

109TH CONGRESS  
1ST SESSION

# H. R. 1589

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.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2005

Ms. WOOLSEY (for herself, Mr. GEORGE MILLER of California, Ms. DeLAURO, Mr. OWENS, Mr. KILDEE, Mr. WEXLER, Ms. MILLENDER-McDONALD, Mr. KUCINICH, Ms. CARSON, Mr. FILNER, Mr. SANDERS, Mr. WAXMAN, Mr. LANTOS, Mr. BLUMENAUER, Mr. DAVIS of Illinois, Mr. RUSH, Ms. PELOSI, Mrs. MCCARTHY, Ms. CORRINE BROWN of Florida, Mrs. CHRISTENSEN, Ms. JACKSON-LEE of Texas, Mr. HINOJOSA, Mr. PAYNE, Mrs. JONES of Ohio, Mr. McDERMOTT, Ms. MATSUI, Ms. WASSERMAN SCHULTZ, Ms. SOLIS, Mrs. CAPPS, Ms. KILPATRICK of Michigan, Mr. BROWN of Ohio, Mr. JACKSON of Illinois, Ms. LEE, Ms. LINDA T. SÁNCHEZ of California, Mrs. DAVIS of California, Mr. GRIJALVA, Ms. MCKINNEY, Mr. FARR, Mr. LEWIS of Georgia, Ms. WATSON, and Mr. DOGGETT) 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

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## 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,*

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

4        (a) SHORT TITLE.—This Act may be cited as the  
 5        “Family and Workplace Balancing Act of 2005” or “Bal-  
 6        ancing Act of 2005” .

7        (b) TABLE OF CONTENTS.—The table of contents of  
 8        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.

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

4 (C) The primary obstacle cited by the parents  
5 to engaging in physical activities with their children  
6 was their work schedules.

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

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

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

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

1           (8) The average annual child care teacher sal-  
2           ary is \$15,430, a wage so low that many programs  
3           find it extremely challenging to recruit fully qualified  
4           teachers and to retain them. High turnover rates  
5           make it more difficult to provide quality and con-  
6           tinuity of care.

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

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

15          (11) Breakfast is a critical meal for children  
16          and provides the nutrition necessary to optimize  
17          their learning capacities.

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

22          (13) Violent juvenile crime peaks between the  
23          hours of 3:00 p.m. and 7:00 p.m. and teens are  
24          more likely to be victims of serious violent crime in

1 the hour after school lets out than any other time  
2 of the day.

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

6 (15) Companies with telework programs have  
7 found that telework can boost employee productivity  
8 5 percent to 20 percent, thereby saving businesses  
9 valuable resources and time.

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

17 (17) The AFL-CIO's "Ask a Working Woman"  
18 survey for 2002 reported that 63 percent of working  
19 women work more than 40 hours a week, 30 percent  
20 of working women work 20 to 39 hours a week, and  
21 7 percent of working women work less than 20  
22 hours a week.

1 **TITLE I—PAID LEAVE FOR NEW**  
2 **PARENTS AND FAMILY AND**  
3 **MEDICAL LEAVE ENHANCE-**  
4 **MENT ACT OF 2005**

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 of States to provide partial or full wage replacement,  
14 often referred to as FIRST insurance, to new parents so  
15 that the new parents are able to spend time with a new  
16 infant or 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 of Labor shall  
7       make grants to eligible entities to pay for the Fed-  
8       eral share of the cost of carrying out projects that  
9       assist families by providing, through various mecha-  
10      nisms, wage replacement for eligible individuals who  
11      are responding 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 five 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      an eligible individual—

1 (A) directly;

2 (B) through an insurance program, such  
3 as a State temporary disability insurance pro-  
4 gram or a 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 an eligible individual for not  
13 less than six weeks during a period of leave, or an  
14 absence from employment, described in subsection  
15 (d)(2), during any 12-month period. Wage replace-  
16 ment available to an eligible individual under this  
17 subsection shall be in addition to any compensation  
18 from annual or sick leave that the individual may  
19 elect to use during a period of leave, or an absence  
20 from employment, described in subsection (d)(2),  
21 during any 12-month period.

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

1        riod of the grant to pay for the administrative costs  
2        relating 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.), under other  
13        Federal, State, or local law, or under a private  
14        plan, for a reason described in subparagraph  
15        (A) or (B) of section 102(a)(1) of the Family  
16        and Medical Leave Act of 1993 (29 U.S.C.  
17        2612(a)(1));

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

20            (i) is taking leave, under that Act,  
21        under other Federal, State, or local law, or  
22        under a private plan, for a reason de-  
23        scribed in subparagraph (C), (D), (E), or  
24        (F) of section 102(a)(1) of the Family and

1 Medical Leave Act of 1993 (29 U.S.C.  
2 2612(a)(1)); or

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

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

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

17 (1) a description of the wage replacement pro-  
18 gram;

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

23 (B) information on any criteria or characteris-  
24 tics that the entity will use to determine whether an  
25 individual is eligible for wage replacement under

1 subsection (a), as described in paragraphs (1) and  
2 (2)(C) of subsection (d);

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

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

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

15 (1) take into consideration—

16 (A) the scope of the proposed projects;

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

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

1 (D) the benefits that would be offered to  
2 families and children through the proposed  
3 projects; and

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

10 (g) FEDERAL SHARE.—

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

13 (A) 50 percent for the first year of the  
14 grant period;

15 (B) 40 percent for the second year of that  
16 period;

17 (C) 30 percent for the third year of that  
18 period; and

19 (D) 20 percent for each subsequent year.

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

1       (h) SUPPLEMENT NOT SUPPLANT.—Funds appro-  
2       priated pursuant to the authority of this subtitle shall be  
3       used to supplement and not supplant other Federal, State,  
4       and local public funds and private funds expended to pro-  
5       vide wage replacement.

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

12   **SEC. 105. NOTIFICATION.**

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

17           (1) the employer of the individual of the  
18           amount of the wage replacement provided; and

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

1        ployee is entitled under section 102(a)(1) of that Act  
2        (29 U.S.C. 2612(a)(1)).

3    **SEC. 106. REPORT.**

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

10   **SEC. 107. AUTHORIZATION OF APPROPRIATIONS.**

11        There are authorized to be appropriated to carry out  
12    this subtitle \$400,000,000 for fiscal year 2006 and such  
13    sums as may be necessary for each subsequent fiscal year.

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

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

18        “(g) RELATIONSHIP TO FIRST INSURANCE.—

19                “(1) FULL WAGE REPLACEMENT.—If an eligible  
20    entity provides full wage replacement to an employee  
21    for a period under title I of the Family and Work-  
22    place Balancing Act of 2005, the employee’s em-  
23    ployer shall count an amount of leave, equal to that  
24    period, against the total amount of leave (if any) to



1       which the employee is entitled under subsection  
2       (a)(1).

3               “(2) PARTIAL WAGE REPLACEMENT.—If an eli-  
4       gible entity provides partial wage replacement to an  
5       employee for a period under title I of the Family  
6       and Workplace Balancing Act of 2005, the employ-  
7       ee’s employer shall—

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

10              “(B) convert the total into a corresponding  
11       amount of full wage replacement provided for a  
12       proportionately reduced period; and

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

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

1     **Subtitle B—Family and Medical**  
2     **Leave Enhancement Act of 2005**

3     **SEC. 111. SHORT TITLE.**

4         This subtitle may be cited as the “Family and Med-  
5     ical Leave Enhancement Act of 2005”.

6     **SEC. 112. ADDITIONAL ENTITLEMENT TO LEAVE FOR PA-**  
7             **RENTAL INVOLVEMENT.**

8         (a) **LEAVE REQUIREMENT.**—Section 102(a) of the  
9     Family and Medical Leave Act of 1993 (29 U.S.C.  
10    2612(a)) is amended by adding at the end the following  
11    new paragraph:

12             “(3) **ENTITLEMENT TO ADDITIONAL LEAVE FOR**  
13     **PARENTAL INVOLVEMENT.**—

14             “(A) **IN GENERAL.**—Subject to section  
15     103(f), in addition to leave available under  
16     paragraph (1), an eligible employee shall be en-  
17     titled to a total of four hours of leave during  
18     any 30-day period, and a total of 24 hours of  
19     leave during any 12-month period to participate  
20     in or attend an activity that—

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

23             “(ii) relates to a program of the  
24     school or organization that is attended by

1 a son or daughter or a grandchild of the  
2 employee.

3 “(B) DEFINITIONS.—As used in this para-  
4 graph:

5 “(i) SCHOOL.—The term ‘school’  
6 means an elementary school or secondary  
7 school (as such terms are defined in the  
8 Elementary and Secondary Education Act  
9 of 1965 (20 U.S.C. 6301 et seq.)), a Head  
10 Start program assisted under the Head  
11 Start Act (42 U.S.C. 9831 et seq.), and a  
12 child care facility licensed under State law.

13 “(ii) COMMUNITY ORGANIZATION.—  
14 The term ‘community organization’ means  
15 a private nonprofit organization that is  
16 representative of a community or a signifi-  
17 cant segment of a community and provides  
18 activities for individuals described in sub-  
19 paragraph (A) or (B) of section 101(12),  
20 such as a scouting or sports organiza-  
21 tion.”.

22 (b) SCHEDULE.—Section 102(b)(1) of such Act (29  
23 U.S.C. 2612(b)(1)) is amended by inserting after the sec-  
24 ond sentence the following new sentence: “Leave under

1 subsection (a)(3)(A) may be taken intermittently or on a  
2 reduced leave schedule.”.

3 (c) SUBSTITUTION OF PAID LEAVE.—Section  
4 102(d)(2)(A) of such Act (29 U.S.C. 2612(d)(2)(A)) is  
5 amended by inserting after “subsection (a)(1)” the fol-  
6 lowing: “or under subsection (a)(3)(A)”.

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

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

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

1 **SEC. 113. ENTITLEMENT TO LEAVE FOR CIVIL SERVANTS**  
2 **FOR PARENTAL INVOLVEMENT.**

3 (a) LEAVE REQUIREMENT.—Section 6382(a) of title  
4 5, United States Code, is amended by adding at the end  
5 the following new paragraph:

6 “(3)(A) Subject to section 6383(f), in addition to  
7 leave available under paragraph (1), an employee shall be  
8 entitled to a total of four hours of leave during any 30-  
9 day period, and a total of 24 hours of leave during any  
10 12-month period to participate in or attend an activity  
11 that—

12 “(i) is sponsored by a school or community or-  
13 ganization; and

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

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

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

25 “(ii) The term ‘community organization’ means  
26 a private nonprofit organization that is representa-

1        tive of a community or a significant segment of a  
2        community and provides activities for individuals de-  
3        scribed in subparagraph (A) or (B) of section  
4        6381(6), such as a scouting or sports organization.”.

5        (b) SCHEDULE.—Section 6382(b)(1) of such title is  
6        amended by inserting after the second sentence the fol-  
7        lowing new sentence: “Leave under subsection (a)(3)(A)  
8        may be taken intermittently or on a reduced leave sched-  
9        ule.”.

10       (c) SUBSTITUTION OF PAID LEAVE.—Section  
11       6382(d) of such title is amended by inserting before “,  
12       except” the following: “, or for leave provided under sub-  
13       section (a)(3)(A) any of the employee’s accrued or accu-  
14       mulated annual leave under subchapter I for any part of  
15       the 24-hour period of such leave under such subsection”.

16       (d) NOTICE.—Section 6382(e)(1) of such title is  
17       amended by adding at the end the following new sentence:  
18       “In any case in which an employee requests leave under  
19       subsection (a)(3)(A), the employee shall provide the em-  
20       ploying agency with not less than seven days’ notice, be-  
21       fore the date the leave is to begin, of the employee’s inten-  
22       tion to take leave under such subsection.”.

23       (e) CERTIFICATION.—Section 6383 of such title is  
24       amended by adding at the end the following new sub-  
25       section:

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

6 **SEC. 114. CLARIFICATION OF ENTITLEMENT TO LEAVE.**

7 (a) IN GENERAL.—Section 102(a)(1) of the Family  
 8 and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1))  
 9 and section 6382(a)(1) of title 5, United States Code, are  
 10 each amended by adding at the end the following new sub-  
 11 paragraphs:

12 “(E) In order to meet routine family med-  
 13 ical care needs, including transportation of a  
 14 son or daughter or a grandchild for medical and  
 15 dental appointments for annual checkups and  
 16 vaccinations.

17 “(F) In order to meet the routine family  
 18 medical care needs of elderly individuals who  
 19 are related to the eligible employee, including  
 20 visits to nursing homes and group homes.”.

21 (b) SCHEDULE.—

22 (1) FAMILY AND MEDICAL LEAVE ACT OF  
 23 1993.—The first sentence of section 102(b)(1) of  
 24 such Act (29 U.S.C. 2612(b)(1)) is amended by

1 striking “subparagraph (A) or (B)” and inserting  
2 “subparagraph (A), (B), (E), or (F)”.

3 (2) TITLE 5.—The first sentence of section  
4 6382(b)(1) of such title is amended by striking  
5 “subparagraph (A) or (B)” and inserting “subpara-  
6 graph (A), (B), (E), or (F)”.

7 (c) SUBSTITUTION OF PAID LEAVE.—

8 (1) FAMILY AND MEDICAL LEAVE ACT OF  
9 1993.—Section 102(d)(2)(A) of such Act (29 U.S.C.  
10 2612(d)(2)(A)) (as amended by section 3(c)) is fur-  
11 ther amended by striking “subparagraph (A), (B),  
12 or (C)” and inserting “subparagraph (A), (B), (C),  
13 (E), or (F)”.

14 (2) TITLE 5.—Section 6382(d) of such title (as  
15 amended by section 4(c)) is further amended by  
16 striking “subparagraph (A), (B), (C), or (D)” and  
17 inserting “subparagraph (A), (B), (C), (D), (E), or  
18 (F)”.

19 (d) NOTICE.—

20 (1) FAMILY AND MEDICAL LEAVE ACT OF  
21 1993.—The first sentence of section 102(e)(1) of  
22 such Act (29 U.S.C. 2612(e)(1)) (as created by the  
23 amendment made by section 3(d)) is amended by  
24 striking “subparagraph (A) or (B)” and inserting  
25 “subparagraph (A), (B), (E), or (F)”.



1           (2) TITLE 5.—The first sentence of section  
2       6382(e)(1) of such title (as created by the amend-  
3       ment made by section 4(d)) is amended by striking  
4       “subparagraph (A) or (B)” and inserting “subpara-  
5       graph (A), (B), (E), or (F)”.

6       (e) SPOUSES EMPLOYED BY SAME EMPLOYER.—Sec-  
7       tion 102(f)(1) of the Family and Medical Leave Act of  
8       1993 (29 U.S.C. 2612(f)(1)) is amended by striking “sub-  
9       paragraph (A) or (B)” and inserting “subparagraph (A),  
10      (B), (E), or (F)”.

11      (f) CERTIFICATION.—

12           (1) FAMILY AND MEDICAL LEAVE ACT OF  
13       1993.—Section 103 of such Act (29 U.S.C. 2613) (as  
14       amended by section 3(e)) is further amended by add-  
15       ing at the end the following new subsection:

16       “(g) CERTIFICATION FOR ROUTINE FAMILY MED-  
17       ICAL CARE NEEDS.—An employer may require that a re-  
18       quest for leave under subparagraph (E) or (F) of section  
19       102(a)(1) be supported by a certification issued at such  
20       time and in such manner as the Secretary may by regula-  
21       tion prescribe.”.

22           (2) TITLE 5.—Section 6383 of such title (as  
23       amended by section 4(e)) is further amended by add-  
24       ing at the end the following new subsection:

1       “(g) An employing agency may require that a request  
 2 for leave under subparagraph (E) or (F) of section  
 3 6382(a)(1) be supported by a certification issued at such  
 4 time and in such manner as the Office of Personnel Man-  
 5 agement may by regulation prescribe.”.

6 **SEC. 115. DEFINITION OF GRANDCHILD.**

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

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

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

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

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

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

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

1           **TITLE II—CHILD CARE**  
2           **EXPANSION AND IMPROVEMENT**  
3           **Subtitle A—Care for Young**  
4           **Children**

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

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

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

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

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

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

15           (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
16   658B of the Child Care and Development Block Grant Act  
17   of 1990 (42 U.S.C. 9858) is amended—

18                   (1) by striking “There” and inserting “(a) In  
19   General.—There”; and

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

21                   “(b) CHILD CARE ACTIVITIES FOR YOUNG CHIL-  
22   DREN.—In addition to amounts appropriated under sub-  
23   section (a), there is authorized to be appropriated to carry  
24   out child care activities for young children under this sub-

1 chapter \$500,000,000 for each of the fiscal years 2006,  
2 2007, and 2008.”.

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

7 **“SEC. 658H. CHILD CARE ACTIVITIES FOR YOUNG CHIL-**  
8 **DREN.**

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

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

14 “(2) Provide support services for networks of  
15 family child care providers.

16 “(3) Provide or support programs that provide  
17 training, services, materials, equipment, or other  
18 support to caregivers, eligible child care providers,  
19 and family child care providers that provide child  
20 care to young children. Such support may include  
21 the purchase of equipment such as cribs and high  
22 chairs.

23 “(4) Provide funds to increase compensation of-  
24 fered and provide bonuses to caregivers, eligible  
25 child care providers, and family child care providers

1 who provide child care to children under the age of  
 2 3 years, especially those caregivers and providers  
 3 who have formal education in early childhood devel-  
 4 opment.

5 “(5) Provide and support networks between  
 6 health care providers and caregivers, eligible child  
 7 care providers, and family child care providers that  
 8 provide child care to young children.

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

12 (d) DEFINITIONS.—Section 658P of the Child Care  
 13 and Development Block Grant Act of 1990 (42 U.S.C.  
 14 9858n) is amended by adding at the end the following:

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

## 18 **Subtitle B—Improving Child Care** 19 **Quality Through Teacher Incen-** 20 **tives**

### 21 **SEC. 221. PURPOSE.**

22 The purposes of this subtitle are—

23 (1) to establish the Child Care Provider Devel-  
 24 opment and Retention Grant Program, the Child

1 Care Provider Scholarship Program, and a program  
2 of child care provider health benefits coverage; and  
3 (2) to help children receive the high quality  
4 child care and early education the children need for  
5 positive cognitive and social development, by reward-  
6 ing and promoting the retention of committed, quali-  
7 fied child care providers and by providing financial  
8 assistance to improve the educational qualifications  
9 of child care providers.

10 **SEC. 222. DEFINITIONS.**

11 In this subtitle:

12 (1) CHILD CARE PROVIDER.—The term “child  
13 care provider” means an individual who provides a  
14 service directly to a child on a person-to-person basis  
15 for compensation for—

16 (A) a center-based child care provider that  
17 is licensed or regulated under State or local law  
18 and that satisfies the State and local require-  
19 ments applicable to the child care services pro-  
20 vided;

21 (B) a licensed or regulated family child  
22 care provider that satisfies the State and local  
23 requirements applicable to the child care serv-  
24 ices provided; or

1 (C) an out-of-school time program that is  
2 licensed or regulated under State or local law  
3 and that satisfies the State and local require-  
4 ments applicable to the child care services pro-  
5 vided.

6 (2) FAMILY CHILD CARE PROVIDER.—The term  
7 “family child care provider” has the meaning given  
8 such term in section 658P of the Child Care and  
9 Development Block Grant Act of 1990 (42 U.S.C.  
10 9858n).

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

15 (4) LEAD AGENCY.—The term “lead agency”  
16 means the agency designated under section 658D of  
17 the Child Care and Development Block Grant Act of  
18 1990 (42 U.S.C. 9858b).

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

21 (6) STATE.—The term “State” means any of  
22 the several States, the District of Columbia, the  
23 Commonwealth of Puerto Rico, the Virgin Islands of  
24 the United States, Guam, American Samoa, or the  
25 Commonwealth of the Northern Mariana Islands.

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

5   **SEC. 223. FUNDS FOR CHILD CARE PROVIDER DEVELOP-**  
6                           **MENT AND RETENTION GRANTS, SCHOLAR-**  
7                           **SHIPS, AND HEALTH BENEFITS COVERAGE.**

8           (a) IN GENERAL.—From amounts appropriated to  
9           carry out this subtitle, the Secretary may allot and dis-  
10          tribute funds to eligible States, and make payments to In-  
11          dian tribes and tribal organizations, to pay for the Federal  
12          share of the cost of carrying out activities under sections  
13          226, 227, and 228 for eligible child care providers.

14          (b) ALLOTMENTS.—The funds shall be allotted and  
15          distributed, and the payments shall be made, by the Sec-  
16          retary in accordance with section 224, and expended by  
17          the States (directly, or at the option of the States, through  
18          units of general purpose local government), and by Indian  
19          tribes and tribal organizations, in accordance with this  
20          subtitle.

21   **SEC. 224. ALLOTMENTS TO STATES.**

22          (a) AMOUNTS RESERVED.—

23               (1) TERRITORIES AND POSSESSIONS.—The Sec-  
24          retary shall reserve not more than  $\frac{1}{2}$  of 1 percent  
25          of the funds appropriated under section 231(a), and



1 not more than  $\frac{1}{2}$  of 1 percent of the funds appro-  
2 priated under section 232(b), for any fiscal year for  
3 payments to the Virgin Islands of the United States,  
4 Guam, American Samoa, and the Commonwealth of  
5 the Northern Mariana Islands, to be allotted in ac-  
6 cordance with their respective needs.

7 (2) INDIAN TRIBES AND TRIBAL ORGANIZA-  
8 TIONS.—The Secretary shall reserve not more than  
9 3 percent of the funds appropriated under section  
10 231(a), and not more than 3 percent of the funds  
11 appropriated under section 231(b), for any fiscal  
12 year for payments to Indian tribes and tribal organi-  
13 zations with applications approved under subsection  
14 (c).

15 (b) ALLOTMENTS TO REMAINING STATES.—

16 (1) GENERAL AUTHORITY.—From the funds  
17 appropriated under section 231(a) for any fiscal year  
18 and remaining after the reservations made under  
19 subsection (a), and from the funds appropriated  
20 under section 231(b) for any fiscal year and remain-  
21 ing after the reservations made under subsection (a),  
22 the Secretary shall allot to each State an amount  
23 equal to the sum of—

24 (A) an amount that bears the same ratio  
25 to 50 percent of the appropriate remainder as

1           the product of the young child factor of the  
2           State and the allotment percentage of the State  
3           bears to the sum of the corresponding products  
4           for all States; and

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

11          (2) YOUNG CHILD FACTOR.—In this subsection,  
12          the term “young child factor” means the ratio of the  
13          number of children under 5 years of age in the State  
14          to the number of such children in all the States, as  
15          determined according to the most recent annual esti-  
16          mates of population in the States, as provided by the  
17          Bureau of the Census.

18          (3) SCHOOL LUNCH FACTOR.—In this sub-  
19          section, the term “school lunch factor” means the  
20          ratio of the number of children who are receiving  
21          free or reduced price lunches under the school lunch  
22          program established under the Richard B. Russell  
23          National School Lunch Act (42 U.S.C. 1751 et seq.)  
24          in the State to the number of such children in all

1 the States, as determined annually by the Depart-  
2 ment of Agriculture.

3 (4) ALLOTMENT PERCENTAGE.—

4 (A) IN GENERAL.—Except as provided in  
5 subparagraph (B), for purposes of this sub-  
6 section, the allotment percentage for a State  
7 shall be determined by dividing the per capita  
8 income of all individuals in the United States,  
9 by the per capita income of all individuals in  
10 the State.

11 (B) LIMITATIONS.—For purposes of this  
12 subsection, if an allotment percentage deter-  
13 mined under subparagraph (A)—

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

17 (ii) is less than 0.8 percent, the allot-  
18 ment percentage of the State shall be con-  
19 sidered to be 0.8 percent.

20 (C) PER CAPITA INCOME.—For purposes  
21 of subparagraph (A), per capita income shall  
22 be—

23 (i) determined at 2-year intervals;

24 (ii) applied for the 2-year period be-  
25 ginning on October 1 of the first fiscal

1 year beginning after the date such deter-  
2 mination is made; and

3 (iii) equal to the average of the an-  
4 nual per capita incomes for the most re-  
5 cent period of 3 consecutive years for  
6 which satisfactory data are available from  
7 the Department of Commerce at the time  
8 such determination is made.

9 (c) PAYMENTS TO INDIAN TRIBES AND TRIBAL OR-  
10 GANIZATIONS.—

11 (1) RESERVATION OF FUNDS.—From amounts  
12 reserved under subsection (a)(2), the Secretary may  
13 make grants to or enter into contracts with Indian  
14 tribes and tribal organizations that submit applica-  
15 tions under this subsection, to plan and carry out  
16 programs and activities—

17 (A) to encourage child care providers to  
18 improve their qualifications;

19 (B) to retain qualified child care providers  
20 in the child care field; and

21 (C) to provide health benefits coverage for  
22 child care providers.

23 (2) APPLICATIONS AND REQUIREMENTS.—To  
24 be eligible to receive a grant or contract under this  
25 subsection, an Indian tribe or tribal organization

1       shall submit an application to the Secretary at such  
2       time, in such manner, and containing such informa-  
3       tion as the Secretary may require. The application  
4       shall provide that the applicant—

5               (A) will coordinate the programs and ac-  
6       tivities involved, to the maximum extent prac-  
7       ticable, with the lead agency in each State in  
8       which the applicant will carry out such pro-  
9       grams and activities; and

10              (B) will make such reports on, and conduct  
11       such audits of the funds made available through  
12       the grant or contract for, programs and activi-  
13       ties under this subtitle as the Secretary may re-  
14       quire.

15       (d) DATA AND INFORMATION.—The Secretary shall  
16       obtain from each appropriate Federal agency, the most re-  
17       cent data and information necessary to determine the al-  
18       lotments provided for in subsection (b).

19       (e) REALLOTMENTS.—

20              (1) IN GENERAL.—Any portion of an allotment  
21       under subsection (b) to a State for a fiscal year that  
22       the Secretary determines will not be distributed to  
23       the State for such fiscal year shall be reallocated by  
24       the Secretary to other States in proportion to the

1 original corresponding allotments made under such  
2 subsection to such States for such fiscal year.

3 (2) LIMITATIONS.—

4 (A) REDUCTION.—The amount of any re-  
5 allotment to which a State is entitled under this  
6 subsection shall be reduced to the extent that  
7 such amount exceeds the amount that the Sec-  
8 retary estimates will be distributed to the State  
9 to carry out corresponding activities under this  
10 subtitle.

11 (B) REALLOTMENTS.—The amount of  
12 such reduction shall be reallocated to States for  
13 which no reduction in a corresponding allot-  
14 ment, or in a corresponding reallocation, is re-  
15 quired by this subsection, in proportion to the  
16 original corresponding allotments made under  
17 subsection (b) to such States for such fiscal  
18 year.

19 (3) AMOUNTS REALLOTED.—For purposes of  
20 this subtitle (other than this subsection and sub-  
21 section (b)), any amount reallocated to a State under  
22 this subsection shall be considered to be part of the  
23 corresponding allotment made under subsection (b)  
24 to the State.

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

12          (f) COST-SHARING.—

13               (1) CHILD CARE PROVIDER DEVELOPMENT AND  
14               RETENTION GRANTS AND SCHOLARSHIPS.—

15                   (A) FEDERAL SHARE.—The Federal share  
16                   of the cost of carrying out activities under sec-  
17                   tions 226 and 227, with funds allotted under  
18                   this section and distributed by the Secretary to  
19                   a State, shall be—

20                           (i) not more than 90 percent of the  
21                           cost of each grant made under such sec-  
22                           tions, in the first fiscal year for which the  
23                           State receives such funds;

24                           (ii) not more than 85 percent of the  
25                           cost of each grant made under such sec-

tions, in the second fiscal year for which the State receives such funds;

(iii) not more than 80 percent of the cost of each grant made under such sections, in the third fiscal year for which the State receives such funds; and

(iv) not more than 75 percent of the cost of each grant made under such sections, in any subsequent fiscal year for which the State receives such funds.

(B) NON-FEDERAL SHARE.—

(i) IN GENERAL.—The State may provide the non-Federal share of the cost in cash or in the form of an in-kind contribution, fairly evaluated by the Secretary.

(ii) IN-KIND CONTRIBUTION.—In this subparagraph, the term “in-kind contribution” means payment of the costs of participation of eligible child care providers in health insurance programs or retirement programs.

(2) CHILD CARE PROVIDER HEALTH BENEFITS COVERAGE.—

(A) FEDERAL SHARE.—The Federal share of the cost of carrying out activities under sec-



1           tion 228, with funds allotted under this section  
2           and distributed by the Secretary to a State,  
3           shall be not more than 50 percent of such cost.

4           (B) NON-FEDERAL SHARE.—The State  
5           may provide the non-Federal share of the cost  
6           in cash or in kind, fairly evaluated by the Sec-  
7           retary, including plant, equipment, or services.  
8           The State shall provide the non-Federal share  
9           directly or through donations from public or  
10          private entities. Amounts provided by the Fed-  
11          eral Government, or services assisted or sub-  
12          sidized to any significant extent by the Federal  
13          Government, may not be included in deter-  
14          mining the amount of such share.

15          (g) AVAILABILITY OF ALLOTTED FUNDS DISTRIB-  
16          UTED TO STATES.—Of the funds allotted under this sec-  
17          tion for activities described in sections 226 and 227 and  
18          distributed by the Secretary to a State for a fiscal year—

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

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

23               (3) not more than 10 percent shall be available  
24               to pay administrative costs incurred by the State to

1 carry out activities described in sections 226 and  
2 227.

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

7 **SEC. 225. APPLICATION AND PLAN.**

8 (a) APPLICATION.—To be eligible to receive a dis-  
9 tribution of funds allotted under section 224, a State shall  
10 submit to the Secretary an application at such time, in  
11 such manner, and containing such information as the Sec-  
12 retary may require by rule and shall include in such appli-  
13 cation—

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

16 (2) assurances of compliance satisfactory to the  
17 Secretary with respect to the requirements of section  
18 228.

19 (b) REQUIREMENTS OF PLAN.—

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

23 (2) RECRUITMENT AND RETENTION OF CHILD  
24 CARE PROVIDERS.—The State plan shall describe  
25 how the lead agency will encourage both the recruit-

1       ment of qualified child care providers who are new  
2       to the child care field and the retention of qualified  
3       child care providers who have a demonstrated com-  
4       mitment to the child care field.

5           (3) NOTIFICATION OF AVAILABILITY OF GRANTS  
6       AND BENEFITS.—The State plan shall describe how  
7       the lead agency will identify all eligible child care  
8       providers in the State and notify the providers of the  
9       availability of grants and benefits under this sub-  
10      title.

11          (4) DISTRIBUTION OF GRANTS.—The State  
12      plan shall describe how the lead agency will make  
13      grants under sections 226 and 227 to eligible child  
14      care providers in selected geographical areas in the  
15      State in compliance with the following requirements:

16           (A) SELECTION OF GEOGRAPHICAL  
17      AREAS.—For the purpose of making such  
18      grants for a fiscal year, the State shall—

19           (i) select a variety of geographical  
20      areas, determined by the State, that, col-  
21      lectively—

22           (I) include urban areas, suburban  
23      areas, and rural areas; and

24           (II) are areas whose residents  
25      have diverse income levels; and

1                   (ii) give special consideration to geo-  
2                   graphical areas selected under this sub-  
3                   paragraph for the preceding fiscal year.

4                   (B) SELECTION OF CHILD CARE PRO-  
5                   VIDERS TO RECEIVE GRANTS.—In making  
6                   grants under section 226, the State may make  
7                   grants only to eligible child care providers in  
8                   geographical areas selected under subparagraph  
9                   (A), but may give special consideration in such  
10                  areas to eligible child care providers—

11                   (i) who have attained a higher rel-  
12                   evant educational credential;

13                   (ii) who provide a specific kind of  
14                   child care services;

15                   (iii) who provide child care services to  
16                   populations who meet specific economic  
17                   characteristics; or

18                   (iv) who meet such other criteria as  
19                   the State may establish.

20                   (C) LIMITATION.—The State shall describe  
21                   how the State will ensure that grants made  
22                   under section 226 to child care providers will  
23                   not be used to offset reductions in the com-  
24                   pensation of such providers.

1 (D) REPORTING REQUIREMENT.—With re-  
2 spect to each particular geographical area se-  
3 lected under subparagraph (A), the State shall  
4 provide an assurance that the State will, for  
5 each fiscal year for which such State receives a  
6 grant under section 226—

7 (i) include in the report required by  
8 section 229, detailed information regard-  
9 ing—

10 (I) the continuity of employment  
11 of the grant recipients as child care  
12 providers with the same employer;

13 (II) with respect to each em-  
14 ployer that employed such a grant re-  
15 cipient, whether such employer was  
16 accredited by a recognized national or  
17 State accrediting body during the pe-  
18 riod of employment; and

19 (III) to the extent practicable  
20 and available to the State, the rate  
21 and frequency of employment turnover  
22 of qualified child care providers  
23 throughout such area,  
24 during the 2-year period ending on the  
25 deadline for submission of applications for

1 grants under section 226 for that fiscal  
2 year; and

3 (ii) provide a follow-up report, not  
4 later than 90 days after the end of the suc-  
5 ceeding fiscal year that includes informa-  
6 tion regarding—

7 (I) the continuity of employment  
8 of the grant recipients as child care  
9 providers with the same employer;

10 (II) with respect to each em-  
11 ployer that employed such a grant re-  
12 cipient, whether such employer was  
13 accredited by a recognized national or  
14 State accrediting body during the pe-  
15 riod of employment; and

16 (III) to the extent practicable  
17 and available to the State, detailed in-  
18 formation regarding the rate and fre-  
19 quency of employment turnover of  
20 qualified child care providers through-  
21 out such area,

22 during the 1-year period beginning on the  
23 date on which the grant to the State was  
24 made under section 226.

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

6           (A) SUFFICIENT AMOUNTS.—The State  
7       shall demonstrate that the amounts of indi-  
8       vidual grants to be made under section 226 will  
9       be sufficient—

10           (i) to encourage child care providers  
11       to improve their qualifications; and

12           (ii) to retain qualified child care pro-  
13       viders in the child care field.

14           (B) AMOUNTS TO CREDENTIALLED PRO-  
15       VIDERS.—Such grants made to eligible child  
16       care providers who have a child development as-  
17       sociate credential (or equivalent) and who are  
18       employed full-time to provide child care services  
19       shall be in an amount that is not less than  
20       \$1,000 per year.

21           (C) AMOUNTS TO PROVIDERS WITH HIGH-  
22       ER LEVELS OF EDUCATION.—The State shall  
23       make such grants in amounts greater than  
24       \$1,000 per year to eligible child care providers  
25       who have higher levels of education than the

1 education required for a credential such as a  
2 child development associate credential (or equiv-  
3 alent), according to the following requirements:

4 (i) PROVIDERS WITH BACCALAUREATE  
5 DEGREES IN RELEVANT FIELDS.—An eligi-  
6 ble child care provider who has a bacca-  
7 laurate degree in the area of child devel-  
8 opment or early child education shall re-  
9 ceive a grant under section 226 in an  
10 amount that is not less than twice the  
11 amount of the grant that is made under  
12 section 226 to an eligible child care pro-  
13 vider who has an associate of the arts de-  
14 gree in the area of child development or  
15 early child education.

16 (ii) PROVIDERS WITH ASSOCIATE DE-  
17 GREES.—An eligible child care provider  
18 who has an associate of the arts degree in  
19 the area of child development or early child  
20 education shall receive a grant under sec-  
21 tion 226 in an amount that is not less  
22 than 150 percent of the amount of the  
23 grant that is made under section 226 to an  
24 eligible child care provider who has a child  
25 development associate credential (or equiv-



1           alent) and is employed full-time to provide  
2           child care services.

3           (iii) OTHER PROVIDERS WITH BACCA-  
4           LAUREATE DEGREES.—

5           (I) IN GENERAL.—Except as pro-  
6           vided in subclause (II), an eligible  
7           child care provider who has a bacca-  
8           laureate degree in a field other than  
9           child development or early child edu-  
10          cation shall receive a grant under sec-  
11          tion 226 in an amount equal to the  
12          amount of the grant that is made  
13          under section 226 to an eligible child  
14          care provider who has an associate of  
15          the arts degree in the area of child de-  
16          velopment or early child education.

17          (II) EXCEPTION.—If an eligible  
18          child care provider who has such a  
19          baccalaureate degree obtains addi-  
20          tional educational training in the area  
21          of child development or early child  
22          education, as specified by the State,  
23          such provider shall receive a grant  
24          under section 226 in an amount equal  
25          to the amount of the grant that is

1                   made under section 226 to an eligible  
2                   child care provider who has a baccalaureate degree specified in clause (i).

3  
4                   (D) AMOUNTS TO FULL-TIME PROVIDERS.—The State shall make a grant under  
5                   section 226 to an eligible child care provider  
6                   who works full-time in a greater amount than  
7                   the amount of the grant that is made under  
8                   section 226 to an eligible child care provider  
9                   who works part-time, based on the State definitions of full-time and part-time work.  
10  
11

12                   (E) AMOUNTS TO EXPERIENCED PROVIDERS.—The State shall make grants under  
13                   section 226 in progressively larger amounts to  
14                   eligible child care providers to reflect the number of years worked as child care providers.  
15  
16

17                   (6) DISTRIBUTION OF CHILD CARE PROVIDER  
18                   SCHOLARSHIPS.—The State plan shall describe how  
19                   the lead agency will make grants for scholarships in  
20                   compliance with section 227 and shall specify the  
21                   types of educational and training programs for  
22                   which the scholarship grants made under such section may be used, including only programs that—  
23

24                   (A) are administered by institutions of  
25                   higher education that are eligible to participate

1 in student financial assistance programs under  
2 title IV of the Higher Education Act of 1965  
3 (20 U.S.C. 1070 et seq.); and

4 (B) lead to a State or nationally recog-  
5 nized credential in the area of child develop-  
6 ment or early child education, an associate of  
7 the arts degree in the area of child development  
8 or early child education, or a baccalaureate de-  
9 gree in the area of child development or early  
10 child education.

11 (7) EMPLOYER CONTRIBUTION.—The State  
12 plan shall describe how the lead agency will encour-  
13 age employers of child care providers to contribute  
14 to the attainment of education goals by eligible child  
15 care providers who receive grants under section 227.

16 (8) SUPPLEMENTATION.—The State plan shall  
17 provide assurances that amounts received by the  
18 State to carry out sections 226, 227, and 228 will  
19 be used only to supplement, and not to supplant,  
20 Federal, State, and local funds otherwise available to  
21 support existing services and activities (as of the  
22 date the amounts are used) that—

23 (A) encourage child care providers to im-  
24 prove their qualifications and that promote the

1 retention of qualified child care providers in the  
2 child care field; or

3 (B) provide health benefits coverage for  
4 child care providers.

5 **SEC. 226. CHILD CARE PROVIDER DEVELOPMENT AND RE-**  
6 **TENTION GRANT PROGRAM.**

7 (a) IN GENERAL.—A State that receives funds allot-  
8 ted under section 224 and made available to carry out this  
9 section shall expend such funds to pay for the Federal  
10 share of the cost of making grants to eligible child care  
11 providers in accordance with this section, to improve the  
12 qualifications and promote the retention of qualified child  
13 care providers.

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

17 (1) have a child development associate creden-  
18 tial (or equivalent), an associate of the arts degree  
19 in the area of child development or early child edu-  
20 cation, a baccalaureate degree in the area of child  
21 development or early child education, or a bacca-  
22 laureate degree in an unrelated field; and

23 (2) be employed as a child care provider for not  
24 less than 1 calendar year, or (if the provider is em-  
25 ployed on the date of the eligibility determination in

1 a child care program that operates for less than a  
2 full calendar year) the program equivalent of 1 cal-  
3 endar year, ending on the date of the application for  
4 such grant, except that not more than 3 months of  
5 education related to child development or to early  
6 child education obtained during the corresponding  
7 calendar year may be treated as employment that  
8 satisfies the requirements of this paragraph.

9 (c) PRESERVATION OF ELIGIBILITY.—A State shall  
10 not take into consideration whether a child care provider  
11 is receiving, may receive, or may be eligible to receive any  
12 funds or benefits under any other provision of this subtitle  
13 for purposes of selecting eligible child care providers to  
14 receive grants under this section.

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

16 (a) IN GENERAL.—A State that receives funds allot-  
17 ted under section 224 and made available to carry out this  
18 section shall expend such funds to pay for the Federal  
19 share of the cost of making scholarship grants to eligible  
20 child care providers in accordance with this section, to im-  
21 prove their educational qualifications to provide child care  
22 services.

23 (b) ELIGIBILITY REQUIREMENT FOR SCHOLARSHIP  
24 GRANTS.—To be eligible to receive a scholarship grant  
25 under this section, a child care provider shall be employed

1 as a child care provider for not less than 1 calendar year,  
2 or (if the provider is employed on the date of the eligibility  
3 determination in a child care program that operates for  
4 less than a full calendar year) the program equivalent of  
5 1 calendar year, ending on the date of the application for  
6 such grant.

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

11 (1) take into consideration whether a child care  
12 provider is receiving, may receive, or may be eligible  
13 to receive any funds or benefits under any other pro-  
14 vision of this subtitle, or under any other Federal or  
15 State law that provides funds for educational pur-  
16 poses; or

17 (2) consider as resources of such provider any  
18 funds such provider is receiving, may receive, or may  
19 be eligible to receive under any other provision of  
20 this subtitle, under any other Federal or State law  
21 that provides funds for educational purposes, or  
22 from a private entity.

23 (d) COST-SHARING REQUIRED.—The amount of a  
24 scholarship grant made under this section to an eligible

1 child care provider shall be less than the cost of the edu-  
 2 cational or training program for which such grant is made.

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

7 **SEC. 228. CHILD CARE PROVIDER HEALTH BENEFITS COV-**  
 8 **ERAGE.**

9 (a) SHORT TITLE.—This section may be cited as the  
 10 “Healthy Early Education Workforce Grant Program  
 11 Act”.

12 (b) DEFINITION.—In this section, the terms “depend-  
 13 ent”, “domestic partner”, and “spouse”, used with respect  
 14 to a State, have the meanings given the terms by the  
 15 State.

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

21 (1) eligible child care providers; and

22 (2) at the discretion of the State involved, the  
 23 spouses, domestic partners, and dependents of such  
 24 providers.

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

4 (1) To reimburse an employer of an eligible  
5 child care provider, or the provider, for the employ-  
6 er's or provider's share (or a portion of the share)  
7 of the premiums or other costs for coverage under  
8 group or individual health plans.

9 (2) To offset the cost of enrolling eligible child  
10 care providers in public health benefits plans, such  
11 as the medicaid program under title XIX of the So-  
12 cial Security Act (42 U.S.C. 1396 et seq.), the State  
13 children's health insurance program under title XXI  
14 of such Act (42 U.S.C. 1397aa et seq.), or public  
15 employee health benefit plans.

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

18 (e) ELIGIBILITY CRITERIA FOR HEALTH BENEFITS  
19 COVERAGE.—The State may establish criteria to limit the  
20 child care providers who may receive benefits through the  
21 allotment.

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

25 (1) highest priority to—



1 (A) providers that meet any applicable cri-  
 2 teria established in accordance with subsection  
 3 (e) and received such assistance during the pre-  
 4 vious fiscal year; and

5 (B) at the State's discretion, the spouses,  
 6 domestic partners, and dependents of such pro-  
 7 viders; and

8 (2) second highest priority to—

9 (A) providers that meet any applicable cri-  
 10 teria established in accordance with subsection  
 11 (e) and are accredited by the National Associa-  
 12 tion for the Education of Young Children or the  
 13 National Association for Family Child Care;  
 14 and

15 (B) at the State's discretion, the spouses,  
 16 domestic partners, and dependents of such pro-  
 17 viders.

18 **SEC. 229. ANNUAL REPORT.**

19 A State that receives funds appropriated to carry out  
 20 this subtitle for a fiscal year shall submit to the Secretary,  
 21 not later than 90 days after the end of such fiscal year,  
 22 a report—

23 (1) specifying the uses for which the State ex-  
 24 pended such funds, and the aggregate amount of

1 funds (including State funds) expended for each of  
2 such uses;

3 (2) containing available data relating to grants  
4 made and benefits provided with such funds, includ-  
5 ing—

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

8 (B) the amounts of such grants and bene-  
9 fits;

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

12 (D) the particular geographical areas se-  
13 lected under section 225 for the purpose of  
14 making such grants;

15 (E) with respect to grants made under sec-  
16 tion 226—

17 (i) the number of years grant recipi-  
18 ents have been employed as child care pro-  
19 viders;

20 (ii) the level of training and education  
21 of grant recipients;

22 (iii) to the extent practicable and  
23 available to the State, detailed information  
24 regarding the salaries and other compensa-  
25 tion received by grant recipients to provide

1 child care services before, during, and after  
2 receiving such grants;

3 (iv) the number of children who re-  
4 ceived child care services provided by grant  
5 recipients;

6 (v) information on family demo-  
7 graphics of such children;

8 (vi) the types of settings described in  
9 subparagraphs (A), (B), and (C) of section  
10 222(1) in which grant recipients are em-  
11 ployed; and

12 (vii) the ages of the children who re-  
13 ceived child care services provided by grant  
14 recipients;

15 (F) with respect to grants made under sec-  
16 tion 227—

17 (i) the number of years grant recipi-  
18 ents have been employed as child care pro-  
19 viders;

20 (ii) the level of training and education  
21 of grant recipients;

22 (iii) to the extent practicable and  
23 available to the State, detailed information  
24 regarding the salaries and other compensa-  
25 tion received by grant recipients to provide

1 child care services before, during, and after  
2 receiving such grants;

3 (iv) the types of settings described in  
4 subparagraphs (A), (B), and (C) of section  
5 222(1) in which grant recipients are em-  
6 ployed;

7 (v) the ages of the children who re-  
8 ceived child care services provided by grant  
9 recipients;

10 (vi) the number of course credits or  
11 credentials obtained by grant recipients;  
12 and

13 (vii) the amount of time taken for  
14 completion of the educational and training  
15 programs for which such grants were  
16 made; and

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

19 **SEC. 230. EVALUATION OF HEALTH BENEFITS PROGRAMS**  
20 **BY SECRETARY.**

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

1 (b) ASSESSMENT OF IMPACTS.—In evaluating State  
2 programs under subsection (a), the Secretary may con-  
3 sider any information appropriate to measure the success  
4 of the programs, and shall assess the impact of the pro-  
5 grams on the following:

6 (1) The rate of child care providers with health  
7 benefits coverage.

8 (2) The take-up rate by eligible child care pro-  
9 viders.

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

11 (4) The average wages paid to a child care pro-  
12 vider.

13 (c) REPORT.—Not later than 3 years after the date  
14 of enactment of this subtitle, the Secretary shall prepare  
15 and submit a report to Congress containing the results  
16 of the evaluation conducted under subsection (a), together  
17 with recommendations for strengthening programs carried  
18 out with grants made under section 228.

19 **SEC. 231. AUTHORIZATION OF APPROPRIATIONS.**

20 (a) CHILD CARE PROVIDER DEVELOPMENT, RETEN-  
21 TION, AND SCHOLARSHIPS.—There are authorized to be  
22 appropriated to carry out the activities described in sec-  
23 tions 226 and 227 \$500,000,000 for fiscal year 2006 and  
24 such sums as may be necessary for each of fiscal years  
25 2007 through 2010.

1 (b) CHILD CARE PROVIDER HEALTH BENEFITS COV-  
 2 ERAGE.—There is authorized to be appropriated to carry  
 3 out the activities described in section 228 \$200,000,000  
 4 for fiscal year 2006 and such sums as may be necessary  
 5 for each of fiscal years 2007 through 2010.

6 **Subtitle C—Child Care Construc-**  
 7 **tion and Renovation Incentive**  
 8 **Grants**

9 **SEC. 241. SHORT TITLE.**

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

12 **SEC. 242. USE OF COMMUNITY DEVELOPMENT BLOCK**  
 13 **GRANTS TO ESTABLISH CHILD CARE FACILI-**  
 14 **TIES.**

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

17 (1) in paragraph (24), by striking “and” at the  
 18 end;

19 (2) in paragraph (25), by striking the period at  
 20 the end and inserting “; and”; and

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

22 “(26) the construction and renovation of child  
 23 care facilities.”.

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

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

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

7 “(a) DEFINITIONS.—In this section:

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

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

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

14 “(I) children who are less than  
15 16 years of age; or

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

18 “(ii) is operated in accordance with all  
19 applicable State and local laws and regula-  
20 tions; and

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

24 “(2) EQUIPMENT.—The term ‘equipment’ in-  
25 cludes—

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

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

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

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

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

24           “(4) MORTGAGE.—The term ‘mortgage’ means  
25           a first mortgage on real estate in fee simple, or on



1 the interest of either the lessor or lessee thereof  
2 under a lease having a period of not less than 7  
3 years to run beyond the maturity date of the mort-  
4 gage.

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

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

10 “(1) insure a mortgage that is secured by a  
11 property or project that is—

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

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

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

22 “(c) TERMS AND CONDITIONS.—

23 “(1) ELIGIBLE CHILD CARE FACILITIES.—Each  
24 mortgage insured under this section shall be secured  
25 by a child care facility for which a certification of

1 compliance has been issued by the Secretary under  
2 section 258(c) during the 12-month period preceding  
3 the date on which the commitment to insure the  
4 mortgage is issued under this section.

5 “(2) APPROVED MORTGAGOR.—

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

9 “(B) REGULATION.—The Secretary may—

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

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

23 “(C) STOCK OR INTEREST.—Any stock or  
24 interest purchased under subparagraph (B)(ii)  
25 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 for which a certification of compliance  
10          has been issued by the Secretary under section  
11          258(c) during the 12-month period preceding  
12          the date on which the commitment to insure is  
13          issued under this subsection.

14          “(3) INSURANCE REQUIREMENTS.—

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

21                 “(B) SECTION 220.—Paragraphs (5), (6),  
22                 (7), (9), and (10) of section 220(h) shall apply  
23                 to any loan insured under this subsection, ex-  
24                 cept that all references in such paragraphs to  
25                 home improvement loans shall be construed, for

1 purposes of this subsection, to refer to loans  
2 under this subsection.

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

7 “(f) LIMITATION ON INSURANCE AUTHORITY.—

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

12 “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-  
13 TION.—

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

20 “(B) REPORT.—If, on the date described  
21 in paragraph (1), the aggregate insurance au-  
22 thority provided under this paragraph has not  
23 been fully used, the Secretary of the Treasury  
24 shall submit to Congress a report evaluating the

1           need for continued mortgage insurance under  
2           this section.

3           “(g) NONDISCRIMINATION REQUIREMENT.—

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

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

24          “(h) LIABILITY INSURANCE.—A child care provider  
25          operating a child care facility assisted under this section



1 or section 223(h) shall obtain and maintain liability insur-  
2 ance in such amounts and subject to such requirements  
3 as the Secretary considers to be appropriate.

4 “(i) SMALL PURPOSE LOANS.—

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

11 “(2) REQUIREMENTS.—A loan under this sub-  
12 section—

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

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

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

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

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

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

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

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

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

18          “(l) AUTHORIZATION OF APPROPRIATIONS.—There is  
19          authorized to be appropriated to carry out this section  
20          \$30,000,000 for fiscal year 2006, to remain available until  
21          expended, of which not more than 10 percent may be used  
22          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 receives a certification of  
6 compliance under section 258(c).

7 “(4) REFINANCING OF EXISTING FACILITIES.—

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

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

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

20 “(C) the existing facility is economically  
21 viable; and

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

24 “(5) LIMITATION ON INSURANCE AUTHORITY.—

25 The authority of the Secretary to enter into commit-

1       ments to insure mortgages under this subsection is  
2       subject to section 257(f).”.

3   **SEC. 245. STUDY OF AVAILABILITY OF SECONDARY MAR-**  
4                   **KETS FOR MORTGAGES ON CHILD CARE FA-**  
5                   **CILITIES.**

6       (a) STUDY.—The Secretary of the Treasury shall  
7       conduct a study of the secondary mortgage markets to de-  
8       termine—

9               (1) whether such a market exists for purchase  
10       of mortgages eligible for insurance under sections  
11       223(h) and 257 of the National Housing Act (as  
12       added by this subtitle);

13              (2) whether such a market would affect the  
14       availability of credit available for development of  
15       child care facilities or would lower development costs  
16       of such facilities; and

17              (3) the extent to which such a market or other  
18       activities to provide credit enhancement for loans for  
19       child care facilities is needed to meet the demand for  
20       such facilities.

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

1 **SEC. 246. TECHNICAL AND FINANCIAL ASSISTANCE**  
2 **GRANTS.**

3 (a) DEFINITIONS.—In this section:

4 (1) CHILD CARE FACILITY.—The term “child  
5 care facility” has the meaning given that term in  
6 section 257(a) of the National Housing Act, as  
7 added by section 243 of this Act.

8 (2) ELIGIBLE INTERMEDIARY.—The term “eli-  
9 gible intermediary” means a intermediary organiza-  
10 tion that—

11 (A) is described in section 501(c)(3) of the  
12 Internal Revenue Code of 1986;

13 (B) is exempt from taxation under section  
14 501(a) of such Code; and

15 (C) has demonstrated experience in—

16 (i) financing the construction and ren-  
17 ovation of physical facilities;

18 (ii) providing technical and financial  
19 assistance to child care providers or other  
20 similar entities;

21 (iii) working with businesses (whether  
22 small or large); and

23 (iv) securing private sources for cap-  
24 ital financing; and

25 (3) ELIGIBLE RECIPIENT.—The term “eligible  
26 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 of  
10          this Act.

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

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

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

24          (e) USE OF FUNDS.—

1           (1) REVOLVING LOAN FUND.—Each eligible  
2           intermediary that receives a grant under this section  
3           shall deposit the grant amount into a child care re-  
4           volving loan fund established by the eligible inter-  
5           mediary.

6           (2) ELIGIBLE ASSISTANCE.—Subject to sub-  
7           section (f), from amounts deposited into the revolv-  
8           ing loan fund under paragraph (1), each eligible  
9           intermediary shall provide to eligible recipients—

10                 (A) financial assistance (in the form of  
11                 loans, grants, investments, guarantees, interest  
12                 subsidies, and other appropriate forms of assist-  
13                 ance) for the construction of new child care fa-  
14                 cilities, child care facility planning, and acquisi-  
15                 tion or improvement of child care facilities or  
16                 equipment; and

17                 (B) technical assistance in obtaining public  
18                 or private financing for such construction, plan-  
19                 ning, acquisition, and improvement, including  
20                 developing and implementing financing re-  
21                 sources, options, and plans for such eligible re-  
22                 cipients.

23           (3) LOAN REPAYMENTS AND INVESTMENT PRO-  
24           CEEDS.—Any amount received by an eligible inter-  
25           mediary from an eligible recipient in the form of



1 loan principal repayment or investment proceeds  
2 shall be deposited into the child care revolving fund  
3 of the eligible intermediary for redistribution to  
4 other eligible recipients in accordance with this sec-  
5 tion.

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

9 (1) not less than 50 percent shall be used for  
10 financial assistance pursuant to subparagraph (A) of  
11 subsection (e)(2), except that the amount made  
12 available to any eligible recipient under this para-  
13 graph may not exceed 40 percent of the total costs  
14 incurred by that eligible recipient in connection with  
15 the construction, planning, acquisition, or improve-  
16 ment assisted; and

17 (2) the amount remaining after distribution  
18 under paragraph (1), shall be used to provide tech-  
19 nical assistance pursuant to subparagraph (B) of  
20 subsection (e)(2).

21 (g) DAVIS BACON ACT.—The Act of March 3, 1931  
22 (popularly known as the Davis-Bacon Act) shall apply to  
23 actions taken under this section.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$10,000,000 for each of fiscal years 2006 through 2010.

4 **Subtitle D—Business Child Care**  
5 **Incentive Grant Program**

6 **SEC. 251. BUSINESS CHILD CARE INCENTIVE GRANT PRO-**  
7 **GRAM.**

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

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

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

25 (d) USE OF FUNDS.—

1           (1) IN GENERAL.—A State shall use amounts  
2       provided under a grant awarded under this section  
3       to provide assistance to businesses located in the  
4       State to enable the businesses to establish and oper-  
5       ate child care programs. Such assistance may in-  
6       clude—

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

9                   (B) assistance for the startup costs related  
10      to a child care program;

11                  (C) assistance for the training of child care  
12      providers;

13                  (D) scholarships for low-income wage earn-  
14      ers;

15                  (E) the provision of services to care for  
16      sick children or to provide care to school aged  
17      children;

18                  (F) the entering into of contracts with  
19      local resource and referral or local health de-  
20      partments;

21                  (G) assistance for care for children with  
22      disabilities; or

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

1           (2) APPLICATION.—To be eligible to receive as-  
2           sistance from a State under this section, a business  
3           shall prepare and submit to the State an application  
4           at such time, in such manner, and containing such  
5           information as the State may require.

6           (3) PREFERENCE.—

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

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

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

22          (e) MATCHING REQUIREMENT.—To be eligible to re-  
23          ceive a grant under this section a State shall provide as-  
24          surances to the Secretary that, with respect to the costs  
25          to be incurred by an entity receiving assistance in carrying

1 out activities under this section, the entity will make avail-  
2 able (directly or through donations from public or private  
3 entities) non-Federal contributions to such costs in an  
4 amount equal to—

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

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

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

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

23 (g) ADMINISTRATION.—

24 (1) STATE RESPONSIBILITY.—A State shall  
25 have responsibility for administering a grant award-

1 ed for the State under this section and for moni-  
2 toring entities that receive assistance under such  
3 grant.

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

9 (3) MISUSE OF FUNDS.—

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

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

23 (h) REPORTING REQUIREMENTS.—

24 (1) 2-YEAR STUDY.—

1 (A) IN GENERAL.—Not later than 2 years  
2 after the date on which the Secretary first  
3 awards grants under this section, the Secretary  
4 shall conduct a study to determine—

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

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

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

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

22 (2) 4-YEAR STUDY.—

23 (A) IN GENERAL.—Not later than 4 years  
24 after the date on which the Secretary first  
25 awards grants under this section, the Secretary

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

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

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

19          (j) AUTHORIZATION OF APPROPRIATIONS.—

20               (1) IN GENERAL.—There is authorized to be  
21               appropriated to carry out this section, \$60,000,000  
22               for the period of fiscal years 2006 through 2008.

23               (2) EVALUATIONS AND ADMINISTRATION.—

24               With respect to the total amount appropriated for  
25               such period in accordance with this subsection, not



1 more than \$5,000,000 of that amount may be used  
2 for expenditures related to conducting evaluations  
3 required under, and the administration of, this sec-  
4 tion.

5 (k) TERMINATION OF PROGRAM.—The program es-  
6 tablished under subsection (a) shall terminate on Sep-  
7 tember 30, 2009.

8 **TITLE III—PRE-SCHOOL, IN-**  
9 **SCHOOL, AND AFTERSCHOOL**  
10 **ASSISTANCE**

11 **Subtitle A—Universal**  
12 **Prekindergarten Act**

13 **SEC. 301. SHORT TITLE.**

14 This subtitle may be cited as the “Universal Pre-  
15 kindergarten Act”.

16 **SEC. 302. FINDINGS AND PURPOSE.**

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

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

1           (2) Early childhood education can reduce juve-  
2       nile delinquency rates. A 15-year study following  
3       989 low-income children who attended high-quality,  
4       comprehensive prekindergarten found that they were  
5       33 percent less likely to be arrested, and 42 percent  
6       less likely to be arrested for a violent crime, than  
7       children in the control group.

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

11          (4) Full-day, full-calendar-year universal pre-  
12      kindergarten programs would ensure all children 3,  
13      4, and 5 years old have access to school readiness  
14      programs and quality child care.

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

20      (b) PURPOSE.—The purpose of this subtitle is to en-  
21      sure that all children 3, 4, and 5 years old have access  
22      to a high-quality full-day, full-calendar-year prekind-  
23      ergarten program by providing grants to States to assist in  
24      developing a universal prekindergarten program that is  
25      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 prekindergarten  
7           program provider may apply to the designated 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 comparable  
12          to that of public school teachers.

13          (7) How the designated State agency will provide  
14          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 children  
21          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 2006;

19 (2) \$20,000,000,000 for fiscal year 2007;

20 (3) \$30,000,000,000 for fiscal year 2008;

21 (4) \$40,000,000,000 for fiscal year 2009; and

22 (5) \$50,000,000,000 for fiscal year 2010.

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 2005 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 2005 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 11(a)(1)—

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

9                       (ii) in subparagraph (C)(i)(I), by  
10           striking “or in the case of a school” and  
11           all that follows through “4 successive  
12           school years”;

13                      (iii) in subparagraph (D)(iii), by strik-  
14           ing “or for free and reduced price lunches  
15           and breakfasts”;

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

18                      (v) in subparagraph (E)(i)(I) by strik-  
19           ing “or in the case of a school” and all  
20           that follows through “4 successive school  
21           years”; and

22                      (vi) in subparagraph (E)(i)(II)—

23                               (I) by striking “or breakfasts”  
24           both places it appears; and

1 (II) by striking “or school break-  
2 fast”;

3 (B) in section 11(a)(3)(A), by striking  
4 clause (iii);

5 (C) in section 13(a)(1)(C), by striking “or  
6 breakfasts”;

7 (D) in section 17—

8 (i) in subsection (c), by striking para-  
9 graph (2), and redesignating paragraphs  
10 (3) through (6) as paragraphs (2) through  
11 (5), respectively; and

12 (ii) in subsection (f)(3)(E)(ii(I), by  
13 striking “meals” and inserting “lunches”;  
14 and

15 (E) in section 18, by striking subsection  
16 (e) and redesignating subsections (f) and (g) as  
17 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, 2006; and

6                 “(H) make grant awards effective not later  
7           than July 15, 2006.

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 2006  
2 through 2009, 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 2006, an interim report on the activities of  
6 schools evaluated under this subsection;  
7 and

8 “(ii) not later than December 31,  
9 2008, 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, 2005, \$10,000,000;  
18 and

19 “(ii) on October 1, 2006, and each  
20 October 1 thereafter through October 1,  
21 2009, \$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      **Subtitle E—Afterschool Education**  
 12               **Enhancement Act**

13      **SEC. 341. SHORT TITLE.**

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

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

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

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

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

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



1 (2) in section 4204—

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

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

4 (ii) by redesignating subparagraphs

5 (G) through (N) as subparagraphs (F)

6 through (M), respectively; and

7 (B) by amending paragraph (1) of sub-

8 section (i) to read as follows:

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

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

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

17 **TITLE IV—IMPROVING THE**  
18 **WORKPLACE FOR FAMILIES**

19 **Subtitle A—Part-Time and**  
20 **Temporary Workers Benefits**

21 **SEC. 401. TREATMENT OF EMPLOYEES WORKING AT LESS**  
22 **THAN FULL-TIME UNDER PARTICIPATION,**  
23 **VESTING, AND ACCRUAL RULES GOVERNING**  
24 **PENSION PLANS.**

25 (a) PARTICIPATION RULES.—

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

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

8               “(I) has customarily completed 500 or  
9               more hours of service per year but less than  
10              1,000 hours of service per year, or

11              “(II) is employed in a type of position in  
12              which employment customarily constitutes 500  
13              or more hours of service per year but less than  
14              1,000 hours of service per year,

15       completion of 500 hours of service within such 12-  
16       month period shall be treated as completion of 1,000  
17       hours of service.

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

1           (2) CONFORMING AMENDMENT.—Section  
2       204(b)(1)(E) of such Act (29 U.S.C. 1054(b)(1)(E))  
3       is amended by striking “section 202(a)(3)(A)” and  
4       inserting “subparagraphs (A) and (E) of section  
5       202(a)(3)”.

6       (b) VESTING RULES.—

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

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

13           “(I) has customarily completed 500 or  
14           more hours of service per year but less than  
15           1,000 hours of service per year, or

16           “(II) is employed in a type of position in  
17           which employment customarily constitutes 500  
18           or more hours of service per year but less than  
19           1,000 hours of service per year,

20       completion of 500 hours of service within such pe-  
21       riod shall be treated as completion of 1,000 hours of  
22       service.

23      “(ii) For purposes of this subparagraph, the extent  
24     to which employment in any type of position customarily  
25     constitutes less than 1,000 hours of service per year shall

1 be determined with respect to each pension plan in accord-  
 2 ance with such regulations as the Secretary may prescribe  
 3 providing for consideration of facts and circumstances pe-  
 4 culiar to the work-force constituting the participants in  
 5 such plan.”.

6 (2) 1-YEAR BREAKS IN SERVICE.—Section  
 7 203(b)(3) of such Act (29 U.S.C. 1053(b)(3)) is  
 8 amended by adding at the end the following new  
 9 subparagraph:

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

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

16 “(II) is employed in a type of position in which  
 17 employment customarily constitutes 500 or more  
 18 hours of service per year but less than 1,000 hours  
 19 of service per year,

20 completion of 250 hours of service within such period shall  
 21 be treated as completion of 500 hours of service.

22 “(ii) For purposes of this subparagraph, the extent  
 23 to which employment in any type of position customarily  
 24 constitutes less than 1,000 hours of service per year shall  
 25 be determined with respect to each pension plan in accord-

1   ance with such regulations as the Secretary may prescribe  
2   providing for consideration of facts and circumstances pe-  
3   culiar to the work-force constituting the participants in  
4   such plan.”.

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

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

8           (2) by adding at the end the following new  
9   clauses:

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

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

16           “(II) is employed in a type of position in which  
17   employment customarily constitutes 500 or more  
18   hours of service per year but less than 1,000 hours  
19   of service per year,

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

22       “(iii) For purposes of clause (ii), the extent to which  
23   employment in any type of position customarily constitutes  
24   less than 1,000 hours of service per year shall be deter-  
25   mined with respect to each pension plan in accordance

1 with such regulations as the Secretary may prescribe pro-  
2 viding for consideration of facts and circumstances pecu-  
3 liar to the work-force constituting the participants in such  
4 plan.”.

5 **SEC. 402. TREATMENT OF EMPLOYEES WORKING AT LESS**  
6 **THAN FULL-TIME UNDER GROUP HEALTH**  
7 **PLANS.**

8 (a) IN GENERAL.—Part 2 of subtitle B of title I of  
9 the Employee Retirement Income Security Act of 1974 is  
10 amended—

11 (1) by redesignating section 211 (29 U.S.C.  
12 1061) as section 212; and

13 (2) by inserting after section 210 (29 U.S.C.  
14 1060) the following new section:

15 **“SEC. 211. TREATMENT OF PART-TIME WORKERS UNDER**  
16 **GROUP HEALTH PLANS.**

17 “(a) IN GENERAL.—A reduction in the employer-pro-  
18 vided premium under a group health plan with respect to  
19 any employee for any period of coverage solely because the  
20 employee’s customary employment is less than full-time  
21 may be provided under such plan only if the employee is  
22 described in subsection (b) and only to the extent per-  
23 mitted under subsection (c).

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

1           “(1) IN GENERAL.—An employee is described in  
2           this subsection if such employee, as of the beginning  
3           of the period of coverage referred to in subsection  
4           (a)—

5                   “(A) has customarily completed less than  
6           30 hours of service per week, or

7                   “(B) is employed in a type of position in  
8           which employment customarily constitutes less  
9           than 30 hours of service per week.

10           “(2) REGULATIONS.—For purposes of para-  
11           graph (1), whether employment in any type of posi-  
12           tion customarily constitutes less than 30 hours of  
13           service per week shall be determined with respect to  
14           each group health plan in accordance with such reg-  
15           ulations as the Secretary may prescribe providing  
16           for consideration of facts and circumstances peculiar  
17           to the work-force constituting the participants in  
18           such plan.

19           “(c) AMOUNT OF PERMISSIBLE REDUCTION.—The  
20           employer-provided premium under a group health plan  
21           with respect to any employee for any period of coverage,  
22           after the reduction permitted under subsection (a), shall  
23           not be less than a ratable portion of the employer-provided  
24           premium which would be provided under such plan for

1 such period of coverage with respect to an employee who  
2 completes 30 hours of service per week.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) GROUP HEALTH PLAN.—The term ‘group  
5 health plan’ has the meaning provided such term in  
6 section 607(1).

7 “(2) EMPLOYER-PROVIDED PREMIUM.—

8 “(A) IN GENERAL.—The term ‘employer-  
9 provided premium’ under a plan for any period  
10 of coverage means the portion of the applicable  
11 premium under the plan for such period of cov-  
12 erage which is attributable under the plan to  
13 employer contributions.

14 “(B) APPLICABLE PREMIUM.—For pur-  
15 poses of subparagraph (A), in determining the  
16 applicable premium of a group health plan,  
17 principles similar to the principles applicable  
18 under section 604 shall apply.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 201(1) of such Act (29 U.S.C.  
21 1051(1)) is amended by inserting “, except with re-  
22 spect to section 211” before the semicolon.

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



“211. Treatment of part-time workers under group health plans.

“212. Effective date.”.

1 **SEC. 403. EXPANSION OF DEFINITION OF EMPLOYEE TO IN-**  
 2 **CLUDE CERTAIN INDIVIDUALS WHOSE SERV-**  
 3 **ICES ARE LEASED OR CONTRACTED FOR.**

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

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

8 (2) by adding at the end the following new sub-  
 9 paragraph:

10 “(B) Such term includes, with respect to any em-  
 11 ployer, any person who is not an employee (within the  
 12 meaning of subparagraph (A)) of such employer and who  
 13 provides services to such employer, if—

14 “(i) such person has (pursuant to an agreement  
 15 with such employer or any other person) performed  
 16 such services for such employer (or for such em-  
 17 ployer and related persons (within the meaning of  
 18 section 144(a)(3) of the Internal Revenue Code of  
 19 1986)) for a period of at least 1 year (6 months in  
 20 the case of core health benefits) at the rate of at  
 21 least 500 hours of service per year, and

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

1 **SEC. 404. EFFECTIVE DATES.**

2 (a) IN GENERAL.—Except as provided in subsection  
3 (b), the amendments made by this subtitle shall apply with  
4 respect to plan years beginning on or after January 1,  
5 2005.

6 (b) SPECIAL RULE FOR COLLECTIVELY BARGAINED  
7 PLANS.—In the case of a plan maintained pursuant to 1  
8 or more collective bargaining agreements between em-  
9 ployee representatives and 1 or more employers ratified  
10 on or before the date of the enactment of this Act, sub-  
11 section (a) shall be applied to benefits pursuant to, and  
12 individuals covered by, any such agreement by substituting  
13 for “January 1, 2005” the date of the commencement of  
14 the first plan year beginning on or after the earlier of—

15 (1) the later of—

16 (A) January 1, 2005, or

17 (B) the date on which the last of such col-  
18 lective bargaining agreements terminates (de-  
19 termined without regard to any extension there-  
20 of after the date of the enactment of this Act),  
21 or

22 (2) January 1, 2007.

23 (c) PLAN AMENDMENTS.—If any amendment made  
24 by this subtitle requires an amendment to any plan, such  
25 plan amendment shall not be required to be made before

1 the first plan year beginning on or after January 1, 2005,  
2 if—

3 (1) during the period after such amendment  
4 made by this Act takes effect and before such first  
5 plan year, the plan is operated in accordance with  
6 the requirements of such amendment made by this  
7 subtitle, and

8 (2) such plan amendment applies retroactively  
9 to the period after such amendment made by this  
10 subtitle takes effect and such first plan year.

11 A plan shall not be treated as failing to provide definitely  
12 determinable benefits or contributions, or to be operated  
13 in accordance with the provisions of the plan, merely be-  
14 cause it operates in accordance with this subsection.

15 **Subtitle B—United States Business**  
16 **Telework Act**

17 **SEC. 411. SHORT TITLE.**

18 This subtitle may be cited as the “United States  
19 Business Telework Act”.

20 **SEC. 412. TELEWORK PILOT PROGRAM.**

21 (a) PROGRAM.—In accordance with this subtitle, the  
22 Secretary of Labor shall conduct, in not more than 5  
23 States, a pilot program to raise awareness about telework  
24 among employers and to encourage such employers to  
25 offer telework options to employees.

1 (b) PERMISSIBLE ACTIVITIES.—In carrying out the  
2 pilot program, the Secretary is encouraged to—

3 (1) produce educational materials and conduct  
4 presentations designed to raise awareness of the  
5 benefits and the ease of telework;

6 (2) conduct outreach to businesses that are con-  
7 sidering offering telework options;

8 (3) acquire telework technologies and equip-  
9 ment to be used for demonstration purposes; and

10 (4) ensure that expectant and new mothers who  
11 are employed by businesses that participate in the  
12 pilot program are given the option to telework dur-  
13 ing the 1-year period after the date of birth.

14 **SEC. 413. REPORT TO CONGRESS.**

15 Not later than 2 years after the first date on which  
16 funds are appropriated to carry out this subtitle, the Sec-  
17 retary shall transmit to the Congress a report containing  
18 the results of an evaluation of the pilot program and any  
19 recommendations as to whether the pilot program, with  
20 or without modification, should be expanded.

21 **SEC. 414. DEFINITION.**

22 In this subtitle, the term “telework” means the per-  
23 formance of any portion of work functions by an employee  
24 outside the normal place of business under circumstances  
25 which reduce or eliminate the need to commute.

1 **SEC. 415. TERMINATION.**

2       The pilot program shall terminate 2 years after the  
3 first date on which funds are appropriated to carry out  
4 this subtitle.

5 **SEC. 416. AUTHORIZATION OF APPROPRIATIONS.**

6       There is authorized to be appropriated \$5,000,000 to  
7 carry out this subtitle.

