

109TH CONGRESS  
2D SESSION

# H. R. 5207

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2006

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

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## A BILL

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

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

3       **SECTION 1. SHORT TITLE.**

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

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

2 The Congress finds the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 “(2) PRINCIPAL OBLIGATION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15       “(k) LIMITATION ON INSURANCE AUTHORITY.—

16               “(1) TERMINATION.—No mortgage may be insured under this section or section 223(h) after September 30, 2015, except pursuant to a commitment to insure issued on or before such date.

20               “(2) AGGREGATE PRINCIPAL AMOUNT LIMITATION.—The aggregate principal amount of mortgages for which the Secretary enters into commitments to insure under this section or section 223(h) on or before the date under paragraph (1) may not exceed \$2,000,000,000. If, upon the date under

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

6 “(b) MEMBERSHIP.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7           “(2) ESTABLISHMENT OF STANDARDS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

“(ii) appropriate child care choices; and

“(iii) sufficient quality of care necessary to prepare at-risk children for school.

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

“(d) NONDISCRIMINATION REQUIREMENT.—

“(1) IN GENERAL.—The Commission may not certify under subsection (c)(1) or carry out any activities of the Commission with respect to any child care and development facility if the provider of the facility discriminates on account of race, color, religion (subject to paragraph (2)), national origin, sex

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

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

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

19 “(e) POWERS.—

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

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

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

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

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

20 “(f) STAFF.—

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

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

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

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

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

1       “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to the Commission to  
3 carry out this section \$20,000,000 for fiscal year 2006,  
4 to remain available until expended, of which not more than  
5 \$2,500,000 shall be available for administrative costs of  
6 the Commission and the remainder of which shall be avail-  
7 able only for loans under subsection (c)(3).”.

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

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

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

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

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

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

