EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

5/26/98

To: Janet Murguia

From: Barbara Chow

cc: Emil Parker
Jennifer Klein
Nicole Rabner
Neera Tanden

Attached is the cleared Child Care language. We would appreciate it if you could get this to Gephardt & Child Care Task Force. HHS is trying to send this up piecemeal. Please call 54844 if you have questions.

Thanks,
Barbara (BY)

THE "CHILD CARE QUALITY IMPROVEMENT ACT OF 1998"

Section-by-Section Summary

SEC. 1. SHORT TITLE.

This section provides that this bill, if enacted, may be cited as the "Child Care Quality Improvement Act of 1998".

SEC. 2. CHILD CARE SUBSIDY FUNDING.

Section 2(a) adds to section 418 of the Social Security Act (funding for child care) a new subsection (b), which appropriates additional child care subsidy funds of $1,155,000,000 for FY 1999, $1,280,000,000 for FY 2000, $1,400,000,000 for FY 2001, $1,600,000,000 for FY 2002, and $2,065,000,000 for FY 2003. Such funds are to be allocated for each fiscal year as follows:

- Up to two percent of the total is to be set aside for Indian tribes, and allocated among them in shares in the same proportions as shares the tribes receive for the fiscal year under section 658O(c) of the Child Care and Development Block Grant Act of 1990 (the CCDBG Act).

- $1,000,000 is available to the Secretary for quality assurance and quality improvement activities under the CCDBG Act.

- The remainder is allocated among the States and territories according to the "at-risk child" formula under the allotment formula under section 403(n) of the Social Security Act (as in effect before enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) notwithstanding any limitation under section 1108 of that Act.

Subsidy payments will be available to States only for expenditures above amounts necessary to secure payment of the full amount of the State's allotment under section 418(a)(2). States and territories will be entitled to Federal matching payments equal to the lesser of 80 percent of program expenditures or their total allotments. Subsidy funds may be used for any purpose authorized by the CCDBG Act. Any unused State allotments will be redistributed in accordance with subsection (a)(2)(D).

Section 2(b) amends section 418(f) of the Social Security Act to provide that, for purposes of the subsidy grants under new section 418(b) and the early learning funds provided for under section 3 of the bill, the term "State" includes Puerto Rico, and the term "territory" includes the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

Section 2(c) makes conforming amendments to section 418 of the Social Security Act.

SEC. 3. EARLY LEARNING FUND.

FUNDING

Section 3(a) adds to section 418 of the Social Security Act a new subsection (c), which appropriates $600,000,000 for each of FYs 1999 through 2003 to carry out early learning program activities under section 658T of the CCDBG Act. Such funds are to be allocated as follows:

- Up to two percent of the total is to be set aside for Indian tribes, and allocated among them in shares in the same proportions as shares the tribes receive for the fiscal year under section 658O of the CCDBG Act.

- One-half of one percent of the total is set aside for territories, and allocated among them in amounts bearing the same ratio to the set-aside as the amounts allocated to them for such fiscal year under the CCDBG Act bore to the total amount so allocated to all such territories for such fiscal year.

- $6,000,000 is available to the Secretary for costs of providing technical assistance to and conducting national evaluations of State, local, and tribal early learning programs.

- The remainder is allocated among the States according to the CCDBG allotment formula.

States and territories will be entitled to Federal matching payments equal to the lesser of 80 percent of early learning program expenditures or their total allotments. Any unused State allotments will be redistributed in accordance with subsection (a)(2)(D).

ESTABLISHMENT OF EARLY LEARNING PROGRAM

Section 3(b) amends section 658E(c) of the CCDBG Act to require inclusion of an early learning program element in the CCDBG plans of States and territories electing that program; and adds a new section 658T to the CCDBG Act with the following provisions:

SEC. 658T. EARLY LEARNING PROGRAM

PROGRAM PURPOSE

Subsection (a) states that the purpose of the program is to enable States, through community grants, to support activities that promote children's healthy development and improve quality of child care for children aged 5 and under, including those with disabilities.

REQUIREMENTS FOR STATE PARTICIPATION

Subsection (b) specifies the early learning plan requirements.

(A) The plan must be administered by the designated State lead agency;

(B) The plan must describe standards and procedures for review and approval of community grant applications and for setting amounts, terms and conditions, including methods to be used to ensure that at least 70 percent of funds are awarded to low-income communities;

(C) The plan must describe the methods to be used to ensure community participation in planning and monitoring activities;

(D) The plan must specify which of the activities permitted by section 658T(c) may be carried out under community grants;

(E) The plan must specify performance goals and measures to be used; interim benchmarks and interim and long term timetables, as appropriate for achieving each goal; and steps to be taken by the State or grantees if specified benchmarks are not achieved;

(F) The plan must specify the methods to be used to coordinate activities under this section and 658G(a), including coordination of planning, and performance goals and measures, to maximize the effectiveness of both sources.

ALLOWABLE ACTIVITIES

Subsection (c) provides that allowable activities under a State's early learning plan may include any or all of the following:

INFORMATION AND RESOURCES

(A) Parenting education for parents of young children.

(B) Initiatives to improve the availability of consumer education information and referral services and other resources that assist parents in locating and assessing the quality of child care.

(C) Development of support and resource networks for family care providers.

QUALITY AND AVAILABILITY

(A) Provider training.

(B) Initiatives to increase child care staff-child ratios and to reduce group sizes.

(C) Assistance to child care providers in obtaining licensing and accreditation.

(D) Improving coordination of child care with appropriate health services by methods such as co-location of health and child care services, referrals to health services, and transfer of child health records to public schools at school entry. Services under this subparagraph shall not include direct provision of or payment for health services.

(E) Increasing availability and quality of care for young children with special health care needs, developmental delays, and disabilities; and coordinating with early intervention and preschool education services.

(F) Assistance to child care providers in increasing retention of qualified child care staff working directly with children through enhanced compensation.

(G) Technical assistance to grantees and monitoring of grant programs. (Not more than 10 percent of the State's early learning grant for FYs 1999 through 2000 and not more than 5 percent of grant funds for FY 2001 and succeeding FYs may be used for this purpose.)

ANNUAL REPORT

Subsection (c) amends section 658K(a)(2) of the CCDBG Act (the requirement for annual reports by States receiving CCDBG grants) to require reporting concerning the early learning program, to include information on:

- the number and average dollar amount of total grants and low-income communities grants awarded, and the percentage of grants awarded to low-income communities;
- the number of early learning programs (and those that assist children with special needs, disabilities, or developmental delays);
- the number of children with special needs served;
- progress toward achievement of each performance goal for each objective;
- each allowable activity listed under section 658T(c), total expenditures, and, to the extent feasible, the volume or frequency and average expenditure per unit of such activity; and
- each allowable activity listed in 658T(c) for which expenditures are made by the State both under section 658G(a) and under section 658T, the amount expended under each such section.

4% MINIMUM QUALITY EXPENDITURES

Subsection (d) notes that section 6 of the bill makes an amendment concerning the relationship of early learning fund activities to the CCDBG Act requirement for minimum quality expenditures.

SEC. 4. NATIONAL CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.

Section 4(a) adds to 658G of the CCDBG Act (activities to improve the quality of child care) a new subsection (b) (child care provider scholarship program) with the following provisions:

STATE PLAN REQUIREMENT

Subsection (b)(1) requires that a State electing to operate a program under this subsection include in its State plan under section 658E a child care provider scholarship program plan designed to further the goals of child care provider recruitment, training, credentialing, and retention.

ELIGIBILITY CRITERIA FOR SCHOLARSHIP APPLICANTS

Subsection (b)(2) provides the following individual eligibility requirements for scholarships:

(A) The applicant must be a child care worker who is (or is employed by or has a commitment for employment from) a licensed or registered child care provider, and must agree in writing to continue to be employed in the child care field for at least one year after receiving scholarship-funded education or training.

(B) The applicant must provide funds for a share of education or training (and must apply for a Pell grant if the institution concerned participates in that program).

(C) The applicant's current or prospective employer must pay a share of the education or training costs, and must agree upon completion of the training or education to give the applicant a financial incentive, such as a bonus or salary increase.

QUALIFYING EDUCATIONAL INSTITUTIONS

Subsection (b)(3) requires that the plan specify the types of educational and training programs for which scholarships may be used. Participation is to be limited to programs that are administered by institutions of higher education eligible to receive assistance under title IV of the Higher Education Act of 1965, and that lead to a State or national license, credential, or accreditation as a child development associate or child care provider, or to an associate or bachelor degree programs in child development or early childhood education or early childhood special education.

ANNUAL MAXIMUM SCHOLARSHIP AMOUNT

Subsection (a)(4) provides that the maximum amount of a scholarship awarded to an eligible individual under this section shall not exceed $1500 per year.

SUPPLEMENTATION OF OTHER FUNDING

Subsection (b)(5) requires that the State plan contain assurances that program funding will supplement and not supplant other Federal or non-federal funds for existing services and activities that promote the scholarship program purposes.

AUTHORIZATION OF APPROPRIATIONS

Section 4(b) adds to section 658B of the CCDBG Act a new subsection (b), authorizing appropriations of $50,000,000 for each of FYs 1999 through 2003 for the child care provider scholarship program.

ALLOTMENT

Section 4(c) amends section 658O of the CCDBG Act to allot the appropriations for child care scholarships according to the same formula used for basic State CCDBG grants.

PAYMENTS

Section 4(d) amends section 658J of the CCDBG Act to provide for payment to States with approved child care scholarship program plans of the lesser of their allotments under section 658O or 80 percent of program expenditures.

ANNUAL REPORT

Section 4(e) amends section 658K(a)(2) of the CCDBG Act (the requirement for annual reports by States receiving CCDBG grants) to require reporting, with respect to the child care scholarship program, of data including: the number of child care workers receiving scholarship grants, grant amounts, and percent receiving grants in the previous year who fulfilled their one-year commitment; and the number of course credits or credentials completed by scholarship recipients.

4% MINIMUM QUALITY EXPENDITURES

Section 4(f) notes that section 6 of the bill makes an amendment concerning the relationship of child care scholarship program activities to the CCDBG Act requirement for minimum quality expenditures.

SEC. 5. CHILD CARE STANDARDS ENFORCEMENT PROGRAM.

Section 5(a) adds to section 658G of the CCDBG Act (activities to improve the quality of child care), as previously amended by section 4(a), a new subsection (c) (child care standards enforcement program) with the following provisions:

STATE PLAN REQUIREMENT

Subsection (c)(1) requires that a State electing to operate a program under this subsection include in its State plan under section 658E a child care standards enforcement plan, with the following elements:

(A) an assessment of State enforcement programs in effect in FY 1998 (or, if later, the FY preceding the first FY for which the State seeks funding under section 658J(a)(3)) by provider type, including number of inspections, percentage of providers inspected, and scope of inspection;

(B) goals to be achieved with respect to increasing the number of annual inspections, expansion of scope or improvement of quality of inspections, or a combination thereof, and performance measures to be used to assess progress toward such goals by provider type;

(C) a description of the enforcement improvement activities to be carried out, which may include:

- initiatives to increase numbers of qualified child care licensing and standards enforcement staff;
- increased monitoring and enforcement activities;
- development and dissemination to the public of information on health, safety and licensing violations, by provider; and
- other activities designed to ensure provider compliance with applicable standards including

coordination with section 658T(c)(2) activities under the early learning program.

SUPPLEMENTATION OF OTHER FUNDING

Subsection (c)(2) requires that the State plan contain assurances that program funding will supplement and not supplant other Federal or non-federal funds for existing services and activities that promote the purposes of this subsection.

AUTHORIZATION OF APPROPRIATIONS

Section 5(b) adds to section 658B of the CCDBG Act a new subsection (c), authorizing appropriations of $100,000,000 for each of FYs 1999 through 2003 for the States' enforcement program. Appropriations are to be allocated among the 50 States, the District of Columbia, and Puerto Rico as follows:

(A) The first $75,000,000 will be allocated under the CCDBG Act formula.

(B) From any remainder, amounts will first be allocated as necessary to ensure that each eligible jurisdiction receives at least $1,000,000 under this section.

(C) From any remainder after carrying out (A) and (B), amounts will be allocated according to the CCDBG Act formula to those States that achieve certain targets with respect to increased inspections of child care facilities and providers. A State's allocation from this amount is capped at 20 percent of the State's allocation under (A) above.

(D) Amounts not allocated under (A), (B), or (C) will remain available for allocation for the succeeding fiscal year.

PAYMENTS

Section 5(c) amends section 658J of the CCDBG Act to provide for payment, to a State with an approved child care standards enforcement program plan, of the lesser of its expenditures under such program or its allotment under section 658O.

ANNUAL REPORT

Section 5(d) amends section 658K(a)(2) of the CCDBG Act (the requirement for annual reports by States receiving CCDBG grants) to require reporting concerning enforcement of child care quality and safety standards, including data, by type of provider, on:

(1) the number and percentage of facilities or providers inspected (and the number and percentage of facilities or providers receiving more than one inspection) and a comparison to the prior year's inspection rate;

(2) the numbers and types of deficiencies identified (and the number of serious deficiencies presenting risks to health or safety); and

(3) the number of deficiencies remedied upon subsequent inspection, by type of deficiency.

4% MINIMUM QUALITY EXPENDITURES

Section 5(e) notes that section 6 of the bill makes an amendment concerning the relationship of activities under the child care standards enforcement program to the CCDBG Act requirement for minimum quality expenditures.

SEC. 6. 4% MINIMUM QUALITY EXPENDITURES.

Section 6 amends section 658G of the CCDBG Act (which requires that at least 4 percent of a State's basic grant under the Act be used for activities to improve the quality of child care) to provide that, in determining State compliance with this requirement, the following payments to and expenditures by the State shall be disregarded:

(A) payments under section 418(c) of the Social Security Act, and expenditures under section 658T of the CCDBG Act, for early learning programs;

(B) payments and expenditures for child care scholarship programs under section 658G(b) of the CCDBG Act; and

(C) payments and expenditures for child care standards enforcement activities under section 658G(c) of the CCDBG Act.

SEC. 7. RESEARCH AND DEMONSTRATIONS.

ESTABLISHMENT OF RESEARCH AND DEMONSTRATION ACTIVITIES

Section 7(a) adds to the CCDBG Act a new section 658U (research and demonstrations) with the following provisions:

IN GENERAL

Section 658U(a) authorizes the Secretary, either directly or through grants, contracts, cooperative agreements, or other arrangements, to carry out research, demonstration projects, and other activities relating to child care, including activities designed to improve the quality and increase the availability of child care, and such activities shall be coordinated with activities under the Department of Education's Office of Educational Research and Improvement.

ALLOWABLE ACTIVITIES

Section 658U(b) provides that allowable research, demonstration, and other activities may include:

(1) Research on child care needs of low-income families.

(2) Research designed to identify good child care policies and practices.

(3) Research on factors affecting retention of child care provider staff.

(4) Demonstrations of technology-based education and training, including use of remote site and interactive computer technology.

(5) Demonstrations addressing the particular child care needs of certain parents.

(6) Establishment and operation of a national center on child care statistics.

(7) Establishment and operation of a hotline to assist parents to locate local child care resources and public education activities.

AUTHORIZATION OF APPROPRIATIONS

Section 658U(c) authorizes appropriations of $30,000,000 for each of FYs 1999 through 2003 to carry out the Secretary's activities under this section.

REPORT TO CONGRESS

Section 7(b) amends section 658L of the CCDBG Act (which requires the Secretary, beginning in 1998, to report biennially to Congress on data and information reported by States receiving grants under this Act) to require the Secretary to report on development of research and demonstration projects carried out under section 658U.

SEC. 8. TECHNICAL ASSISTANCE TO COMMUNITIES.

Section 8 amends section 658I of the CCDBG Act to authorize the Secretary to provide technical assistance to communities and Indian tribes, as well as to States.

A BILL

To amend the Child Care and Development Block Grant Act of 1990 and section 418 of the Social Security Act to provide increased resources for child care programs, to establish an early learning program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Child Care Quality Improvement Act of 1998".

SEC. 2. CHILD CARE SUBSIDY FUNDING.

(a) APPROPRIATION; ALLOCATION.—Section 418 of the Social Security Act (42 U.S.C. 618) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (d), (e), and (f), respectively; and

(2) by inserting after subsection (a) the following new subsection:

"(b) CHILD CARE SUBSIDY FUNDING.—

"(1) APPROPRIATION.—There are appropriated out of any funds in the Treasury not otherwise appropriated, for allocation in accordance with this subsection—

"(A) $1,155,000,000 for fiscal year 1999;

"(B) $1,280,000,000 for fiscal year 2000;

"(C) $1,400,000,000 for fiscal year 2001;

"(D) $1,600,000,000 for fiscal year 2002;

"(E) $2,065,000,000 for fiscal year 2003; and

"(F) for each fiscal year after fiscal year 2003, such amount shall not be less than $2,065,000,000.

"(2) ALLOCATION OF APPROPRIATIONS.—Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated as follows:

"(A) AMOUNT FOR INDIAN TRIBES.—Up to two percent of the total amount appropriated shall be allocated to Indian tribes in proportional shares equal to the shares received by such tribes for such fiscal year under section 658O(c) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9801 et seq.) (hereafter in this section referred to as the `CCDBG Act').

"(B) SECRETARY'S ACTIVITIES.—$1,000,000 is reserved to the Secretary and shall be available for quality assurance and quality improvement activities relating to programs under the CCDBG Act.

"(C) AMOUNTS FOR STATES AND TERRITORIES.—From the total amount remaining after application of subparagraphs (A) and (B), an amount shall be allocated to each State and territory based on the formula specified in section 403(n) (as such section was in effect before August 22, 1996) notwithstanding any limitation under section 1108.

"(3) MATCHING PAYMENTS TO STATES AND TERRITORIES.—

"(A) QUALIFYING STATE EXPENDITURES.—Payments to a

State under this subsection shall be made only with respect to State expenditures for a fiscal year in excess of expenditures necessary to secure payment of the full amount of the State's allotment (if any) under subsection (a)(2) (but without regard to subsection (a)(2)(D)).

"(B) FEDERAL PAYMENTS.—The Secretary shall pay to each State and territory for a fiscal year an amount equal to the lesser of its allotment under paragraph (2) or 80 percent of expenditures by the State or territory—

"(i) that are for any purpose authorized under the approved plan of such State or territory under the CCDBG Act;

"(ii) that, in the case of a State, meet the condition specified in subparagraph (A); and

"(iii) for which Federal matching payments or reimbursements have not otherwise been made.

"(C) REDISTRIBUTION.—The Secretary shall, to the extent necessary, determine the need for redistribution of, and redistribute, amounts allotted under this subsection to States, in accordance with the procedures and formula set forth in subsection (a)(2)(D).

"(4) PAYMENTS TO INDIAN TRIBES.—The Secretary shall pay to each Indian tribe for a fiscal year an amount equal to the lesser of-

"(A) its allotment under paragraph (2)(A); or

"(B) the total amount of expenditures by the tribe for purposes authorized under the CCDBG Act for which Federal payments have not otherwise been made.".

(b) INCLUSION OF TERRITORIES IN DEFINITIONS.—Section 418(f) of that Act, as redesignated by subsection (a)(1), is amended to read as follows:

"(f) DEFINITIONS.—As used in this section—

"(1) STATE.—The term `State' means each of the 50 States, the District of Columbia, and (except for purposes of subsection (a)) the Commonwealth of Puerto Rico.

"(2) TERRITORY.—The term `territory' means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.".

(c) CONFORMING AMENDMENTS.—

(1) Section 418(a)(3) of that Act is amended by striking "this section" and inserting "this subsection".

(2) Section 418(d) of that Act (as redesignated by subsection (a)(1)) is amended in paragraphs (1) and (2) by striking "under this section" each place it appears and inserting "under subsection (a)".

SEC. 3. EARLY LEARNING PROGRAM.

(a) FUNDING.—Section 418 of the Social Security Act (42 U.S.C. 618) is amended by adding after subsection (b) (as added by section 2) the following new subsection:

"(c) APPROPRIATIONS FOR EARLY LEARNING PROGRAM.—

"(1) IN GENERAL.—There are appropriated out of any funds in the Treasury not otherwise appropriated, for carrying out activities related to early learning programs in accordance with this section and section 658T of the CCDBG Act, $600,000,000 for each of fiscal years 1999 through 2003, which shall be allocated in accordance with this subsection.

"(2) ALLOCATION OF APPROPRIATIONS.—Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated as follows:

"(A) AMOUNT FOR INDIAN TRIBES.—Up to two percent of the total amount appropriated shall be allocated to Indian tribes in proportional shares equal to the shares received by such tribes for such fiscal year under section 658O(c) of that Act.

"(B) AMOUNTS FOR TERRITORIES.—An amount shall be allotted to each territory that bears the same ratio to one-half of one percent of the total amount appropriated as the amount allotted to such territory for such fiscal year under section 658O(a)(1) of that Act bears to the total amount received by all territories for such fiscal year under such section.

"(C) SECRETARY'S ACTIVITIES.—$6,000,000 is reserved to the Secretary and shall be available for costs of providing technical assistance to, and conducting national evaluations of, State, local, and tribal early learning programs under such section 658T.

"(D) AMOUNTS FOR STATES.—From the total amount appropriated remaining after application of subparagraphs (A), (B), and (C), an amount shall be allocated among the States based on the formula used for determining the amount of Federal payments to the State under section 658O of the CCDBG Act.

"(3) MATCHING PAYMENTS TO STATES AND TERRITORIES.—

"(A) FEDERAL PAYMENTS.—The Secretary shall pay to each State and territory for a fiscal year an amount equal to the lesser of its allotment under paragraph (2) or 80 percent of expenditures by the State or territory for an early learning program under a plan approved under section 658T of the CCDBG Act.

"(B) REDISTRIBUTION.—The Secretary shall, to the extent necessary, determine the need for redistribution of, and redistribute, amounts allotted under this subsection to States, in accordance with the procedures and formula set forth in subsection (a)(2)(D).

"(4) PAYMENTS TO INDIAN TRIBES.—The Secretary shall pay to each Indian tribe for a fiscal year an amount equal to the lesser of its allotment under paragraph (2)(A) or the total amount of expenditures by the tribe for an early learning program under section 658T of the CCDBG Act.".

(b) ESTABLISHMENT OF EARLY LEARNING PROGRAM.—

(1) STATE PLAN REQUIREMENT.—Section 658E(c) of the

Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)) is amended by adding at the end the following new paragraph:

"(6) EARLY LEARNING PROGRAM PLAN REQUIREMENTS.—In the case of a State electing to implement an early learning program under section 658T, the State plan shall meet the requirements specified in section 658T(b)(2).".

(2) EARLY LEARNING PROGRAM.-That Act is amended by adding at the end the following new section:

"SEC. 658T. EARLY LEARNING PROGRAM.

"(a) PROGRAM PURPOSE.—The purpose of the program under this section is to enable States, through grants to communities, to support activities that promote children's healthy development during the earliest years of life and improve the quality of child care for children aged five and under, including those with disabilities.

"(b) REQUIREMENTS FOR STATE PARTICIPATION.—

"(1) IN GENERAL.—In order to be eligible for Federal matching funds under section 418(c) of the Social Security Act, the State shall have in effect under its plan under section 658E an early learning program plan meeting the requirements specified in paragraph (2).

"(2) EARLY LEARNING PROGRAM PLAN REQUIREMENTS.—The early learning program plan shall meet the following requirements:

"(A) LEAD AGENCY.—The plan shall provide that the program will be administered by the lead agency designated under 658D.

"(B) COMMUNITY GRANT PROCEDURES.—The plan shall describe the standards and procedures to be applied in the review and approval of community applications, and in setting amounts, terms, and conditions of community grants, including the methods to be used to ensure that no less than 70 percent of grant funds are awarded to low-income communities.

"(C) COMMUNITY PARTICIPATION IN PLANNING AND MONITORING.—The plan shall describe the methods to be used to ensure participation, in planning and monitoring activities under the community plan, of representatives of concerned elements of the community, including parents of young children, child care providers, child development professionals, early intervention specialists, health care providers, public school representatives, local interagency coordinating councils for children with disabilities, local government, and business leaders.

"(D) PROGRAM ACTIVITIES.—The plan shall specify which of the allowable activities enumerated in subsection (c) may be carried out under community grants under the plan.

"(E) PERFORMANCE GOALS AND MEASURES.—The plan shall specify—

(i) performance goals to be achieved and the performance measures to be used to assess progress toward such goals under the plan, which—

(I) shall be developed pursuant to guidance provided by the Secretary and in consultation with local government authorities in accordance with section 658D(b)(2); and

(II) shall be designed to improve child development through coordination with health care services; enhanced early learning environments; parental involvement; consumer education; and increased rates of accreditation by nationally recognized accreditation organizations;

(ii) interim benchmarks and interim and long term timetables, as appropriate, for achieving each goal; and

(iii) the steps to be taken by the State or grantees in accordance with guidance provided by the Secretary if the specified benchmarks are not achieved.

"(F) COORDINATION WITH ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.—The State plan shall specify the methods to be used to coordinate activities under this section and section 658G(a), including coordination of planning and of performance goals and measures, in order to maximize the effectiveness of both programs.

"(c) ALLOWABLE ACTIVITIES.—An early learning program under a State plan under this section may provide for any or all of the following activities:

"(1) INFORMATION AND RESOURCES.—

"(A) PARENTING EDUCATION.—Provision of parenting education, including use of or collaboration with Even Start or similar programs, for parents of young children by means including use of community-based resource centers, family literacy programs with parenting education components, collaboration with early intervention and preschool providers of services for children, public elementary schools, centers that serve children with special health care needs or disabilities and their families, and home visiting programs.

"(B) INFORMATION AND REFERRAL.—Initiatives to develop or increase the availability of consumer education information and referral services and other resources to assist parents to locate and assess the quality of available child care services.

"(C) FAMILY CHILD CARE NETWORKS.—Development of support networks, information and referral services, and other supportive services addressing needs of family child care providers for access to such resources as education, training, and community support services.".

"(2) QUALITY AND AVAILABILITY.—

"(A) PROVIDER TRAINING.—Training of child care personnel, which may include training in early childhood development, early literacy, health, nutrition, hygiene, first-aid and safety, best practices for serving children with disabilities in child care, and other appropriate matters.

"(B) IMPROVED STAFFING RATIOS.—Initiatives to increase ratios of child care staff to children in care and to reduce child care group sizes.

"(C) LICENSING AND ACCREDITATION ASSISTANCE.—Assistance to entities and individuals in meeting applicable child care accreditation and licensing requirements and in obtaining licensing or accreditation.

"(D) HEALTH SERVICES.—Improving coordination of child care with appropriate health services including health and mental health consultations, hearing and vision testing, and immunizations, by methods such as co-location of health and child care services, referrals of children in child care to health care providers or screening services, and transfer of child health records to public school at school entry. Services under this subparagraph shall not include direct provision of or payment for health care services.

"(E) CARE FOR CHILDREN WITH SPECIAL NEEDS.—Increasing the availability and quality of child care for young children with special health care needs, developmental delays, and disabilities; and coordinating with early intervention and preschool special education services.

"(F) SALARY AND BENEFIT ENHANCEMENT.—Assistance to child care programs to increase the quality and continuity of care by retaining highly qualified child care staff working directly with children through enhanced compensation.

"(G) MONITORING AND TECHNICAL ASSISTANCE.—Technical assistance to grantees, and monitoring of programs, assisted under this section. State expenditures under this subparagraph shall not exceed a percentage of total State expenditures for the program under this section equal to 10 percent for each of fiscal years 1999 through 2001, and 5 percent for fiscal year 2002 and each succeeding fiscal year.".

(c) ANNUAL REPORT.—Section 658K(a)(2) of the Act (42 U.S.C. 9858i(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting a semicolon; and

(3) by inserting after and below subparagraph (E) the following new subparagraphs:

"(F) the early learning program under section 658T, including—

"(i) the number and average dollar amount of grants awarded;

"(ii) the number, average dollar amount, and percentage of the total State award of such grants made to low-income communities;

"(iii) the number of early learning programs;

"(iv) the number of children served with special health care needs, disabilities or developmental delays;

"(v) the number of early learning programs that assist children with special needs;

"(vi) progress toward achievement of each performance goal, for each specific, quantifiable and measurable objective;

"(vii) expenditures for each allowable activity listed in section 658T(c), total expenditures and, to the extent feasible, the volume or frequency of such activity and the average expenditure per unit of such activity; and

"(viii) with respect to any allowable

activity listed in section 658T(c) for which expenditures are made by the State both under section 658G(a) and under section 658T, the amount expended under each such section; and

"(ix) such other data as the Secretary may require.

(d) 4% MINIMUM QUALITY EXPENDITURES.—For an additional amendment relating to the provisions added by this section, see section 6.

SEC. 4. NATIONAL CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(1) by inserting "(a)" before "A State"; and

(2) by adding at the end the following new subsection:

"(b) CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.—

"(1) STATE PLAN REQUIREMENT.—In order to be eligible for funds under section 658J(a)(2), a State shall include in its plan under section 658E a child care provider scholarship program plan, meeting the requirements of this subsection, designed to further the goals of child care provider recruitment, training, credentialing, and retention.

"(2) ELIGIBILITY CRITERIA FOR SCHOLARSHIP APPLICANTS.—The State plan shall provide that, in order for an individual to be eligible for a scholarship grant under this subsection, the following requirements shall be met:

"(A) DEMONSTRATED COMMITMENT TO CHILD CARE CAREER.—The individual—

"(i) must be a child care worker who is (or is employed by) a licensed or registered child care provider, or has a commitment for employment from a licensed or registered child care provider; and

"(ii) must agree in writing to continue to be employed in the field of child care for at least one year after receiving the training for which assistance is provided.

"(B) COST SHARING BY APPLICANT.—

"(i) IN GENERAL.—The individual (either as provided in clause (ii) or otherwise) will provide funds for payment of a share of the cost of the education or training.

"(ii) APPLICATION FOR PELL GRANTS.—In the case of an application for a scholarship intended for use in an educational institution participating in the Pell Grant program under title IV of the Higher Education Act, the individual shall apply for a grant under such program for which the individual is eligible.

"(C) EMPLOYER REQUIREMENTS.—In the case of an individual employed by (or who has a commitment for employment from) a licensed or registered child care provider—

"(i) COST SHARING.—The individual's employer must pay a share of the cost of the education or training.

"(ii) EMPLOYMENT AND REMUNERATION.—The individual's employer must agree to provide increased financial incentives to the individual, such as a salary increase or bonus, when the individual completes the education or training.

"(3) QUALIFYING EDUCATIONAL INSTITUTIONS.—The State plan shall specify the types of educational and training programs for which scholarships granted under the State program may be used, which shall be limited to (but may include any or all) programs that—

"(A) are administered by institutions of higher education that are eligible to participate in student financial assistance programs under title IV of the Higher Education Act of 1965; and

"(B) that lead to a State or national credential in child care or early childhood or early childhood special education, or to an associate or bachelor's degree in child development or early childhood education.

"(4) ANNUAL MAXIMUM SCHOLARSHIP GRANT AMOUNT.—The maximum amount of a scholarship awarded to an eligible individual under this section shall not exceed $1500 per year.

"(5) SUPPLEMENTATION OF OTHER FUNDING.—The State plan shall contain assurances that Federal funds provided to the State under this subsection will not be used to supplant Federal or non-Federal funds for existing services and activities that promote the purposes of this subsection."

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of that Act (42 U.S.C. 9858) is amended—

(1) by striking "There is authorized" and inserting the following:

"(a) BASIC GRANT.—There are authorized"; and

(2) by adding at the end the following new subsection:

"(b) CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.—There are authorized to be appropriated to carry out section 658G(b) $50,000,000 for each of fiscal years 1999 through 2003.".

(c) ALLOTMENT.—Section 658O of that Act (42 U.S.C. 9858m) is amended—

(1) in subsection (a)(1), by striking "this subchapter" and inserting "each subsection of section 658B";

(2) in subsection (a)(2), by striking "section 658B" and inserting "section 658B(a)";

(3) in subsection (b)(1), in the matter preceding subparagraph (A), by inserting "each subsection of" before "section 658B"; and

(4) in subsection (e)(1), by striking "the allotment

under subsection (b)" and inserting "an allotment under subsection (b)".

(d) PAYMENTS.—Section 658J(a) of that Act (42 U.S.C. 9858h) is amended—

(1) by moving the text two ems to the right;

(2) by striking everything through "a State" and inserting the following:

"(a) IN GENERAL.—

"(1) BASIC GRANT.—A State"; and

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

"(2) CHILD CARE SCHOLARSHIP PROGRAM.—A State described in paragraph (1) whose plan under section 658E provides for a child care scholarship program under section 658G(b) shall be entitled to payment under this section in an amount equal to the lesser of its allotment under section 658O or 80 percent of expenditures by the State for such program.".

(e) ANNUAL REPORT.—Section 658K(a)(2) (as amended by section 3(c)) is further amended by inserting after and below subparagraph (F) the following new subparagraph:

"(G) the child care scholarship program, including—

"(i) the number of child care workers receiving scholarship grants;

"(ii) the amount of each scholarship grant;

"(iii) the number of course credits or

credentials completed by individuals receiving scholarships;

"(iv) the number and percentage of child care workers receiving scholarship grants in the previous year who fulfilled their one-year commitment; and

"(v) such other data as the Secretary may require;"

(f) ACTIVITIES TO IMPROVE CHILD CARE QUALITY AMENDMENT.—For an additional amendment relating to the provisions added by this section, see section 6.

SEC. 5. CHILD CARE STANDARDS ENFORCEMENT PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) (as amended by section 4(a)), is further amended by adding at the end the following new subsection:

"(c) CHILD CARE STANDARDS ENFORCEMENT.—

"(1) STATE PLAN REQUIREMENT.—In order to be eligible for funds under section 658J(a)(3), a State shall include in its plan under section 658E a child care standards enforcement plan, with the following elements:

"(A) ASSESSMENT OF CURRENT ENFORCEMENT PROGRAM.—An assessment of state enforcement programs in effect in fiscal year 1998 (or, if later, the base year as defined in section 658B(c)(2)(D)(i)) by provider type, including number of inspections, percentage of providers inspected, and scope of inspection.

"(B) GOALS AND MEASURES FOR IMPROVING ENFORCEMENT PROGRAMS.—A statement of goals to be achieved with respect to increasing the number of annual inspections, expansion of the scope or improvement of the quality of inspections, or a combination thereof, and performance measures to be used to assess progress toward such goals by provider type.

"(C) ENFORCEMENT IMPROVEMENT ACTIVITIES.— A description of the activities to be carried out with funds allotted to the State from amounts appropriated under section 658B(c), which may include—

"(i) initiatives to increase numbers of qualified staff engaged in licensing of child care providers and enforcement of licensing, health, safety, and other applicable standards;

"(ii) increased monitoring and enforcement activities, including unannounced inspections;

"(iii) development, and dissemination to the public, of information on health, safety and licensing violations, by provider; and

"(iv) other activities designed to ensure provider compliance with applicable standards including coordination with section 658T(c)(2) activities under the early learning program such as licensing, accreditation, and monitoring of and technical assistance to grantees.

"(2) SUPPLEMENTATION OF OTHER FUNDING.—The State plan described in paragraph (1) shall contain assurances that Federal funds provided to the State under this subsection will not be used to supplant Federal or non-Federal funds for existing services and activities that promote the purposes of this subsection.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of that Act (as amended by section 4) is further amended by adding at the end the following new subsection:

"(c) CHILD CARE STANDARDS ENFORCEMENT.—

"(1) APPROPRIATION.—There are authorized to be appropriated to carry out section 658G(c) $100,000,000 for each of fiscal years 1999 through 2003.

"(2) ALLOCATION OF APPROPRIATIONS.—Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated among States (as defined in section 658O) as follows:

"(A) BASIC GRANT.—The Secretary shall allocate to States, in accordance with the formula set forth in section 658O—

"(i) the amount appropriated under this section for fiscal year 1999, and

"(ii) the first $60,000,000 of such appropriations (or, if less, the total amount appropriated) for each of fiscal years 2000, 2001, and 2002.

"(B) SUPPLEMENT TO ACHIEVE $1 MILLION GRANT.—From the amount (if any) remaining after application of subparagraph (A), the Secretary shall allocate to each State that received an allocation of less than $1,000,000 under subparagraph (A) the lesser of—

"(i) the difference between such allocation and $1,000,000, or

"(ii) an amount bearing the same ratio to the amount remaining for allocation under this subparagraph as the difference determined for such State under clause (i) bears to the sum of such differences, as so determined, for all States described in this subparagraph.

"(C) PERFORMANCE BONUSES.—

"(i) IN GENERAL.—From the amount (if any) of the appropriation under paragraph (1) for each fiscal year remaining after application of subparagraphs (A) and (B), the Secretary shall allocate in accordance with the formula set forth in section 658O, to each State that has achieved in the preceding fiscal year either the inspection rate or the inspection change percentage specified in clause (ii) the lesser of—

"(I) 20 percent of the State's

allocation under subparagraph (A); or

"(II) an amount bearing the same ratio to the amount available for allocation under this subparagraph as the amount determined for such State under subclause (I) bears to the sum of such amounts, as so determined, for all States described in this subparagraph.

"(ii) PERFORMANCE TARGETS.—For purposes of clause (i)—

"(I) the inspection rate shall be not less than 75 percent for fiscal year 1999, 85 percent for fiscal year 2000, and 95 percent for fiscal year 2001; and

"(II) the inspection change percentage shall be not less than 110 for fiscal year 1999, 115 for fiscal year 2000, and 125 for fiscal year 2001.

"(D) REMAINDER.—Amounts not allocated under subparagraphs (A), (B) and (C) shall remain available for allocation for the succeeding fiscal year in accordance with this subsection.

"(E) DEFINITIONS.—For the purposes of this paragraph the follow definitions apply:

"(i) "base year", with respect to a State, means the fiscal year preceding the first fiscal year for which the State seeks funding under section 658J(a)(3);

"(ii) "inspection change percentage" means, with respect to a fiscal year, the ratio of the number of child care facilities and providers in a State that were inspected in such fiscal year to the number of such facilities and providers that were inspected in the base year expressed as a percentage.

"(iii) "inspection rate" means the ratio of the number of child care facilities or providers receiving at least one inspection during a fiscal year to the total number of facilities or providers in operation in the State during that fiscal year.

(c) PAYMENTS.—Section 658J of that Act is amended by adding at the end the following new paragraph:

"(3) CHILD CARE STANDARDS ENFORCEMENT PROGRAM.—A State described in paragraph (1) whose plan under section 658E provides for child care standards enforcement under section 658G(c) shall be entitled to payment under this section in an amount equal to the lesser of its expenditures or allotment for such purpose under section 658O.".

(d) ANNUAL REPORT.—Section 658K(a)(2) (as amended by section 3(c) and section 4(e)) is further amended by inserting after and below subparagraph (G) the following new subparagraph:

"(H) enforcement of child care quality and safety standards, including data, by type of provider, on—

"(i) the number and percentage of facilities or providers inspected (and the number and percentage of facilities or providers receiving more than one inspection) and a comparison to the prior year's inspection rate;

"(ii) the numbers and types of deficiencies identified (and the numbers of serious deficiencies presenting risks to health or safety);

"(iii) the number of deficiencies remedied upon subsequent inspection, by type of deficiency; and

"(iv) such other data as the Secretary may require.".

(e) 4% MINIMUM QUALITY EXPENDITURES.—For an additional amendment relating to the provisions added by this section, see section 6.

SEC. 6. 4% MINIMUM QUALITY EXPENDITURES.

Section 658G(a) (as redesignated by section 4(a)) is amended—

(1) by moving the text two ems to the right;

(2) by striking "A State" and inserting the following:

"(a) 4% MINIMUM QUALITY EXPENDITURES.—

"(1) IN GENERAL.—Subject to paragraph (2), a State"; and

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

"(2) DISREGARD.—For purposes of paragraph (1), the following amounts shall be disregarded:

"(A) Amounts received by the State from amounts appropriated under section 418(c) of the Social Security Act and expended under a plan in accordance with section 658T.

"(B) Amounts received by the State from amounts appropriated under section 658B(b) and expended under a plan in accordance with subsection(b).

"(C) Amounts received by the State from amounts appropriated under 658B(c) and expended under a plan in accordance with subsection(c).".

SEC. 7. RESEARCH AND DEMONSTRATIONS.

(a) ESTABLISHMENT OF RESEARCH AND DEMONSTRATION ACTIVITIES.—The Child Care and Development Block Grant Act of 1990 is amended by adding at the end the following new section:

"SEC. 658U. RESEARCH AND DEMONSTRATIONS.

"(a) IN GENERAL.—The Secretary is authorized, either directly or through grants, contracts, cooperative agreements, or other arrangements, to carry out research, demonstration projects, and other activities relating to child care, including activities designed to improve the quality and increase the availability of child care. Such activities shall be coordinated with activities under the Department of Education's Office of Educational Research and Improvement.

"(b) ALLOWABLE ACTIVITIES.—Activities under this section may include the following:

"(1) RESEARCH ON CHILD CARE NEEDS OF LOW-INCOME FAMILIES.—Research designed to identify and overcome barriers restricting availability, affordability, and quality of child care for low-income families.

"(2) RESEARCH ON GOOD POLICIES AND PRACTICES.—Research designed to identify good child care policies and practices, including the types of child care settings, parent activities, and provider training that most benefit the early development of children.

"(3) RESEARCH ON RETENTION OF CHILD CARE PROVIDER STAFF.—Research on factors affecting retention of child care provider staff, including the National Child Care Provider Scholarship Program under section 658G(b) and its subsequent effect on outcomes for children.

"(4) DEMONSTRATIONS OF TECHNOLOGY-BASED EDUCATION AND TRAINING.—Demonstration projects testing use of remote site and interactive computer technology to provide education and training to child care providers and parents.

"(5) DEMONSTRATION PROJECTS FOR NEW METHODS.—Demonstration projects addressing ways to assist parents, such as parents who choose to stay at home with their children and parents with particular child care needs, including parents of children with special health care needs or disabilities, homeless families, migrant families, teen parents and foster parents.

"(6) NATIONAL CENTER ON CHILD CARE STATISTICS.—Establishment and operation of a NATIONAL CENTER ON CHILD CARE STATISTICS for the collection and dissemination of data and information on child care.

"(7) HOTLINE AND CONSUMER EDUCATION.—Establishment and operation of a hotline to assist parents to locate their local child care resource and referral agency and public education activities to assist parents in becoming informed consumers of quality child care.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 1999 through 2003.".

(b) REPORT TO CONGRESS.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended by inserting "and progress on development of research and demonstration projects as carried out under section 658U" after "under section 658K".

SEC. 8. TECHNICAL ASSISTANCE TO COMMUNITIES.

Section 658I(a)(3) of the Child Care and Development Block Grant Act of 1990 is amended by inserting "and communities, including Indian tribes," after "States".

Department Of The Treasury
Office of Tax Analysis
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

To: Neera Tanden
Firm/Organization: Domestic Policy Council

Fax Number: 456-2878
Phone Number: 456-6275

Number of pages (Including this cover sheet): 3

Date; Time: May 15, 1998; 12:25PM

From: Laura Kalambokidis
Phone: 202/622- 1789 Fax: 202/622- 2265

Comments: Per your request.

UNCLASSIFIED

House D's Child Care Bill - 5/15

- Total cost should be in the ballpark of the President's proposal of $21.7 billion.

CCDBG
- Use Administration language at $7.5 billion and add in Kennelly language on 70% in order to keep the emphasis on the working poor

Child and Dependent Tax Credit
- Use Kennelly piece on DCTC
- Include piece on stay-at-home
- AMT will have to be a member decision

Business Incentives
- Use Admin. language on tax credit (consortiums allowed?)
- Use Tauscher piece on grants to business consortiums. Add in language that says TA not limited to those who get the grants. (Amount to be determined)
  → Treasury reviewing DCTC and consortium pieces

After School Programs
- Use Admin. language with match and community partnerships, put in language to broaden program beyond rural and urban
- Add Woolsey Child and Adult Care Food Program and let members decide when they see the total package/cost
- Add Hoyer Full-Service Community Schools piece (should be no cost)
  → Education working on editing their piece

Early Learning Fund
- $3 billion over five years
- Build Tauscher certification piece into our language, (add in report mechanisms?)

Standards Enforcement Fund
- Admin's proposal (Tauscher language?)

Scholarship Fund
- Admin's proposal

Research and Evaluation
- Tauscher language ?

Child and Adult Food Program
- Tauscher language

Children's Development Commission Act
- Maloney H.R. 3637/Kiddie Mac - $10 million cap, one-time allocation

Sense of the Congress
- Language at end of Tauscher bill

Juvenile Justice
- Language in Slaughter H.R. 3400

Timeline
1. Press Event - Wednesday, 5/20 at 10 a.m. (?) with Administration representative
2. Bill introduction later

Head Start
- not included, on a separate track

FAX TRANSMISSION

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Fax: 456-2878

To: Jen Kline

Office of: WH

From: Tom Kelly

Call 1010 ?

Number of Pages (including cover sheet):

If there are any problems with this transmission, please contact me at: (202)401-0020

Comments: Jen - This is the version of tech. assist. we provided to Sen. Kennedy.

Tom K.

DRAFT
Jan. 26, 1998
11:00 AM

A BILL

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

PROGRAM AUTHORIZATION

SEC. 1. Section 10903 of the 21st Community Century Learning Centers Act (hereinafter "the Act") is amended--

(1) subsection (a)--

(A) by striking out "rural and inner-city" and all that follows through "schools or consortia" and inserting in lieu thereof "local educational agencies, on behalf of public elementary or secondary schools that serve communities with a substantial need for services under this part, to enable them"; and

(B) by striking out "a rural or inner-city community" and inserting in lieu thereof "those communities". **[Should we delete the current reference to "plan"? See the draft amendment to §10905, which drops planning there.]** **[What about the current language on "health, social service, cultural, and recreational needs"? Should we leave it alone here?]**;

(2) in subsection (b)--

(A) by striking out "States, among" and inserting in lieu thereof "States and among"; and

(B) by striking out "United States," and all that follows through "a State" and inserting in lieu thereof "United States"; and

(3) in subsection (c), by striking out "3" and inserting in lieu thereof "5".

APPLICATIONS

SEC. 2. Section 10904(a) of the Act is amended--

(1) in the first sentence thereof, by striking out "an elementary or secondary school or consortium" and inserting in lieu thereof "a local educational agency, on behalf of one or more elementary or secondary schools,";

(2) in paragraph (1), by striking out "or consortium";

(3) in paragraph (2), by striking out "and" at the end thereof;

(4) in paragraph (3)--

(A) in subparagraph (D), by striking out "or consortium"; and

(B) in subparagraph (E)--

(i) by striking out "or consortium"; and

(ii) in clause (ii), by striking out the period at the end and inserting in lieu thereof a semicolon; and

(5) by adding at the end thereof new paragraphs (4) and (5) to read as follows:

"(4) information demonstrating that the applicant will--

"(A) provide at least half the annual cost of the project with sources other than funds under this part, which may be provided in cash or in kind, fairly evaluated, provided that--

"(i) up to 50 percent of the applicant's contribution may come from funds provided by the Secretary under other authorities, to the extent permitted by those authorities; and

"(ii) funds provided by other Federal agencies may not be counted as part of the applicant's contribution; and

"(B) in the fourth and fifth years of its project, increase the percentage of the project's cost that is paid for by funds other than those received under this part; and

"(5) an assurance that the applicant will, in each year of the project, maintain its fiscal effort, from non-Federal sources, from the preceding fiscal year for the services it provides with its grant under this part.".

[Are we leaving the priority in §10904(b) alone?]

USES OF FUNDS

SEC. 3. Section 10905 of the Act is amended by striking out "may be used" and all that follows through "four" and inserting in lieu thereof "shall be used to implement or expand community learning centers that provide activities that offer significant expanded learning opportunities for children and youth in the community and that may include any". **[codifies the FY98 absolute priority; see 62 FR 63776, 12/2/97]**.

AUTHORIZATION OF APPROPRIATIONS

SEC. 4. Section 10907 of the Act is amended--

(1) by striking out "$20,000,000" and inserting in lieu thereof "$200,000,000"; and

(2) by striking out "1995" and inserting in lieu thereof "1999". **[Is this how we want to handle this?]**

CONTINUATION AWARDS UNDER CURRENT STATUTE

SEC. 5. The Act is further amended by adding after section 10907 a new section 10908 to read as follows:

"CONTINUATION AWARDS"

"SEC. 10908. Notwithstanding any other provision of law, the Secretary may use funds appropriated under this part to make continuation awards for projects that were **[originally? Do we have any FY97 projects that we want to cover?]** funded under this part with fiscal year 1998 funds, under the terms and conditions that applied to the original awards for those projects. **[Based on IDEA Amendments Act, §202; 111 Stat. 156, 6/4/97]**

EFFECTIVE DATE

SEC. 6. This Act, and the amendments made by this Act, shall take effect on October 1, 1998.

* * * * *

JAN 26 1998

"PART I—21ST CENTURY COMMUNITY LEARNING CENTERS

"SEC. 10901. SHORT TITLE.

"This part may be cited as the '21st Century Community Learning Centers Act'.

"SEC. 10902. FINDINGS.

"The Congress finds that—

"(1) a local public school often serves as a center for the delivery of education and human resources for all members of a community;

"(2) public schools, primarily in rural and inner city communities, should collaborate with other public and nonprofit agencies and organizations, local businesses, educational entities (such as vocational and adult education programs, school-to-work programs, community colleges, and universities), recreational, cultural, and other community and human service entities, for the purpose of meeting the needs of, and expanding the opportunities available to, the residents of the communities served by such schools;

"(3) by using school facilities, equipment, and resources, communities can promote a more efficient use of public education facilities, especially in rural and inner city areas where limited financial resources have enhanced the necessity for local public schools to become social service centers;

"(4) the high technology, global economy of the 21st century will require lifelong learning to keep America's workforce competitive and successful, and local public schools should provide centers for lifelong learning and educational opportunities for individuals of all ages; and

"(5) 21st Century Community Learning Centers enable the entire community to develop an education strategy that addresses the educational needs of all members of local communities.

"SEC. 10903. PROGRAM AUTHORIZATION.

"(a) GRANTS BY THE SECRETARY.—The Secretary is authorized, in accordance with the provisions of this part, to award grants to ~~rural and inner city public elementary or secondary schools, or consortia of such schools, to enable such schools or consortia~~ local educational agencies, on behalf of public elementary or secondary schools that serve communities with a substantial need for services under this part, to enable them

* to plan, implement, or to expand projects that benefit the educational, health, social service, cultural, and recreational needs of ~~a rural or inner city community~~ those communities.

"(b) EQUITABLE DISTRIBUTION.—In awarding grants under this part, the Secretary shall assure an equitable distribution of assistance among the States and among urban and rural areas of the United States~~, and among urban and rural areas of a State~~.

"(c) GRANT PERIOD.—The Secretary shall award grants under this part for a period not to exceed ~~3~~ 5 years.

"(d) AMOUNT.—The Secretary shall not award a grant under this part in any fiscal year in an amount less than $35,000.

* [Should we delete the current reference to "plan"? See the draft amendment to §10905, which drops planning there.]
[What about the current language on "health, social service, cultural, and recreational needs"? Should we leave it alone here?];

(2)

"SEC. 10904. APPLICATION REQUIRED.

"(a) *APPLICATION.*—To be eligible to receive a grant under this part, ~~an elementary or secondary school or consortium~~ shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably prescribe. Each such application shall include—

"(1) a comprehensive local plan that enables the school ~~or consortium~~ to serve as a center for the delivery of education and human resources for members of a community;

"(2) an evaluation of the needs, available resources, and goals and objectives for the proposed project in order to determine which activities will be undertaken to address such needs; ~~and~~

"(3) a description of the proposed project, including—

"(A) a description of the mechanism that will be used to disseminate information in a manner that is understandable and accessible to the community;

"(B) identification of Federal, State, and local programs to be merged or coordinated so that public resources may be maximized;

"(C) a description of the collaborative efforts to be undertaken by community-based organizations, related public agencies, businesses, or other appropriate organizations;

"(D) a description of how the school ~~or consortium~~ will serve as a delivery center for existing and new services, especially for interactive telecommunication used for education and professional training; and

"(E) an assurance that the school ~~or consortium~~ will establish a facility utilization policy that specifically states—

"(i) the rules and regulations applicable to building and equipment use; and

"(ii) supervision guidelines.;

"(b) *PRIORITY.*—The Secretary shall give priority to applications describing projects that offer a broad selection of services which address the needs of the community.

"SEC. 10905. USES OF FUNDS.

"Grants awarded under this part ~~may be used to plan, implement, or expand community learning centers which include not less than four~~ of the following activities:

"(1) Literacy education programs.

"(2) Senior citizen programs.

"(3) Children's day care services.

"(4) Integrated education, health, social service, recreational, or cultural programs.

"(5) Summer and weekend school programs in conjunction with recreation programs.

"(6) Nutrition and health programs.

a local educational agency, on behalf of one or more elementary or secondary schools,

(4) information demonstrating that the applicant will--

"(A) provide at least half the annual cost of the project with sources other than funds under this part, which may be provided in cash or in kind, fairly evaluated, provided that--

"(i) up to 50 percent of the applicant's contribution may come from funds provided by the Secretary under other authorities, to the extent permitted by those authorities; and

"(ii) funds provided by other Federal agencies may not be counted as part of the applicant's contribution; and

"(B) in the fourth and fifth years of its project, increase the percentage of the project's cost that is paid for by funds other than those received under this part; and

"(5) an assurance that the applicant will, in each year of the project, maintain its fiscal effort, from non-Federal sources, from the preceding fiscal year for the services it provides with its grant under this part.".

[Are we leaving the priority in §10904(b) alone?]

shall be used to implement or expand community learning centers that provide activities that offer significant expanded learning opportunities for children and youth in the community and that may include any **[codifies the FY98 absolute priority; see 62 FR 63776, 12/2/97]**.

"(7) Expanded library service hours to serve community needs.

"(8) Telecommunications and technology education programs for individuals of all ages.

"(9) Parenting skills education programs.

"(10) Support and training for child day care providers.

"(11) Employment counseling, training, and placement.

"(12) Services for individuals who leave school before graduating from secondary school, regardless of the age of such individual.

"(13) Services for individuals with disabilities.

"SEC. 10906. DEFINITION.

"For the purpose of this part, the term 'community learning center' means an entity within a public elementary or secondary school building that—

"(1) provides educational, recreational, health, and social service programs for residents of all ages within a local community; and

"(2) is operated by a local educational agency in conjunction with local governmental agencies, businesses, vocational education programs, institutions of higher education, community colleges, and cultural, recreational, and other community and human service entities.

"SEC. 10907. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated ~~$20,000,000~~ for fiscal year ~~1996~~, and such sums as may be necessary for each of the four succeeding fiscal years, to carry out this part.

$200,000,000

1999 [Is this how we want to handle this?]

"CONTINUATION AWARDS"

"SEC. 10908. Notwithstanding any other provision of law, the Secretary may use funds appropriated under this part to make continuation awards for projects that were **[originally? Do we have any FY97 projects that we want to cover?]** funded under this part with fiscal year 1998 funds, under the terms and conditions that applied to the original awards for those projects. **[Based on IDEA Amendments Act, §202; 111 Stat. 156, 6/4/97]**

EFFECTIVE DATE

SEC. 6. This Act, and the amendments made by this Act, shall take effect on October 1, 1998.

Specifications for Expanded Child and Dependent Care Credit

1) Increase the maximum applicable percentage from 30% to 50%. The maximum percentage would be available for taxpayers with adjusted gross incomes of $30,000 or less (rather than the $10,000 or less level in current law). The $30,000 level would be indexed for inflation beginning in the year 2000.

2) Change the downward adjustment in the applicable percentage from one percenage point for each additional $2000 (or fraction thereof) of adjusted gross income to one percentage for each $1000 (or fraction thereof). The minimum applicable percentage will remain 20%.

3) Adjust the maximum qualifying expense levels ($2400 for one child and $4800 for two or more children) for inflation beginning in the year 2000.

4) The household maintenance test, currently included in the allowance of the credit in section 21(a)(1), would be eliminated for all taxpayers except those who are married filing separately.

5) These changes would be effective for tax years beginning after December 31, 1998.

Office of Tax Policy
May 6, 1998

Specifications For
Employer Credit for Expenses of Supporting Child Care

- Taxpayers would receive a credit against their Federal income tax equal to 25 percent of qualified expenses for employee child care. These expenses would include costs incurred:

  (1) to acquire, construct, rehabilitate, or expand property that is to be used as part of a taxpayer's qualified child care facility;

  (2) for the operation of a taxpayer's qualified child care facility; or

  (3) under contract with a qualified child care facility to provide child care services to employees of the taxpayer.

- The credit shall be included as a General Business Credit under IRC §38.

- To be a qualified child care facility, the principal use of the facility must be for child care, and the facility must be duly licensed by any State agency with jurisdiction over its operations.

- If the facility is owned and operated by the taxpayer, at least 30 percent of the children enrolled in the center (based on an annual average of the enrollment measured at the beginning of each month) must be children of the taxpayer's employees. If a taxpayer opens or acquires a new facility, it must meet the 30 percent employee enrollment requirement within two years of commencing operations. If a new facility failed to meet this requirement, the credit would be subject to recapture.

- To qualify for the credit, the taxpayer must offer child care services, either at its own facility or through third parties, on a basis that does not discriminate in favor of highly compensated employees (within the meaning of IRS §414(q)).

- A taxpayer would also be entitled to a credit for ten percent of expenses incurred to provide employees with child care resource and referral services. To qualify for this credit, resource and referral services must be offered on a basis that does not discriminate in favor of highly compensated employees (within the meaning of IRS §414(q)).

- A taxpayer's total credit under this provision would be limited to $150,000 per year.

- The credit would be available to a consortium of businesses that join together to create a child care facility. For each taxpayer in the consortium, the credit would be equal to 25 percent of qualified expenses incurred by that taxpayer (or the taxpayer's proportionate share of expenses incurred by the consortium), limited to $150,000 per year. For the purposes of the 30 percent employee enrollment requirement, a consortium of businesses is treated as a single taxpayer (that is, they do not each have to meet the threshold individually).

- Any deduction the taxpayer would otherwise be entitled to take for the qualified expenses shall be reduced by the amount of the credit. If the credit is taken for the expenses of acquiring, constructing, rehabilitating, or expanding a facility, the taxpayer's basis in the facility would be reduced by the amount of the credit. A rule similar to the rule in § 280C(c)(3), allowing a reduction in the credit and a compensating increase in any corresponding deduction would be provided.

- A taxpayer cannot take the credit for costs for which the taxpayer is reimbursed by its employees.

- A recapture rule applies if the child care facility ceases operation or changes ownership.

- The credit would be effective for taxable years beginning after December 31, 1998.

Office of Tax Policy
May 6, 1998

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

Route Slip

To: See Distribution Below	Take necessary action	[ ]
	Approval or signature	[ ]
	Comment	[ ]
	Prepare reply	[ ]
	Discuss with me	[ ]
	For your information	[ ]
	See remarks below	[x]

From: Melissa Benton   Date: May 1, 1998

Remarks: To follow is HHS' response to the OMB passback on the child care bill for discussion at Monday's meeting (12:30 p.m. in 260 OEOB).

To:
Barbara Chow
Barry White
Keith Fontenot
Jack Smalligan
Jennifer Friedman
Matthew McKearn
Nicole Rabner
Jennifer Klein
Emil Parker
Wayne Upshaw
Mary Cassell
Leslie Mustain
Laura Oliven Silberfarb

cc:
Janet Forsgren
Melinda Haskins

HHS views on OMB CC passback

p. 3, line 9 - OK

p.4, line 21 -- OK

Definition of Indian tribe - Not needed

Section 8 re tech assistance - OK

✓ p. 7, line 6 - Discuss

p. 8, line 9 - OK

p. 9, line 2 - OK

? p. 9, line 22 - OK for significant share, No on 70% in statute

p. 10, line 15-22 etc
  new E - OK
  new F - OK

p. 11, line 6 - OK

p. 11, line 13 - OK

X p. 12, line 10-13 - OK on language, No on 10% cap

✓ p. 12, line 14-19 - No - Discuss

✓ p. 13, lines 4-6 - OK to add visiting programs, recommend to add it to our langauge, rather than replace.

p. 13, line 8 - OK

p. 14, lines 15 and 16 - OK

✓ p. 14, new (vii) -- No - WHY?

p. 14, new G -- OK

p. 15-20 - $1500 cap - OK

✓ p. 17, subsection i -- NO - Discuss fin. incentives, such as bonuses and salary increases

p. 19, line 15 - OK

✓ p. 20, line 9 - ??

? p. 20, Chafee language -- NO, Discuss benchmarks

p. 20, line 17 -3(c)(2) reference should be deleted

p. 21, line 3 - OK

p. 21, line 10 - NO - Discuss info on health, safety & licensing violations

p. 22, line 9 - No - The allotment reference in the draft bill is correct as written.

p. 22, line 18 - OK

p. 23, line 1 - No - how? Sample

p. 24, line 22 - OK for (2) and (3)

p. 25, lines 4-9 - OK

Add section at end re regulations -- NO, a section permitting the Secretary to promulgate rules is unnecessary. The Secretary is generally authorized to issue regulations under 5 U.S.C. § 301. Also, regulations have been issued to implement existing provisions of the CCDBG Act without a rulemaking provision. Finally, adding a rulemaking provision to the bill would set bad precedents. It would imply that a rulemaking provision is always necessary and that such provisions should be added to all new legislation. It could also provide a basis for legal challenges for those instances in which the Secretary has engaged in rulemaking under a statute that did not have a specific rulemaking provision.

EOP Comments on HHS Draft Bill: Child Care Quality Improvements Act of 1998

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p. 9, line 22 and p. 10, line 1. Requires States to "ensure that a significant share of grant funds [Early Learning Fund] are awarded to low income communities." The statute should define a minimum "significant share." Draft language for 70%.

p. 10, lines 15 - 22 and p. 11, lines 1-2, strike (E) and insert the following:

"(E) PERFORMANCE GOALS AND MEASURES.--The plan shall specify performance goals to be achieved and the performance measures to be used to assess progress toward such goals under the plan. The goals and measures shall be developed pursuant to guidance provided by the Secretary and with appropriate input of local government authorities in accordance with section 658D(b)(2). Such goals and measures shall be designed to improve child development through coordination with health care services, enhanced early learning environments, parental involvement, consumer education, and increased rates of accreditation by nationally recognized accreditation organizations. Each goal should include both interim benchmarks and a long term timetable, as appropriate, for achieving the goal. The State shall also describe, pursuant to guidance provided by the Secretary, the steps to be taken by the State and/or grantees if sufficient progress is not made toward the performance goals during the time period covered by the plan. "

"(F) COORDINATION WITH ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE. -- The State plan shall specify how funds will be coordinated with state spending under section 658G(a). States shall include a description of how these funding streams will be coordinated, not only in the planning phase, but in designing the Fund's performance goals and performance measures in order to maximize the impact of both funding sources.

p. 11, line 6 reorder the sequence of allowable activities to make INFORMATION AND RESOURCES first (1).

p. 11, line 13: Strike all from "to levels" through the end of line 14.

p. 12, lines 10 - 13, Salary and Benefit enhancements have not been included in previous discussions of allowable activities for the Early Learning Fund, and there are no measures in place to ensure that all the money does not simply get divided up among all the providers in a community as a salary enhancement. The bill should cap the amount of the state grant that can be used for salary enhancement at 10% and limit increases to staff working directly with children. Add the following underlined language:

"Assistance to child care programs to increase the quality and continuity of care by retaining highly qualified child care staff working directly with children through enhanced compensation.

p. 12, lines 14 - 19, Monitoring and Technical Assistance. Prior discussions of allowable activities for the Early Learning Fund have not included this provision. Given the proposed State match requirement (20%), monitoring and TA should be limited to 10% in the first three years. As the need for technical assistance is largest during the start-up years and will diminish once states have their programs in operation, the cap for monitoring and technical assistance should decrease to 5% in the fourth year.

p. 13, lines 4-6: delete everything that follows "home" until the end of (A) and insert, "visiting programs."

p. 13, line 8, Add "consumer education information" to the list of allowable activities.

p. 14, lines 15 and 16, Subsection vi: Replace with - "progress toward achievement of each performance goal, for each specific, quantifiable and measurable objective."

p. 14, insert new (vii) and renumber.
"(vii) expenditures by category and the number and average dollar amount expended in each category;

p. 14, insert new (G), so that, consistent with the requirement that states coordinate the early learning program with the 4% quality set-aside, they also fulfill two of the reporting requirements (sections vii and viii) for funds under the 4% quality set-aside.

" (G) in accordance with Section 658(T)(b)(2)(F), state reporting requirements under Section 658(K)(a)(2)(F)(vii) and (viii) shall apply to funds under Section 658(G)(a).

p. 15 - 20, add a section limiting the amount of the scholarship to a maximum of $1,500, the cap cited in the roll-out documents.

p. 17, Subsection ii, fourth line - replace "salary increase" with "additional financial incentive."

p. 19, line 15: Replace 658G(c) with 658G(b).

p. 20, line 9, insert new sections and renumber. The mechanics of this new reporting provision can be addressed in regulations.

(iv) the number and percentage of child care workers receiving scholarship grants in the previous year who fulfilled their 1 year commitment.

p. 20, Allocate Standards Enforcement funding to States to provide incentives to States to increase the proportion of child care centers inspected, using an approach similar to S. 1577 (Chafee) (see attached language). Reduce Standards Enforcement funding to States for States that inspect a low percentage of child care centers. Require that an increasing proportion of State centers be inspected each year.

p. 20, line 17: Is this reference to section 3(c)(2) of the draft bill correct?

p. 21, line 3: Replace 658(c) with 658B(c).

p. 21, line 10. Add the following sections and renumber.
(C) development and dissemination of local report cards on child care providers;

p. 22, line 9: What allotment under Section 658O?

p. 22, line 19, add the underlined language:
(I) the number and percentage of facilities inspected (and the number of facilities receiving more than one inspection) and a comparison to the prior year's inspection rate.

p. 23, line 1, insert the following and renumber.
(iii) the number of deficiencies remedied upon subsequent inspection, by type of deficiency.

p. 24, line 22, insert the following and renumber.
(2) RESEARCH ON GOOD POLICIES AND PRACTICES. - Research designed to identify good child care policies and practices, including the types of child care settings, parent activities, and provider training that most benefit the early development of children.

(3) RESEARCH ON RETENTION OF CHILD CARE PROVIDER STAFF. - Research on factors affecting retention of child care provider staff, including the National Child Care Provider Scholarship Program under Section 658G(b) and its subsequent effect on outcomes for children.

p. 25, lines 4 - 9 delete the existing language for DEMONSTRATION PROJECTS and add the following:

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Add a section stating that the Secretary shall promulgate rules for the Early Learning Program, National Child Care Provider Scholarship Program, and Standards Enforcement Program. For the Scholarship program, specify that the rules shall include provisions for the enforceability of contractual agreements.

Sample Child Care Standards Enforcement Program funds allocation language
(from S.1577)

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

(1) in paragraph (1), in the matter preceding subparagraph (A), by inserting `, subject to paragraph (5),' after `shall'; and

(2) by adding at the end the following:

`(5) INCREASED OR DECREASED ALLOTMENT BASED ON STATE INSPECTION RATE-

`(A) INCREASED ALLOTMENT FOR FISCAL YEARS 1999, 2000, AND 2001-

`(I) IN GENERAL- Subject to clause (iii), for fiscal years 1999, 2000, and 2001, the allotment determined for a State under paragraph (1) for each such fiscal year shall be increased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State--

`(I) that certifies to the Secretary that the State has not reduced the scope of any State child care health or safety standards or requirements that were in effect in calendar year 1996; and

`(II) that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)), that equaled or exceeded the target inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

`(ii) TARGET INSPECTION AND ENFORCEMENT PERCENTAGE- For purposes of clause (I)(II), the target inspection and enforcement percentage is--

`(I) for fiscal year 1999, 75 percent;

`(II) for fiscal year 2000, 80 percent; and

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`(iii) PRO RATA REDUCTIONS IF INSUFFICIENT APPROPRIATIONS- The Secretary shall make pro rata reductions in the percentage increase otherwise required under clause (I) for a State allotment for a fiscal year as necessary so that the aggregate of all the allotments made under this section do not exceed the amount appropriated for that fiscal year under section 658B.

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`(I) IN GENERAL- The allotment determined for a State under paragraph (1) for each of fiscal years 2000 and 2001 shall be decreased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)) that was below the minimum inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

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such

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-- DRAFT --

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-- **DRAFT** --

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p. 9, line 22 and p. 10, line 1. Requires States to "ensure that a significant share of grant funds [Early Learning Fund] are awarded to low income communities." The statute should define a minimum "significant share." Draft language for 70%.

p. 10, lines 15 - 22 and p. 11, lines 1-2, strike (E) and insert the following:

"(E) PERFORMANCE GOALS AND MEASURES.--The plan shall specify performance goals to be achieved and the performance measures to be used to assess progress toward such goals under the plan. The goals and measures shall be developed pursuant to guidance provided by the Secretary and with appropriate input of local government authorities in accordance with section 658D(b)(2). Such goals and measures shall be designed to improve child development through coordination with health care services, enhanced early learning environments, parental involvement, consumer education, and increased rates of accreditation by nationally recognized accreditation organizations. The State shall also describe, pursuant to guidance provided by the Secretary, the steps to be taken by the State and/or grantees if sufficient progress is not made toward the performance goals during the time period covered by the plan.

Each objective should include both interim benchmarks and a long term timetable, as appropriate, for achieving the objective. The outcome performance and reporting language should be written so that it would apply for the Early Learning Fund money **and** the 4% Quality Set-Aside money. This will require the State to provide a comprehensive and coordinated picture of monies spent to enhance the overall quality of child care.

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p. 11, line 6 reorder the sequence of allowable activities to make INFORMATION AND RESOURCES first (1).

p. 11, line 13: Strike all from "to levels" through the end of line 14.

p. 12, lines 10 - 13, Salary and Benefit enhancements have not been included in previous discussions of allowable activities for the Early Learning Fund, and there are no measures in place to ensure that all the money does not simply get divided up among all the providers in a community as a salary enhancement. The bill should cap the amount of the state grant that can be used for salary enhancement at 10% and limit increases to staff working directly with children. Add the following underlined language:

"Assistance to child care programs to increase the quality and continuity of care <u>by retaining highly qualified child care staff working directly with children</u> through enhanced compensation.

p. 12, lines 14 - 19, Monitoring and Technical Assistance. Prior discussions of allowable activities for the Early Learning Fund have not included this provision. Monitoring and TA should be limited to 5% given the proposed State match requirement (20%).

p. 13, lines 4-6: delete everything that follows "home" until the end of (A) and

insert, "visiting programs."
p. 13, line 8, Add "consumer education information" to the list of allowable activities.

p. 14, lines 15 and 16, Subsection vi: Replace with - "progress toward achievement of each performance goal, for each specific, quantifiable and measurable objective."

p. 14, insert new (vii) and renumber.
"(vii) expenditures by category and the number and average dollar amount expended in each category;

p. 15 - 20, add a section limiting the amount of the scholarship to a maximum of $1,500, the cap cited in the roll-out documents.

p. 17, Subsection ii, fourth line - replace "salary increase" with "additional financial incentive."

p. 19, line 15: Replace 658G(c) with 658G(b).

as reported by cc worker
p. 20, line 9, insert new sections and renumber.
(iv) the number and percentage of child care workers receiving scholarship grants in the previous year who fulfilled their 1 year commitment.

?
p. 20, Allocate Standards Enforcement funding to States to provide incentives to States to increase the proportion of child care centers inspected, using an approach similar to S. 1577 (Chafee) (see attached language). Reduce Standards Enforcement funding to States for States that inspect a low percentage of child care centers. Require that an increasing proportion of State centers be inspected each year.

p. 20, line 17: Is this reference to section 3(c)(2) of the draft bill correct?

p. 21, line 3: Replace 658(c) with 658B(b).

p. 21, line 10. Add the following sections and renumber.
(C) development and dissemination of local report cards on child care providers;

p. 22, line 9: What allotment under Section 658O?

p. 22, line 19, add the underlined language:
(I) the number and percentage of facilities inspected (and the number of facilities receiving more than one inspection) and a comparison to the prior year's inspection rate.

p. 23, line 1, insert the following and renumber.
(iii) the number of deficiencies remedied upon subsequent inspection, by type of deficiency.

p. 24, line 22, insert the following and renumber.
(2) RESEARCH ON GOOD POLICIES AND PRACTICES. - Research designed to identify good child care policies and practices, including the types of child care settings, parent activities, and provider training that most benefit the early development of children.

p. 25, lines 4 - 9 delete the existing language for DEMONSTRATION PROJECTS and add the following:

"(3) DEMONSTRATION PROJECTS FOR NEW METHODS.--Demonstration projects addressing ways to assist parents, such as parents who choose to stay at home with their children and parents with particular child care needs, such as parents of children with special health care needs or disabilities.

Sample Child Care Standards Enforcement Program funds allocation language (from S.1577)

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

(1) in paragraph (1), in the matter preceding subparagraph (A), by inserting `, subject to paragraph (5),' after `shall'; and

(2) by adding at the end the following:

`(5) INCREASED OR DECREASED ALLOTMENT BASED ON STATE INSPECTION RATE-

`(A) INCREASED ALLOTMENT FOR FISCAL YEARS 1999, 2000, AND 2001-

`(i) IN GENERAL- Subject to clause (iii), for fiscal years 1999, 2000, and 2001, the allotment determined for a State under paragraph (1) for each such fiscal year shall be increased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State--

`(I) that certifies to the Secretary that the State has not reduced the scope of any State child care health or safety standards or requirements that were in effect in calendar year 1996; and

`(II) that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)), that equaled or exceeded the target inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

`(ii) TARGET INSPECTION AND ENFORCEMENT PERCENTAGE- For purposes of clause (I)(II), the target inspection and enforcement percentage is--

`(I) for fiscal year 1999, 75 percent;

`(II) for fiscal year 2000, 80 percent; and

`(III) for fiscal year 2001, 100 percent.

`(iii) PRO RATA REDUCTIONS IF INSUFFICIENT APPROPRIATIONS- The Secretary shall make pro rata reductions in the percentage increase otherwise required under clause (I) for a State allotment for a fiscal year as necessary so that the aggregate of all the allotments made under this section do not exceed the amount appropriated for that fiscal year under section 658B.

`(B) DECREASED ALLOTMENT FOR FISCAL YEARS 2000 AND 2001-

`(I) IN GENERAL- The allotment determined for a State under paragraph (1) for each of fiscal years 2000 and 2001 shall be decreased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)) that was below the minimum inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

`(ii) MINIMUM INSPECTION AND ENFORCEMENT PERCENTAGE- For purposes of clause (I), the minimum inspection and enforcement percentage is--

`(I) for fiscal year 2000, 50 percent; and
`(II) for fiscal year 2001, 75 percent.

`(iii) REQUIREMENT TO EXPEND STATE FUNDS TO REPLACE REDUCTION- If the allotment determined for a State for a fiscal year is reduced by reason of clause (I), the State shall, during the immediately succeeding fiscal year, expend additional State funds under the State plan funded under this subchapter by an amount equal to the amount of

such

reduction.'