) The term “prekindergarten teacher” means
12 an individual who has received, or is working to-
13 ward, a bachelor of arts degree in early childhood
14 education.

15 **SEC. 310. AUTHORIZATION OF APPROPRIATIONS.**

16 There are authorized to be appropriated to carry out
17 this subtitle—

18 (1) \$10,000,000,000 for fiscal year 2003;

19 (2) \$20,000,000,000 for fiscal year 2004;

20 (3) \$30,000,000,000 for fiscal year 2005;

21 (4) \$40,000,000,000 for fiscal year 2006; and

22 (5) \$50,000,000,000 for fiscal year 2007.

1 **Subtitle B—Universal Free School**
2 **Breakfast Program**

3 **SEC. 311. UNIVERSAL FREE SCHOOL BREAKFAST PRO-**
4 **GRAM.**

5 (a) FREE BREAKFAST AND UNIVERSAL ELIGI-
6 BILITY.—Section 4 of the Child Nutrition Act of 1966 (42
7 U.S.C. 1773) is amended to read as follows:

8 **“SEC. 4. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.**

9 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated such sums as are nec-
11 essary to enable the Secretary to carry out a program to
12 assist States and the Department of Defense to initiate,
13 maintain, or expand nonprofit breakfast programs to pro-
14 vide free breakfasts to school children without regard to
15 family income in all schools which make application for
16 participation and agree to carry out a nonprofit free
17 breakfast program in accordance with this Act. Appropria-
18 tions and expenditures for this Act shall be considered
19 Health and Human Services functions for budget purposes
20 rather than functions of Agriculture.

21 “(b) APPORTIONMENT TO STATES.—

22 “(1)(A) IN GENERAL.—The Secretary shall
23 make breakfast payments to each State educational
24 agency each fiscal year, at such times as the Sec-
25 retary may determine, from the sums appropriated

1 for such purpose, in an amount equal to the product
2 obtained by multiplying—

3 “(i) the number of breakfasts served free
4 during such fiscal year to children in schools in
5 such States which participate in the school
6 breakfast program under agreements with such
7 State educational agency; by

8 “(ii) the national breakfast payment as
9 prescribed in paragraph (2) of this subsection.

10 “(B) AGREEMENTS.—The agreements described
11 in subparagraph (A)(i) shall be permanent agree-
12 ments that may be amended as necessary. Nothing
13 in the preceding sentence shall be construed to limit
14 the ability of the State educational agency to sus-
15 pend or terminate any such agreement in accordance
16 with regulations prescribed by the Secretary.

17 “(2) NATIONAL BREAKFAST PAYMENT.—The
18 national payment for each breakfast shall be \$1.40
19 (as adjusted each July 1 pursuant to section
20 11(a)(3)(B) of the Richard B. Russell National
21 School Lunch Act (42 U.S.C. 1759a(a)(3)(B)).

22 “(3) LIMITATION.—No breakfast payment may
23 be made under this subsection for any breakfast
24 served by a school unless such breakfast consists of
25 a combination of foods which meet the minimum nu-

1 tritional requirements prescribed by the Secretary
2 under subsection (e) of this section.

3 “(4) NUTRITION QUALITY ADJUSTMENT.—The
4 Secretary shall increase by 6 cents the annually ad-
5 justed payment for each breakfast served under this
6 Act and section 17 of the Richard B. Russell Na-
7 tional School Lunch Act. These funds shall be used
8 to assist States, to the extent feasible, in improving
9 the nutritional quality of the breakfasts.

10 “(5) AGRICULTURAL COMMODITIES.—Notwith-
11 standing any other provision of law, whenever stocks
12 of agricultural commodities are acquired by the Sec-
13 retary or the Commodity Credit Corporation and are
14 not likely to be sold by the Secretary or the Com-
15 modity Credit Corporation or otherwise used in pro-
16 grams of commodity sale or distribution, the Sec-
17 retary shall make such commodities available to
18 school food authorities and eligible institutions serv-
19 ing breakfasts under this Act in a quantity equal in
20 value to not less than 3 cents for each breakfast
21 served under this Act.

22 “(6) EFFECT ON EXPENDITURES.—Expendi-
23 tures of funds from State and local sources for the
24 maintenance of the breakfast program shall not be

1 diminished as a result of funds or commodities re-
2 ceived under paragraph (4) or (5).

3 “(c) STATE DISBURSEMENT TO SCHOOLS.—Funds
4 paid to any State during any fiscal year for the purpose
5 of this section shall be disbursed by the State educational
6 agency, in accordance with such agreements approved by
7 the Secretary as may be entered into by such State agency
8 and the schools in the State, to those schools in the State
9 which the State educational agency, determines are eligi-
10 ble to participate in the school breakfast program.

11 “(d) PARTICIPATION BY SCHOOLS.—

12 “(1) REQUIREMENTS FOR PARTICIPATION.—To
13 be eligible to participate in the school breakfast pro-
14 gram under this section, a school food authority
15 shall—

16 “(A) agree to serve all breakfasts at no
17 charge to all students who wish to participate
18 without regard to family income in all partici-
19 pating schools; and

20 “(B) meet all other requirements that the
21 Secretary may reasonably establish.

22 “(2) START-UP ASSISTANCE.—The Secretary is
23 authorized to provide additional assistance to schools
24 not participating in the school breakfast program
25 prior to the enactment of the Family and Workplace

1 Balancing Act of 2004 in order to assist such
2 schools to begin participation in the school breakfast
3 program under this section.

4 “(3) STATE EDUCATIONAL AGENCY ASSIST-
5 ANCE.—Each State educational agency shall assist
6 schools not participating in the school breakfast pro-
7 gram prior to the enactment of the Family and
8 Workplace Balancing Act of 2004 to enter into
9 agreements with such agencies in order to partici-
10 pate in the school breakfast program under this sec-
11 tion.

12 “(e) NUTRITIONAL AND OTHER PROGRAM REQUIRE-
13 MENTS.—

14 “(1) MINIMUM NUTRITIONAL REQUIRE-
15 MENTS.—Breakfasts served by schools participating
16 in the school breakfast program under this section
17 shall consist of a combination of foods and shall
18 meet minimum nutritional requirements prescribed
19 by the Secretary on the basis of tested nutritional
20 research, except that the minimum nutritional re-
21 quirements shall be measured by not less than the
22 weekly average of the nutrient content of school
23 breakfasts.

24 “(2) TECHNICAL ASSISTANCE AND TRAINING.—
25 The Secretary shall provide through State edu-

1 cational agencies technical assistance and training,
2 including technical assistance and training in the
3 preparation of foods high in complex carbohydrates
4 and lower-fat versions of foods commonly used in the
5 school breakfast program established under this sec-
6 tion, to schools participating in the school breakfast
7 program to assist the schools in complying with the
8 nutritional requirements prescribed by the Secretary
9 pursuant to paragraph (1) and in providing appro-
10 priate meals to children with medically certified spe-
11 cial dietary needs.

12 “(3) OPTION VERSUS SERVE.—At the option of
13 a local school food authority, a student in a school
14 under the authority that participates in the school
15 breakfast program under this Act may be allowed to
16 refuse not more than one item of a breakfast that
17 the student does not intend to consume. A refusal of
18 an offered food item shall not affect the amount of
19 payments made under this Act to a school for the
20 breakfast.”.

21 (b) TECHNICAL AMENDMENTS.—

22 (1) CHILD NUTRITION ACT OF 1966.—Section
23 20 of the Child Nutrition Act of 1966 (42 U.S.C.
24 1789) is amended by striking subsection (b) and re-

1 designating subsections (c) through (e) as sub-
2 sections (b) through (d), respectively.

3 (2) RICHARD B. RUSSELL NATIONAL SCHOOL
4 LUNCH ACT.—The Richard B. Russell National
5 School Lunch Act is amended—

6 (A) in section 9(b)—

7 (i) in paragraph (2)(C)(ii), by striking
8 “or breakfasts”; and

9 (ii) in paragraph (6)(A), by striking
10 “and breakfast”;

11 (B) in section 11(a)(1)—

12 (i) in subparagraph (C), by striking
13 “or breakfasts” each place it appears;

14 (ii) in subparagraph (C)(i)(I), by
15 striking “or in the case of a school” and
16 all that follows through “4 successive
17 school years”;

18 (iii) in subparagraph (D)(iii), by strik-
19 ing “or for free and reduced price lunches
20 and breakfasts”;

21 (iv) in subparagraph (D)(iv), by strik-
22 ing “or school breakfast”;

23 (v) in subparagraph (E)(i)(I) by strik-
24 ing “or in the case of a school” and all

1 that follows through “4 successive school
2 years”; and

3 (vi) in subparagraph (E)(i)(II)—

4 (I) by striking “or breakfasts”
5 both places it appears; and

6 (II) by striking “or school break-
7 fast”;

8 (C) in section 11(a)(3)(A), by striking
9 clause (iii);

10 (D) in section 13(a)(1)(C), by striking “or
11 breakfasts”;

12 (E) in section 17—

13 (i) in subsection (c), by striking para-
14 graph (2), and redesignating paragraphs
15 (3) through (6) as paragraphs (2) through
16 (5), respectively; and

17 (ii) in subsection (f)(3)(E)(ii(I), by
18 striking “meals” and inserting “lunches”;
19 and

20 (F) in section 18, by striking subsection
21 (e) and redesignating subsections (f) and (g) as
22 subsections (e) and (f), respectively.

1 **Subtitle C—Nutritional Improve-**
2 **ment for Children Served Under**
3 **Child Nutrition Programs**

4 **SEC. 321. NUTRITIONAL IMPROVEMENT FOR CHILDREN**
5 **SERVED UNDER CHILD NUTRITION PRO-**
6 **GRAMS**

7 (a) IN GENERAL.—Section 18 of the Richard B. Rus-
8 sell National School Lunch Act (42 U.S.C. 1769) is
9 amended by adding at the end the following:

10 “(h) HEALTHY SCHOOL NUTRITION ENVIRONMENT
11 INCENTIVE GRANTS.—

12 “(1) IN GENERAL.—The Secretary shall estab-
13 lish a program under which the Secretary shall make
14 competitive grants to selected local educational agen-
15 cies—

16 “(A) to create healthy school nutrition en-
17 vironments; and

18 “(B) to assess the impact of the environ-
19 ments on the health and well-being of children
20 enrolled in the schools.

21 “(2) SELECTION OF SCHOOLS.—In selecting
22 local educational agencies to receive incentive grants
23 under this subsection, the Secretary shall—

24 “(A) ensure that not less than 75 percent
25 of the schools under the jurisdiction of the

1 agencies selected to participate in the program
2 established under this subsection are schools in
3 which not less than 50 percent of the students
4 enrolled in each school are eligible for free or
5 reduced price meals under this Act;

6 “(B) ensure that, of the agencies selected
7 to participate in the program, there is appro-
8 priate representation of rural, urban, and sub-
9 urban schools, as determined by the Secretary;

10 “(C) ensure that, of the agencies selected
11 to participate in the program, there is appro-
12 priate representation of elementary, middle, and
13 secondary schools, as determined by the Sec-
14 retary;

15 “(D) ensure that agencies selected to re-
16 ceive a grant under this subsection meet the re-
17 quirements of paragraph (3);

18 “(E) give priority to agencies that develop
19 comprehensive plans that include the involve-
20 ment of a broad range of community stake-
21 holders in achieving healthy school nutrition en-
22 vironments;

23 “(F) give priority to agencies that develop
24 comprehensive plans that include a strategy for
25 maintaining healthy school nutrition environ-

1 ments in the years following the fiscal years for
2 which the agencies receive grants under this
3 subsection;

4 “(G) select only agencies that submit grant
5 applications by May 1, 2004; and

6 “(H) make grant awards effective not later
7 than July 15, 2004.

8 “(3) REQUIREMENTS.—

9 “(A) INPUT.—Prior to the solicitation of
10 proposals for grants under this subsection, the
11 Secretary shall solicit input from appropriate
12 nutrition, health, and education organizations
13 (such as the American School Food Service As-
14 sociation, the American Dietetic Association,
15 and the National School Boards Association)
16 regarding the appropriate criteria for a healthy
17 school environment.

18 “(B) CRITERIA FOR HEALTHY SCHOOL EN-
19 VIRONMENTS.—The Secretary shall, taking into
20 account input received under subparagraph (A),
21 establish criteria for defining a healthy school
22 environment, including criteria that—

23 “(i) provide program meals that meet
24 nutritional standards for breakfasts and
25 lunches established by the Secretary;

1 “(ii) ensure that all food served (in-
2 cluding food served in participating schools
3 and service institutions in competition with
4 the programs authorized under this Act
5 and the Child Nutrition Act of 1966 (42
6 U.S.C. 1771 et seq.)) on school grounds
7 during regular school hours is consistent
8 with the nutritional standards for break-
9 fasts and lunches established by the Sec-
10 retary;

11 “(iii) promote the consumption of
12 fruits and vegetables;

13 “(iv) provide nutrition education to
14 students and staff; and

15 “(v) meet other criteria established by
16 the Secretary.

17 “(C) PLANS.—To be eligible to receive a
18 grant under this subsection, a local educational
19 agency shall submit to the Secretary a healthy
20 school nutrition environment plan that describes
21 the actions the schools under the jurisdiction of
22 such agency will take to meet the criteria estab-
23 lished under subparagraph (B).

1 “(4) GRANTS.—For each of fiscal years 2005
2 through 2008, the Secretary shall make a grant to
3 each agency selected under paragraph (2).

4 “(5) EVALUATIONS.—

5 “(A) IN GENERAL.—The Secretary, acting
6 through the Administrator of the Food and Nu-
7 trition Service, shall conduct an evaluation of a
8 representative sample of schools that receive
9 grants under this subsection.

10 “(B) CONTENT.—The evaluation shall
11 measure, at a minimum, the effects of a healthy
12 school nutrition environment on—

13 “(i) overweight children and obesity;

14 “(ii) dietary intake;

15 “(iii) nutrition education and behav-
16 ior;

17 “(iv) the adequacy of time to eat;

18 “(v) physical activities;

19 “(vi) parental and student attitudes
20 and participation; and

21 “(vii) related funding issues, including
22 the cost of maintaining a healthy school
23 nutrition environment.

24 “(C) REPORTS.—The Secretary shall sub-
25 mit to the Committee on Education and the

1 Workforce of the House of Representatives and
2 the Committee on Agriculture, Nutrition, and
3 Forestry of the Senate—

4 “(i) not later than December 31,
5 2005, an interim report on the activities of
6 schools evaluated under this subsection;
7 and

8 “(ii) not later than December 31,
9 2007, a final report on the activities of
10 schools evaluated under this subsection.

11 “(6) FUNDING.—

12 “(A) IN GENERAL.—Out of any funds in
13 the Treasury not otherwise appropriated, the
14 Secretary of the Treasury shall transfer to the
15 Secretary of Agriculture to carry out this sub-
16 section—

17 “(i) on October 1, 2003, \$10,000,000;
18 and

19 “(ii) on October 1, 2004, and each
20 October 1 thereafter through October 1,
21 2006, \$35,000,000.

22 “(B) RECEIPT AND ACCEPTANCE.—The
23 Secretary shall be entitled to receive, shall ac-
24 cept, and shall use to carry out this section the

1 funds transferred under subparagraph (A),
2 without further appropriation.

3 “(C) AVAILABILITY OF FUNDS.—Funds
4 transferred under subparagraph (A) shall re-
5 main available until expended.

6 “(D) EVALUATIONS.—Of the funds made
7 available under this paragraph, the Secretary
8 shall use not more than \$5,000,000 to conduct
9 evaluations under paragraph (5).”.

10 (b) COMPETITIVE FOODS IN SCHOOLS.—

11 (1) IN GENERAL.—Section 10 of the Child Nu-
12 trition Act of 1966 (42 U.S.C. 1779) is amended—

13 (A) in subsection (a), by striking “, includ-
14 ing” and all that follows through “Lunch Act”;
15 and

16 (B) by striking subsection (b) and insert-
17 ing the following:

18 “(b) COMPETITIVE FOODS IN SCHOOLS.—

19 “(1) IN GENERAL.—The regulations under sub-
20 section (a) may include provisions that regulate the
21 service of food in participating schools and service
22 institutions in competition with the programs au-
23 thorized under this Act and the Richard B. Russell
24 National School Lunch Act (42 U.S.C. 1751 et seq.)

1 (referred to in this subsection as ‘competitive
2 foods’).

3 “(2) REGULATIONS.—The regulations promul-
4 gated under paragraph (1)—

5 “(A) shall apply to all school grounds dur-
6 ing the duration of the school day;

7 “(B) shall not supersede or otherwise af-
8 fect State and local regulations on competitive
9 foods that, as determined by the Secretary, con-
10 form to the nutritional goals of the regulations
11 promulgated by the Secretary;

12 “(C) shall require that the proceeds from
13 the sale of competitive foods in schools be used
14 for the benefit of the schools or of organizations
15 of students approved by the schools, if those
16 sales are allowed by the regulations;

17 “(D) shall take into account the differing
18 needs of—

19 “(i) elementary schools;

20 “(ii) middle schools and junior high
21 schools; and

22 “(iii) high schools; and

23 “(E) shall implement the recommendations
24 of the Institute of Medicine made under para-
25 graph (3).

1 “(3) INSTITUTE OF MEDICINE RECOMMENDA-
2 TIONS.—

3 “(A) IN GENERAL.—The Secretary of Ag-
4 riculture shall offer to enter into an agreement
5 with the Institute of Medicine of the National
6 Academy of Sciences under which the Institute
7 of Medicine, based on sound nutritional science,
8 shall make recommendations to the Secretary
9 regarding the regulation of competitive foods
10 (as defined in section 10(b)(1) of the Child Nu-
11 trition Act of 1966 (as amended by paragraph
12 (1)(B))).

13 “(B) REGULATIONS.—Not later than 1
14 year after the date of receipt of final rec-
15 ommendations from the Institute of Medicine,
16 the Secretary shall promulgate regulations to
17 carry out section 10(b) of the Child Nutrition
18 Act of 1966 (as amended by paragraph (1)(B))
19 in accordance with the recommendations of the
20 Institute of Medicine.

21 “(C) REPORT.—Not later than 1 year
22 after the date of receipt of final recommenda-
23 tions from the Institute of Medicine, the Sec-
24 retary shall submit to the Committee on Edu-
25 cation and the Workforce of the House of Rep-

1 representatives and the Committee on Agriculture,
 2 Nutrition, and Forestry of the Senate a report
 3 that describes the actions of the Secretary
 4 under subparagraph (B).”.

5 **Subtitle D—Child and Adult Care** 6 **Food Program**

7 **SEC. 331. REIMBURSEMENTS FOR AFTERSCHOOL DINNERS.**

8 Section 17(r) of the Richard B. Russell National
 9 School Lunch Act (42 U.S.C. 1766(r)) is amended by
 10 striking paragraph (5).

11 **SEC. 332. ELIGIBILITY OF PRIVATE CHILD CARE CENTERS.**

12 Section 17(a)(2)(B)(i) is amended by striking “dur-
 13 ing the period” and all that follows through “September
 14 30, 2002”.

15 **Subtitle E—Afterschool Education** 16 **Enhancement Act**

17 **SEC. 341. SHORT TITLE.**

18 This subtitle may be cited as the “Afterschool Edu-
 19 cation Enhancement Act”.

20 **SEC. 342. AMENDMENTS REGARDING 21ST CENTURY COM-** 21 **MUNITY LEARNING CENTERS.**

22 Part B of title IV of the Elementary and Secondary
 23 Education Act of 1965 (20 U.S.C. 7171 et seq.) is amend-
 24 ed—

25 (1) in subsection (a) of section 4203—

1 (A) by striking paragraph (3); and

2 (B) by redesignating paragraphs (4)
3 through (14) as paragraphs (3) through (13),
4 respectively; and

5 (2) in section 4204—

6 (A) in paragraph (2) of subsection (b)—

7 (i) by striking subparagraph (F); and

8 (ii) by redesignating subparagraphs

9 (G) through (N) as subparagraphs (F)
10 through (M), respectively; and

11 (B) by amending paragraph (1) of sub-
12 section (i) to read as follows:

13 “(1) IN GENERAL.—In awarding grants under
14 this part, a State educational agency shall give pri-
15 ority to applications submitted jointly by eligible en-
16 tities consisting of not less than—

17 “(A) 1 local educational agency receiving
18 funds under part A of title I; and

19 “(B) 1 community-based organization or
20 other public or private entity.”.

1 **TITLE IV—IMPROVING THE**
2 **WORKPLACE FOR FAMILIES**
3 **Subtitle A—Part-Time and**
4 **Temporary Workers Benefits**

5 **SEC. 401. TREATMENT OF EMPLOYEES WORKING AT LESS**
6 **THAN FULL-TIME UNDER PARTICIPATION,**
7 **VESTING, AND ACCRUAL RULES GOVERNING**
8 **PENSION PLANS.**

9 (a) PARTICIPATION RULES.—

10 (1) IN GENERAL.—Section 202(a)(3) of the
11 Employee Retirement Income Security Act of 1974
12 (29 U.S.C. 1052(a)(3)) is amended by adding at the
13 end the following new subparagraph:

14 “(E)(i) For purposes of this paragraph, in the case
15 of any employee who, as of the beginning of the 12-month
16 period referred to in subparagraph (A)—

17 “(I) has customarily completed 500 or
18 more hours of service per year but less than
19 1,000 hours of service per year, or

20 “(II) is employed in a type of position in
21 which employment customarily constitutes 500
22 or more hours of service per year but less than
23 1,000 hours of service per year,

1 completion of 500 hours of service within such 12-
 2 month period shall be treated as completion of 1,000
 3 hours of service.

4 “(ii) For purposes of this subparagraph, the extent
 5 to which employment in any type of position customarily
 6 constitutes less than 1,000 hours of service per year shall
 7 be determined with respect to each pension plan in accord-
 8 ance with such regulations as the Secretary may prescribe
 9 providing for consideration of facts and circumstances pe-
 10 culiar to the work-force constituting the participants in
 11 such plan.”.

12 (2) CONFORMING AMENDMENT.—Section
 13 204(b)(1)(E) of such Act (29 U.S.C. 1054(b)(1)(E))
 14 is amended by striking “section 202(a)(3)(A)” and
 15 inserting “subparagraphs (A) and (E) of section
 16 202(a)(3)”.

17 (b) VESTING RULES.—

18 (1) IN GENERAL.—Section 203(b)(2) of such
 19 Act (29 U.S.C. 1053(b)(2)) is amended by adding at
 20 the end the following new subparagraph:

21 “(E)(i) For purposes of this paragraph, in the case
 22 of any employee who, as of the beginning of the period
 23 designated by the plan pursuant to subparagraph (A)—

1 “(I) has customarily completed 500 or
 2 more hours of service per year but less than
 3 1,000 hours of service per year, or

4 “(II) is employed in a type of position in
 5 which employment customarily constitutes 500
 6 or more hours of service per year but less than
 7 1,000 hours of service per year,
 8 completion of 500 hours of service within such pe-
 9 riod shall be treated as completion of 1,000 hours of
 10 service.

11 “(ii) For purposes of this subparagraph, the extent
 12 to which employment in any type of position customarily
 13 constitutes less than 1,000 hours of service per year shall
 14 be determined with respect to each pension plan in accord-
 15 ance with such regulations as the Secretary may prescribe
 16 providing for consideration of facts and circumstances pe-
 17 culiar to the work-force constituting the participants in
 18 such plan.”.

19 (2) 1-YEAR BREAKS IN SERVICE.—Section
 20 203(b)(3) of such Act (29 U.S.C. 1053(b)(3)) is
 21 amended by adding at the end the following new
 22 subparagraph:

23 “(F)(i) For purposes of this paragraph, in the case
 24 of any employee who, as of the beginning of the period
 25 designated by the plan pursuant to subparagraph (A)—

1 “(I) has customarily completed 500 or more
2 hours of service per year but less than 1,000 hours
3 of service per year, or

4 “(II) is employed in a type of position in which
5 employment customarily constitutes 500 or more
6 hours of service per year but less than 1,000 hours
7 of service per year,

8 completion of 250 hours of service within such period shall
9 be treated as completion of 500 hours of service.

10 “(ii) For purposes of this subparagraph, the extent
11 to which employment in any type of position customarily
12 constitutes less than 1,000 hours of service per year shall
13 be determined with respect to each pension plan in accord-
14 ance with such regulations as the Secretary may prescribe
15 providing for consideration of facts and circumstances pe-
16 culiar to the work-force constituting the participants in
17 such plan.”.

18 (c) ACCRUAL RULES.—Section 204(b)(4)(C) of such
19 Act (29 U.S.C. 1054(b)(4)(C)) is amended—

20 (1) by inserting “(i)” after “(C)”; and

21 (2) by adding at the end the following new
22 clauses:

23 “(ii) For purposes of this subparagraph, in the case
24 of any employee who, as of the beginning of the period
25 designated by the plan pursuant to clause (i)—

1 “(I) has customarily completed 500 or more
2 hours of service per year but less than 1,000 hours
3 of service per year, or

4 “(II) is employed in a type of position in which
5 employment customarily constitutes 500 or more
6 hours of service per year but less than 1,000 hours
7 of service per year,

8 completion of 500 hours of service within such period shall
9 be treated as completion of 1,000 hours of service.

10 “(iii) For purposes of clause (ii), the extent to which
11 employment in any type of position customarily constitutes
12 less than 1,000 hours of service per year shall be deter-
13 mined with respect to each pension plan in accordance
14 with such regulations as the Secretary may prescribe pro-
15 viding for consideration of facts and circumstances pecu-
16 liar to the work-force constituting the participants in such
17 plan.”.

18 **SEC. 402. TREATMENT OF EMPLOYEES WORKING AT LESS**
19 **THAN FULL-TIME UNDER GROUP HEALTH**
20 **PLANS.**

21 (a) IN GENERAL.—Part 2 of subtitle B of title I of
22 the Employee Retirement Income Security Act of 1974 is
23 amended—

24 (1) by redesignating section 211 (29 U.S.C.
25 1061) as section 212; and

1 (2) by inserting after section 210 (29 U.S.C.
2 1060) the following new section:

3 **“SEC. 211. TREATMENT OF PART-TIME WORKERS UNDER**
4 **GROUP HEALTH PLANS.**

5 “(a) IN GENERAL.—A reduction in the employer-pro-
6 vided premium under a group health plan with respect to
7 any employee for any period of coverage solely because the
8 employee’s customary employment is less than full-time
9 may be provided under such plan only if the employee is
10 described in subsection (b) and only to the extent per-
11 mitted under subsection (c).

12 “(b) REDUCTIONS APPLICABLE TO EMPLOYEES
13 WORKING LESS THAN FULL-TIME.—

14 “(1) IN GENERAL.—An employee is described in
15 this subsection if such employee, as of the beginning
16 of the period of coverage referred to in subsection
17 (a)—

18 “(A) has customarily completed less than
19 30 hours of service per week, or

20 “(B) is employed in a type of position in
21 which employment customarily constitutes less
22 than 30 hours of service per week.

23 “(2) REGULATIONS.—For purposes of para-
24 graph (1), whether employment in any type of posi-
25 tion customarily constitutes less than 30 hours of

1 service per week shall be determined with respect to
2 each group health plan in accordance with such reg-
3 ulations as the Secretary may prescribe providing
4 for consideration of facts and circumstances peculiar
5 to the work-force constituting the participants in
6 such plan.

7 “(c) AMOUNT OF PERMISSIBLE REDUCTION.—The
8 employer-provided premium under a group health plan
9 with respect to any employee for any period of coverage,
10 after the reduction permitted under subsection (a), shall
11 not be less than a ratable portion of the employer-provided
12 premium which would be provided under such plan for
13 such period of coverage with respect to an employee who
14 completes 30 hours of service per week.

15 “(d) DEFINITIONS.—For purposes of this section—
16 “(1) GROUP HEALTH PLAN.—The term ‘group
17 health plan’ has the meaning provided such term in
18 section 607(1).

19 “(2) EMPLOYER-PROVIDED PREMIUM.—
20 “(A) IN GENERAL.—The term ‘employer-
21 provided premium’ under a plan for any period
22 of coverage means the portion of the applicable
23 premium under the plan for such period of cov-
24 erage which is attributable under the plan to
25 employer contributions.

1 “(B) APPLICABLE PREMIUM.—For pur-
 2 poses of subparagraph (A), in determining the
 3 applicable premium of a group health plan,
 4 principles similar to the principles applicable
 5 under section 604 shall apply.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 201(1) of such Act (29 U.S.C.
 8 1051(1)) is amended by inserting “, except with re-
 9 spect to section 211” before the semicolon.

10 (2) The table of contents in section 1 of such
 11 Act is amended by striking the item relating to sec-
 12 tion 211 and inserting the following new items:

“211. Treatment of part-time workers under group health plans.
 “212. Effective date.”.

13 **SEC. 403. EXPANSION OF DEFINITION OF EMPLOYEE TO IN-**
 14 **CLUDE CERTAIN INDIVIDUALS WHOSE SERV-**
 15 **ICES ARE LEASED OR CONTRACTED FOR.**

16 Paragraph (6) of section 3 of the Employee Retire-
 17 ment Income Security Act of 1974 (29 U.S.C. 1002(6))
 18 is amended—

19 (1) by inserting “(A)” after “(6)”; and

20 (2) by adding at the end the following new sub-
 21 paragraph:

22 “(B) Such term includes, with respect to any em-
 23 ployer, any person who is not an employee (within the

1 meaning of subparagraph (A)) of such employer and who
 2 provides services to such employer, if—

3 “(i) such person has (pursuant to an agreement
 4 with such employer or any other person) performed
 5 such services for such employer (or for such em-
 6 ployer and related persons (within the meaning of
 7 section 144(a)(3) of the Internal Revenue Code of
 8 1986)) for a period of at least 1 year (6 months in
 9 the case of core health benefits) at the rate of at
 10 least 500 hours of service per year, and

11 “(ii) such services are of a type historically per-
 12 formed, in the business field of the employer, by em-
 13 ployees (within the meaning of subparagraph (A)).”.

14 **SEC. 404. EFFECTIVE DATES.**

15 (a) IN GENERAL.—Except as provided in subsection
 16 (b), the amendments made by this subtitle shall apply with
 17 respect to plan years beginning on or after January 1,
 18 2004.

19 (b) SPECIAL RULE FOR COLLECTIVELY BARGAINED
 20 PLANS.—In the case of a plan maintained pursuant to 1
 21 or more collective bargaining agreements between em-
 22 ployee representatives and 1 or more employers ratified
 23 on or before the date of the enactment of this Act, sub-
 24 section (a) shall be applied to benefits pursuant to, and
 25 individuals covered by, any such agreement by substituting

1 for “January 1, 2004” the date of the commencement of
2 the first plan year beginning on or after the earlier of—

3 (1) the later of—

4 (A) January 1, 2004, or

5 (B) the date on which the last of such col-
6 lective bargaining agreements terminates (de-
7 termined without regard to any extension there-
8 of after the date of the enactment of this Act),
9 or

10 (2) January 1, 2006.

11 (c) PLAN AMENDMENTS.—If any amendment made
12 by this subtitle requires an amendment to any plan, such
13 plan amendment shall not be required to be made before
14 the first plan year beginning on or after January 1, 2005,
15 if—

16 (1) during the period after such amendment
17 made by this Act takes effect and before such first
18 plan year, the plan is operated in accordance with
19 the requirements of such amendment made by this
20 subtitle, and

21 (2) such plan amendment applies retroactively
22 to the period after such amendment made by this
23 subtitle takes effect and such first plan year.

24 A plan shall not be treated as failing to provide definitely
25 determinable benefits or contributions, or to be operated

1 in accordance with the provisions of the plan, merely be-
2 cause it operates in accordance with this subsection.

3 **Subtitle B—United States Business**
4 **Telework Act**

5 **SEC. 411. SHORT TITLE.**

6 This subtitle may be cited as the “United States
7 Business Telework Act”.

8 **SEC. 412. TELEWORK PILOT PROGRAM.**

9 (a) PROGRAM.—In accordance with this subtitle, the
10 Secretary of Labor shall conduct, in not more than 5
11 States, a pilot program to raise awareness about telework
12 among employers and to encourage such employers to
13 offer telework options to employees.

14 (b) PERMISSIBLE ACTIVITIES.—In carrying out the
15 pilot program, the Secretary is encouraged to—

16 (1) produce educational materials and conduct
17 presentations designed to raise awareness of the
18 benefits and the ease of telework;

19 (2) conduct outreach to businesses that are con-
20 sidering offering telework options;

21 (3) acquire telework technologies and equip-
22 ment to be used for demonstration purposes; and

23 (4) ensure that expectant and new mothers who
24 are employed by businesses that participate in the

1 pilot program are given the option to telework dur-
2 ing the 1-year period after the date of birth.

3 **SEC. 413. REPORT TO CONGRESS.**

4 Not later than 2 years after the first date on which
5 funds are appropriated to carry out this subtitle, the Sec-
6 retary shall transmit to the Congress a report containing
7 the results of an evaluation of the pilot program and any
8 recommendations as to whether the pilot program, with
9 or without modification, should be expanded.

10 **SEC. 414. DEFINITION.**

11 In this subtitle, the term “telework” means the per-
12 formance of any portion of work functions by an employee
13 outside the normal place of business under circumstances
14 which reduce or eliminate the need to commute.

15 **SEC. 415. TERMINATION.**

16 The pilot program shall terminate 2 years after the
17 first date on which funds are appropriated to carry out
18 this subtitle.

19 **SEC. 416. AUTHORIZATION OF APPROPRIATIONS.**

20 There is authorized to be appropriated \$5,000,000 to
21 carry out this subtitle.

○