

108TH CONGRESS
2D SESSION

H. R. 5265

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

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2004

Mrs. MALONEY introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Children’s Develop-
5 ment Commission Act (Kiddie Mac)”.

1 **SEC. 2. CONGRESSIONAL FINDINGS.**

2 The Congress finds the following:

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

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

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

20 (4) In 1995 there were about 21,000,000 chil-
21 dren less than 6 years of age, of whom 31 percent
22 were participating in center-based child care services
23 and 14 percent were receiving child care in homes.
24 Between 1992 and 2005 the participation of women
25 24 to 54 years of age in the labor force is projected
26 to increase from 75 percent to 83 percent.

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

5 (6) The United States is behind other western,
6 industrialized countries when it comes to providing
7 child care services. In France, almost 100 percent of
8 all children 3 to 5 years of age attend nursery
9 school. In Germany this number is 78 percent. In
10 Japan 90 percent of such children attend some form
11 of preschool care. In all of these countries early
12 childhood care has proven to increase children's de-
13 velopment and performance.

14 **SEC. 3. INSURANCE FOR MORTGAGES ON NEW AND REHA-**
15 **BILITATED CHILD CARE AND DEVELOPMENT**
16 **FACILITIES.**

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

20 **“SEC. 257. MORTGAGE INSURANCE FOR CHILD CARE AND**
21 **DEVELOPMENT FACILITIES.**

22 “(a) PURPOSE.—The purpose of this section is to fa-
23 cilitate and assist in the provision and development of li-
24 censed child care and development facilities.

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

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

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

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

9 “(2) PRINCIPAL OBLIGATION.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), the mortgage shall involve a
12 principal obligation in an amount not to exceed
13 80 percent of the estimated value of the prop-
14 erty or project, or 85 percent of the estimated
15 value of the property or project in the case only
16 of a mortgagor that is a private nonprofit cor-
17 poration or association (as such term is defined
18 pursuant to section 221(d)(3)), including—

19 “(i) equipment to be used in the oper-
20 ation of the facility when the proposed im-
21 provements are completed and the equip-
22 ment is installed; or

23 “(ii) a solar energy system (as defined
24 in subparagraph (3) of the last paragraph
25 of section 2(a)) or residential energy con-

1 servations measures (as defined in subpara-
2 graphs (A) through (G) and (I) of section
3 210(11) of the National Energy Conserva-
4 tion Policy Act), in cases in which the Sec-
5 retary determines that such measures are
6 in addition to those required under the
7 minimum property standards and will be
8 cost-effective over the life of the measure.

9 “(B) INCREASE FOR CERTAIN DISTRESSED
10 AREAS.—In the case of any mortgage for a
11 child care and development facility that is lo-
12 cated in a distressed area and for which more
13 than 50 percent of the children served by the
14 facility are children of families or individuals
15 who are eligible for assistance under a State
16 program for temporary assistance for needy
17 families that is funded under part A of title IV
18 of the Social Security Act, the mortgage shall
19 involve principal obligation in an amount not to
20 exceed the sum of the amount determined
21 under subparagraph (A) for the mortgagor and
22 5 percent of the estimated value of the property
23 or project.

24 “(3) AMORTIZATION AND INTEREST.—The
25 mortgage shall—

1 “(A) provide for complete amortization by
2 periodic payments under such terms as the Sec-
3 retary shall prescribe;

4 “(B) have a maturity satisfactory to the
5 Secretary, but in no event longer than 25 years;
6 and

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

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

19 “(1) any laws, standards, and requirements ap-
20 plicable to such facilities under the laws of the
21 State, municipality, or other unit of general local
22 government in which the facility is or is to be lo-
23 cated; and

1 “(2) after the effective date of the standards
2 and requirements established under section
3 258(c)(2), such standards and requirements.

4 “(e) LOW-INCOME CLIENTELE.—The Secretary may
5 not insure a mortgage under this section unless the mort-
6 gage certifies, to the satisfaction of the Secretary, that not
7 less than 20 percent of the children served by the facility
8 during the period that the mortgage is outstanding shall
9 be children of families having incomes less than the me-
10 dian income for the metropolitan statistical area in which
11 the facility is located.

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

17 “(g) MORTGAGE INSURANCE TERMS.—The provi-
18 sions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and
19 (n) of section 207 shall apply to mortgages insured under
20 this section, except that all references in such subsections
21 to section 207 shall be considered, for purposes of mort-
22 gage insurance under this section, to refer to this section.

23 “(h) MORTGAGE INSURANCE FOR FIRE SAFETY
24 EQUIPMENT LOANS.—

1 “(1) AUTHORITY.—The Secretary may, upon
2 such terms and condition as the Secretary may pre-
3 scribe, make commitments to insure and insure
4 loans made by financial institutions or other ap-
5 proved mortgagees to child care and development fa-
6 cilities to provide for the purchase and installation
7 of fire safety equipment necessary for compliance
8 with the 1967 edition of the Life Safety Code of the
9 National Fire Protection Association (or any subse-
10 quent edition specified by the Secretary of Health
11 and Human Services).

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

14 “(A) not exceed the Secretary’s estimate of
15 the reasonable cost of the equipment fully in-
16 stalled;

17 “(B) bear interest at such rate as may be
18 agreed upon by the mortgagor and the mort-
19 gagee;

20 “(C) have a maturity satisfactory to the
21 Secretary;

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

1 “(E) comply with other such terms, condi-
2 tions, and restrictions as the Secretary may
3 prescribe; and

4 “(F) be made with respect to a child care
5 and development facility that complies with the
6 requirement under subsection (d).

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

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

23 “(j) DEFINITIONS.—For the purposes of this section,
24 the following definitions shall apply:

1 “(1) CHILD CARE AND DEVELOPMENT FACIL-
2 ITY.—The term ‘child care and development facility’
3 means a public facility, proprietary facility, or facil-
4 ity of a private nonprofit corporation or association
5 that—

6 “(A) has as its purpose the care and devel-
7 opment of children less than 12 years of age;
8 and

9 “(B) is licensed or regulated by the State
10 in which it is located (or, if there is no State
11 law providing for such licensing and regulation
12 by the State, by the municipality or other polit-
13 ical subdivision in which the facility is located).

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

19 “(2) DISTRESSED AREA.—The term ‘distressed
20 area’ means an area that—

21 “(A) meets the requirements under sub-
22 chapter U of chapter I of the Internal Revenue
23 Code (26 U.S.C. 1391 et seq.) for designation
24 as an enterprise community or empowerment
25 zone under such subchapter; or

1 “(B) is a census tract that has a median
2 income that does not exceed 50 percent of the
3 median income for the region in which the cen-
4 sus tract is located, as determined by the Sec-
5 retary.

6 For purposes of subparagraph (B), a region shall be
7 determined by the Secretary in the same manner as
8 areas are determined for purposes of determining in-
9 come limitations for assistance under section 8 of
10 the United States Housing Act of 1937 (42 U.S.C.
11 1437f).

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

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

1 ‘first mortgage’ means such classes of first liens as
2 are commonly given to secure advances (including
3 advances during construction) on, or the unpaid pur-
4 chase price of, real estate under the laws of the
5 State in which the real estate is located, together
6 with the credit instrument or instruments (if any)
7 secured thereby, and any mortgage may be in the
8 form of one or more trust mortgages or mortgage in-
9 dentures or deeds of trust, securing notes, bonds, or
10 other credit instruments, and, by the same instru-
11 ment or by a separate instrument, may create a se-
12 curity interest in initial equipment, whether or not
13 attached to the realty. The term ‘mortgagor’ has the
14 meaning given the term in section 207(a).

15 “(k) LIMITATION ON INSURANCE AUTHORITY.—

16 “(1) TERMINATION.—No mortgage may be in-
17 sured under this section or section 223(h) after Sep-
18 tember 30, 2014, except pursuant to a commitment
19 to insure issued on or before such date.

20 “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-
21 TION.—The aggregate principal amount of mort-
22 gages for which the Secretary enters into commit-
23 ments to insure under this section or section 223(h)
24 on or before the date under paragraph (1) may not
25 exceed \$2,000,000,000. If, upon the date under

1 paragraph (1), the aggregate insurance authority
 2 provided under this paragraph has not been fully
 3 used, the Secretary of the Treasury shall submit a
 4 report to the Congress evaluating the need for con-
 5 tinued mortgage insurance under this section.

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

12 **SEC. 4. INSURANCE FOR MORTGAGES FOR ACQUISITION OR**
 13 **REFINANCING DEBT OF EXISTING CHILD**
 14 **CARE AND DEVELOPMENT FACILITIES.**

15 Section 223 of the National Housing Act (12 U.S.C.
 16 1715n) is amended by adding at the end the following new
 17 subsection:

18 “(h) MORTGAGE INSURANCE FOR PURCHASE OR RE-
 19 FINANCING OF EXISTING CHILD CARE AND DEVELOP-
 20 MENT FACILITIES.—

21 “(1) AUTHORITY.—Notwithstanding any other
 22 provision of this Act, the Secretary may insure
 23 under any section of this title a mortgage executed
 24 in connection with the purchase or refinancing of an
 25 existing child care and development facility, the pur-

1 chase of a structure to serve as a child care and de-
2 velopment facility, or the refinancing of existing debt
3 of an existing child care and development facility.

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

11 “(A) the facility or structure purchased
12 continues to be used as a child care and devel-
13 opment facility; and

14 “(B) the facility complies with the same
15 requirements applicable under section 257(d) to
16 facilities having mortgages insured under such
17 section.

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

23 “(A) the refinancing is used to lower the
24 monthly debt service costs (taking into account

1 any fees or charges connected with such refi-
 2 nancing) of the existing facility;

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

7 “(C) the existing facility is economically
 8 viable; and

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

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

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

21 **SEC. 5. CHILDREN’S DEVELOPMENT COMMISSION.**

22 Title II of the National Housing Act (12 U.S.C. 1707
 23 et seq.) is amended by adding at the end (after section
 24 257, as added by section 3 of this Act) the following new
 25 section:

1 **“SEC. 258. CHILDREN’S DEVELOPMENT COMMISSION**
2 **(KIDDIE MAC).**

3 “(a) ESTABLISHMENT.—There is hereby established
4 a commission to be known as the Children’s Development
5 Commission or Kiddie Mac.

6 “(b) MEMBERSHIP.—

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

13 “(A) The Secretary of Housing and Urban
14 Development or the Secretary’s designee.

15 “(B) The Secretary of Health and Human
16 Services or the Secretary’s designee.

17 “(C) The Secretary of the Treasury or the
18 Secretary’s designee.

19 “(D) 4 members shall be appointed from
20 among 12 individuals recommended jointly by
21 the Speaker of the House of Representatives,
22 the Majority Leader of the Senate, Minority
23 Leader of the House of Representatives, the
24 Minority Leader of the Senate.

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

4 “(A) each shall be an individual who ac-
5 tively participates or is employed in the field of
6 child care and has academic, licensing, or other
7 credentials relating to such participation or em-
8 ployment; and

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

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

13 “(4) VACANCIES.—Any member appointed to
14 fill a vacancy occurring before the expiration of the
15 term for which the member’s predecessor was ap-
16 pointed shall be appointed only for the remainder of
17 that term. A member may serve after the expiration
18 of that member’s term until a successor has taken
19 office. A vacancy in the Commission shall be filled
20 in the manner in which the original appointment was
21 made.

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

1 “(6) QUORUM.—A majority of the members of
2 the Commission shall constitute a quorum for the
3 transaction of business.

4 “(7) VOTING.—Each member of the Commis-
5 sion shall be entitled to 1 vote, which shall be equal
6 to the vote of every other member of the Commis-
7 sion.

8 “(8) PROHIBITION ON ADDITIONAL PAY.—
9 Members of the Commission shall serve without
10 compensation, but shall be reimbursed for travel,
11 subsistence, and other necessary expenses incurred
12 in the performance of their duties as members of the
13 Commission.

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

16 “(1) CERTIFICATION OF COMPLIANCE.—The
17 Commission shall collect such information and make
18 such determinations as may be necessary to deter-
19 mine, for purposes of section 257(d), whether child
20 care and development facilities comply, or will be in
21 compliance within 12 months, with—

22 “(A) any laws, standards, and require-
23 ments applicable to such facilities under the
24 laws of the State, municipality, or other unit of

1 general local government in which the facility is
2 or is to be located, and

3 “(B) after the effective date of the stand-
4 ards and requirements established under para-
5 graph (2), such standards and requirements,
6 and shall issue certifications of such compliance.

7 “(2) ESTABLISHMENT OF STANDARDS.—

8 “(A) STUDY.—Not later than 12 months
9 after the date on which appointment of initial
10 membership of the Commission is completed,
11 the Commission, in consultation with the Sec-
12 retary of Housing and Urban Development and
13 the Secretary of Health and Human Services,
14 shall conduct a study to determine the laws,
15 standards, and requirements referred to in
16 paragraph (1)(A) that are applicable in each
17 State. Taking into consideration the findings of
18 the study, the Secretary shall establish stand-
19 ards and requirements regarding child care and
20 development facilities that are designed to en-
21 sure that mortgage insurance is provided under
22 section 257 and section 223(h) only for safe,
23 clean, and healthy facilities that provide appro-
24 priate care and development services for chil-
25 dren.

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

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

16 “(A) Loans under this paragraph shall be
17 made only for such facilities that are financially
18 and operationally viable, as determined under
19 standards and guidelines to be established by
20 the Commission.

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

24 “(C) A loan made under this paragraph
25 may not have a term exceeding 15 years.

1 “(D) Loans under this paragraph shall
2 bear interest at rates and be made under such
3 other conditions and terms as the Commission
4 shall provide.

5 “(4) NOTIFICATION.—The Commission shall
6 take such actions as may be necessary to publicize
7 the availability of the programs for mortgage insur-
8 ance under sections 257 and 223(h) and loans under
9 paragraph (3) of this subsection in a manner that
10 ensures that information concerning such programs
11 will be available to child care providers throughout
12 the United States.

13 “(5) TECHNICAL ASSISTANCE.—The Commis-
14 sion shall make available, to mortgagors of mort-
15 gages insured under section 257 or 223(h) and to
16 borrowers under paragraph (3) of this subsection,
17 technical assistance and expertise in the business as-
18 pects of operating child care and development facili-
19 ties (including business planning and quality control
20 assistance). The Commission shall provide such as-
21 sistance and expertise directly and in coordination
22 with appropriate Federal agencies (including the De-
23 partment of Housing and Urban Development, the
24 Department of Health and Human Services, the De-

1 partment of Defense, and the Small Business Ad-
2 ministration),

3 “(6) LIABILITY INSURANCE.—The Commission
4 shall—

5 “(A) not later than 12 months after the
6 date on which appointment of initial member-
7 ship of the Commission is completed—

8 “(i) establish standards and guide-
9 lines, applicable to mortgage insurance
10 under sections 257 and 223(h) and loans
11 under paragraph (3) of this subsection,
12 that require child care providers operating
13 child care and development facilities as-
14 sisted under such provisions to obtain and
15 maintain liability insurance in such
16 amounts and subject to such requirements
17 as the Commission considers appropriate;
18 and

19 “(ii) submit a report to the Congress
20 that analyzes the need for making financial
21 and technical assistance available to such
22 child care providers to identify and obtain
23 liability insurance adequate to comply with
24 such standards and guidelines, identifies
25 appropriate methods of providing such as-

1 sistance, sets forth a program for the Com-
2 mission to provide such technical assist-
3 ance, and makes recommendations for any
4 legislation necessary to implement a pro-
5 gram to provide such appropriate financial
6 assistance; and

7 “(B) beginning not later than the effective
8 date of the standards and guidelines established
9 under subparagraph (A)(i), carry out the tech-
10 nical assistance program set forth in the report
11 under subparagraph (A)(ii).

12 “(7) RESEARCH FOUNDATION.—Not later than
13 12 months after the date of the enactment of this
14 section, the Commission shall submit a report to the
15 Congress recommending a plan for establishing and
16 funding a foundation that is an entity independent
17 of the Commission (but which maintains association
18 with the Commission)—

19 “(A) which shall have as its purpose—

20 “(i) to support research relating to
21 child care and development facilities;

22 “(ii) to fund pilot programs to test in-
23 novative methods for improving child care;
24 and

1 “(iii) to engage in activities and pub-
2 lish materials to assist persons interested
3 in mortgage insurance under sections 257
4 and 223(h) and other assistance provided
5 by the Commission; and

6 “(B) which shall have the authority to ac-
7 cept, use, and dispose of gifts, bequests, or de-
8 vises of services or property, both real and per-
9 sonal, for the purpose of aiding or facilitating
10 the work of the foundation.

11 “(8) STUDY REGARDING CAPITAL NEEDS OF
12 CENTER-BASED CHILD CARE IN LOW-INCOME COM-
13 MUNITIES.—The Commission shall provide for the
14 conducting of a study of center-based child care for
15 families in low-income communities and neighbor-
16 hoods that—

17 “(A) determines the existing supply and
18 quality of such care in such areas;

19 “(B) identifies the economic and other
20 market barriers in such areas to—

21 “(i) creating an adequate supply of
22 center-based child care services; and

23 “(ii) achieving a quality standard in
24 child care centers adequate to support
25 early childhood programs; and

1 “(C) proposes public policy and private
2 sector initiatives that might be taken to ensure
3 that such areas have—

4 “(i) a supply of center-based child
5 care facilities sufficient for child care needs
6 of the areas and to facilitate employment
7 and support the goals of welfare reform;

8 “(ii) appropriate child care choices;
9 and

10 “(iii) sufficient quality of care nec-
11 essary to prepare at-risk children for
12 school.

13 The Commission shall submit to the Congress a re-
14 port regarding the results of the study conducted
15 under this section not later than the expiration of
16 the 18-month period beginning on the date of the
17 appointment of the executive director pursuant to
18 subsection (f)(1).

19 “(d) NONDISCRIMINATION REQUIREMENT.—

20 “(1) IN GENERAL.—The Commission may not
21 certify under subsection (c)(1) or carry out any ac-
22 tivities of the Commission with respect to any child
23 care and development facility if the provider of the
24 facility discriminates on account of race, color, reli-
25 gion (subject to paragraph (2)), national origin, sex

1 (to the extent provided in title IX of the Education
2 Amendments of 1972 (20 U.S.C. 1681 et seq.)), or
3 handicapping condition.

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

12 “(3) CERTIFICATION.—As a condition of certifi-
13 cation under subsection (c)(1) and eligibility for a
14 loan under subsection (c)(3), the provider of a child
15 care and development facility shall certify to the
16 Commission that the provider does not discriminate,
17 as required by the provisions of paragraph (1) of
18 this subsection.

19 “(e) POWERS.—

20 “(1) ASSISTANCE FROM FEDERAL AGENCIES.—
21 The Commission may secure directly from any de-
22 partment or agency of the Federal Government such
23 information as the Commission may require for car-
24 rying out its functions. Upon request of the Com-

1 mission, any such department or agency shall fur-
2 nish such information.

3 “(2) ASSISTANCE FROM GENERAL SERVICES
4 ADMINISTRATION.—The Administrator of General
5 Services shall provide to the Commission, on a reim-
6 bursable basis, such administrative support services
7 as the Commission may request.

8 “(3) ASSISTANCE FROM DEPARTMENT OF
9 HOUSING AND URBAN DEVELOPMENT.—Upon the re-
10 quest of the Commission, the Secretary of Housing
11 and Urban Development shall, to the extent possible
12 and subject to the discretion of the Secretary, detail
13 any of the personnel of the Department of Housing
14 and Urban Development, on a nonreimbursable
15 basis, to assist the Commission in carrying out its
16 functions under this section.

17 “(4) MAILS.—The Commission may use the
18 United States mails in the same manner and under
19 the same conditions as other Federal agencies.

20 “(f) STAFF.—

21 “(1) EXECUTIVE DIRECTOR.—The Commission
22 shall appoint an executive director, who shall be
23 compensated at a rate fixed by the Commission, but
24 which shall not exceed the rate established for level

1 I of the Executive Schedule under title 5, United
2 States Code.

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

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

23 “(h) DEFINITIONS.—For purposes of this section, the
24 terms defined in section 257(j) shall have the same mean-
25 ings as provided under such section.

1 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are authorized to be appropriated to the Commission to
 3 carry out this section \$20,000,000 for fiscal year 2005,
 4 to remain available until expended, of which not more than
 5 \$2,500,000 shall be available for administrative costs of
 6 the Commission and the remainder of which shall be avail-
 7 able only for loans under subsection (c)(3).”.

8 **SEC. 6. STUDY OF AVAILABILITY OF SECONDARY MARKETS**
 9 **FOR MORTGAGES ON CHILD CARE FACILI-**
 10 **TIES.**

11 The Secretary of the Treasury shall conduct a study
 12 of the secondary mortgage markets to determine—

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 and development facilities or would lower
 20 development costs of such facilities; and

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

1 The Secretary of the Treasury shall submit to the Con-
2 gress a report regarding the results of the study conducted
3 under this section not later than the expiration of the 2-
4 year period beginning on the date of the enactment of this
5 Act.

