

ELIZABETH FURSE
1ST DISTRICT, OREGON

COMMITTEE:
COMMERCE

SUBCOMMITTEE ON
ENERGY AND POWER

SUBCOMMITTEE ON
HEALTH AND ENVIRONMENT

SUBCOMMITTEE ON
FINANCE AND HAZARDOUS MATERIALS

Congress of the United States
House of Representatives
Washington, DC 20515-3701

OREGON OFFICE:
MONTGOMERY PARK
2701 NW VAUGHN, #860
PORTLAND, OR 97210-5391
(503) 326-2901
TOLL FREE (800) 322-4003
FAX (503) 326-5066

WASHINGTON OFFICE:
316 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-0855
FAX (202) 225-9497
e-mail: Rep.Elizabeth.Furse@mail.house.gov
www.house.gov/furse/

FAX TRANSMITTAL FORM 1
FAX NUMBER: (202) 225-9497
PHONE NUMBER: (202) 225-0855

Date: 5/29

To:

Mary Smith

Room 213 1/2

Democratic Policy Committee

From:

Marie Rietmann

Number of pages, including cover pages: 6

IF YOU DID NOT RECEIVE THIS TRANSMISSION IN ITS ENTIRETY OR IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PLEASE CALL US IMMEDIATELY AT (202) 225-0855. THIS TRANSMISSION MAY INCLUDE CONFIDENTIAL INFORMATION AND IS INTENDED ONLY FOR THE INDIVIDUAL OR ENTITY NAMED ABOVE. ANY OTHER PERSON THAN THE INTENDED RECIPIENT (OR OTHERS AUTHORIZED BY THE INTENDED RECIPIENTS) IS PROHIBITED FROM READING, COPYING, OR DISTRIBUTING THIS TRANSMISSION.

COMMENTS:

FYI, Please call if you have questions. Thanks for calling.

ELIZABETH FURSE
1ST DISTRICT, OREGON

COMMITTEE:
COMMERCE

SUBCOMMITTEE ON
ENERGY AND POWER

SUBCOMMITTEE ON
HEALTH AND ENVIRONMENT

SUBCOMMITTEE ON
FINANCE AND HAZARDOUS MATERIALS

Congress of the United States
House of Representatives
Washington, DC 20515-3701

Children's National Security Act
Description of H.R. 1726

OREGON OFFICE:
MONTGOMERY PARK
2701 NW VAUGHN, #860
PORTLAND, OR 97210-5391
(503) 326-2901
TOLL FREE (800) 422-4003
FAX (503) 326-5056

WASHINGTON OFFICE:
316 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-0855
FAX (202) 225-9487
e-mail: Rep.Elizabeth.Furse@mail.house.gov
www.house.gov/furse/

Remember the phrase women and children first? From the perspective of the United States House of Representatives that adage should be changed to children last. Recent reports show that children in America are more at risk than their contemporaries in any other industrialized country in the world.

National security means much more than weapons systems and soldiers. The Children's National Security Act will provide real national security to our nation's children by addressing critical needs such as health care, childcare, safety and education. This legislation is about priorities and funding what is truly important to our nation's families.

Fifteen Democratic women House Members have joined together and submitted 24 individual pieces of legislation to this omnibus bill. The Children's National Security Act is deficit-neutral, funded with savings in Pentagon spending.

It is time to change the focus of our priorities to reflect the fact that national security means providing children a quality education, access to health care, and a safe place to live and learn. We cannot continue to invest in outdated weapons systems and excessive infrastructure while neglecting our children. This omnibus bill will improve the lives of children in America. It provides real national security to our nation's children by addressing their critical needs.

Among the initiatives included in this package are health insurance for kids, health care research and education, assistance for caregivers, multi-generational foster care, firearm child safety lock requirement, school construction and increasing economic security for families.

Now that there is wide agreement that we must balance the federal budget, we must make tough fiscal choices. The Children's National Security Act is about priorities and funding what is truly important to our nation's families.

As Congress makes the tough fiscal decisions necessary to balance the federal budget by the year 2002, we must consider our future national security. The Democratic women in the House of Representatives have joined to declare that providing children access to health care, a safe environment and a quality education is the kind of investment that will secure our nation's future. The Children's National Security Act puts our children first, exactly where they belong.

Children's National Security Act

Section-by-section analysis

TITLE I - HEALTHY FUTURE

Diana DeGette

Section 101. *Medicaid Low-Income Children Presumptive Eligibility*: Encourages states to increase Medicaid participation among the 3 million uninsured children who are now eligible but not enrolled by extending the "presumptive eligibility" standard that was established for pregnant women in the 1990 budget reconciliation bill. *Note*

Elizabeth Furse

Section 102. *Children Health Insurance Access*: Requires insurance companies to provide an affordable "kids-only" policy to cover children from birth to age 16. Builds upon the Kennedy-Kassebaum portability bill by prohibiting insurance companies from denying access to health insurance to children. *Note*

Section 103. *Diabetes Research*: Would essentially double the funds available for diabetes research at the National Institutes of Health to over \$300 million. In light of the scientific revelations brought forth by leading researchers and endocrinologists, we are at a critical point in diabetes research and should take bold steps to secure the dramatic breakthroughs that are within our grasp. As a nation, diabetes and its tragic complications cost our nation over \$100 billion every year. Everyday, thousands of people go blind, have extremity amputations, or develop heart disease as a result of diabetes.

Juanita Millender-McDonald

Section 104. *Fully funds National Bone Marrow Registry*: Would increase the representation of children from racial and ethnic minority groups and people with mixed ancestry. *yes*

Louise Slaughter

Section 105. *Genetic Information Nondiscrimination in Health Insurance*: Prohibits discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services. *maybe?*

Louise Slaughter and Nita Lowey

Section 106. *Eating Disorders Information and Education*: Establishes a program of providing information and education to the public on the prevention and treatment of eating disorders.

Louise Slaughter

Section 107. *Primary Care Promotion*: Continues full-time-equivalent resident reimbursement for an additional one year under Medicare for direct graduate medical education for residents enrolled in combined approved primary care medical residency training programs. *?*

Maxine Waters

Section 108. *Grandparent and Family Caregiver Support*: Ensures that grandparent and family caregivers are not subject to work participation requirements and benefit time limits imposed under the new Temporary Assistance for Needy Families Block Grant Program. States providing support for these non-parental relative caregivers would be eligible to receive a federal grant equal to the amount they expend to provide assistance to these caregivers beyond the federally imposed five-year benefit time limit.

TITLE II - CARING FOR FAMILIES

Darlene Hooley

Section 201. *Multi-generational Foster Care*: Uses low-income housing and HHS funds to create a demonstration project that pairs retired seniors with foster children who are hungry for attention and affection in a way that will potentially enrich all their lives.

Cynthia McKinney

Section 202. *Middle Class Child Care Affordability*: Offers relief to working parents who must provide day care for their children. The present tax code offers a tax credit for dependent care expenses which provides barely \$480 a year to an individual earning \$30,000 with one dependent. This legislation would give that same individual a credit of \$900 instead. Currently, the tax credit percentage is reduced as the individual's income increases above \$10,000. This provision increases income threshold from \$10,000 to \$20,000 so that those who earn an adjusted gross income of \$20,000 and below would enjoy the full 30% tax credit for allowed expenses. It would also increase the qualified expenses from \$2,400 to \$3,600 for one dependent, and likewise \$4,800 to \$5,400 for two or more dependents. Finally, it would make the credit refundable.

Eleanor Holmes Norton

Section 203. *Parental Leave Equity*: Ensures that employees who choose to care for a foster child or adopt a child will benefit from the same leave policy as their co-workers who are birth parents. Does not mandate that employers provide leave benefits beyond existing law, but rather that if they choose to provide such benefits, they do so for all parents equitably.

Carolyn Maloney

Section 204. *Standby Guardianship*: Allows parents to choose standby guardians before becoming unable to care for their children. Reduces amount of time children spend lingering in foster care until the courts determine what to do with the child.

Section 205. *Omnibus Foster Care Reform*: Establishes foster parents as the presumptive preference for placing adoptive children, requires that state child protective services locate and evaluate the biological father when the child is removed from the mother's care, gives new permanent legal status to kinship guardianship, and requires that states administer qualifying exams to all caseworkers who deal with child protective services.

Lynn Woolsey

Section 206. *Working Families Child Care*: Provides the \$1.4 billion shortfall identified by CBO in child care funds for working families resulting from the new welfare law. \$500 million is also provided for geographic areas where there are child care shortages. This legislation provides child care services to families who have left welfare due to employment, families who are at risk of going on welfare because of lack of child care and low-income families.

TITLE III - FAMILY SAFETY

Sheila Jackson Lee

Section 301. *Date Rape Prevention*: Directs Attorney General to reschedule GHB (Gamma y-hydroxybutyrate) as a schedule I drug and Ketamine as a schedule II drug. Last fall, a young woman from La Porte, TX, died when, without her knowledge, GHB was slipped into her soft drink. GHB and Ketamine have been used as "date rape" drugs rendering the victim helpless to defend herself against the attack and even obliterating memory of the attack.

Carolyn Maloney

Section 302. *Child Abuse Accountability*: Permits the assignment of rights to private employee pension benefits if necessary to satisfy a judgment against a person for physically, sexually, or emotionally abusing a child.

Louise Slaughter

Section 303. *Protection from Sexual Predators*

Juanita Millender-McDonald

Section 304. *Firearm Child Safety Lock*: Prohibits the sale or transfer of a firearm in the United States unless it is equipped with a child safety lock that prevents the firearm from accidentally discharging. Authorizes funding for various agencies to produce public service announcements and counter advertisements, educating parents about the proper storage of firearms.

Nita Lowey

Section 305. *Safe and Sober Streets*: Encourages states to lower the legal level of Driving While Intoxicated to .08 Blood Alcohol Concentration level. 15 states have adopted laws lowering the DWI level to .08. A study of the first five states to enact .08 found that those states experienced a 16% reduction in fatal crashes involving drivers with a BAC of .08 or higher and concluded that up to 600 lives would be saved each year nationwide if every states adopted the .08 standard.

Section 306. *Deadly Driver Reduction*: Penalizes states that don't impose a series of mandatory minimum penalties for alcohol-related offenses. Under the law, states would have to impose a six-month license revocation for two alcohol-related convictions, and permanently revoke licenses for three such offenses. Studies by the National Highway Traffic Safety Administration show that a third of all drivers arrested or convicted of DWI each year are repeat offenders. Drivers with prior DWI convictions are also more likely to be involved in fatal crashes.

TITLE IV - ECONOMIC SECURITY

Eva Clayton

Section 401. *Family Investment Package*: Expands the dependent care tax credit, establishes scholarship fund for early childhood teachers, creates a community reinvestment fund, expands parental leave, doubles the child care and development block grant and establishes a tax credit for employers that provide child care benefits to their employees.

Zoe Lofgren

Section 402. *Single Parent Protection*: Allows tax credit for person entitled to receive child support equal to amount of unpaid child support. Increases tax liability by same amount of person required to pay such support.

Patsy Mink

Section 403. *Work for Real Wages*: Helps welfare families in workfare and community service jobs achieve income that will support their children by allowing them to qualify for the Earned Income Tax Credit. Requires that any unpaid work required as a condition of receiving benefits be credited as wages for the purposes of calculating EITC. Hours worked without direct compensation will be credited as though minimum wage were paid.

TITLE V - EDUCATING OUR CHILDREN

Nita Lowey

Partnership to Rebuild America's Schools: Schools are crumbling across the country. According to the GAO, it will cost \$112 billion to repair them. Rural, urban and suburban districts all face serious problems. This legislation provides \$5 billion in assistance to local communities that are now struggling to meet urgent school repair needs and to deal with severe overcrowding. Under the bill, half the funds would be distributed by states to school districts with the greatest need for assistance. The other half would be distributed directly to the 100 school districts with the highest numbers of poor children. School districts would be required to use these federal funds to leverage state and local support. Thus, the \$5 billion federal investment would result in an estimated \$20 billion for school renovation and construction.

TITLE VI - BUDGETING PROVISIONS

Provides for determining new budget authority and outlays resulting from this Act and reducing the national defense budget function by the amount necessary to offset the total increases.

Children's National Security Act

Section-by-section analysis

TITLE I - HEALTHY FUTURE

Diana DeGette

Section 101. *Medicaid Low-Income Children Presumptive Eligibility*: Encourages states to increase Medicaid participation among the 3 million uninsured children who are now eligible but not enrolled by extending the "presumptive eligibility" standard that was established for pregnant women in the 1990 budget reconciliation bill.

Elizabeth Furse

Section 102. *Children Health Insurance Access*: Requires insurance companies to provide an affordable "kids-only" policy to cover children from birth to age 16. Builds upon the Kennedy-Kassebaum portability bill by prohibiting insurance companies from denying access to health insurance to children.

Section 103. *Diabetes Research*: Would essentially double the funds available for diabetes research at the National Institutes of Health to over \$300 million. In light of the scientific revelations brought forth by leading researchers and endocrinologists, we are at a critical point in diabetes research and should take bold steps to secure the dramatic breakthroughs that are within our grasp. As a nation, diabetes and its tragic complications cost our nation over \$100 billion every year. Everyday, thousands of people go blind, have extremity amputations, or develop heart disease as a result of diabetes.

Juanita Millender-McDonald

Section 104. *Fully funds National Bone Marrow Registry*: Would increase the representation of children from racial and ethnic minority groups and people with mixed ancestry.

Louise Slaughter

Section 105. *Genetic Information Nondiscrimination in Health Insurance*: Prohibits discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services.

Louise Slaughter and Nita Lowey

Section 106. *Eating Disorders Information and Education*: Establishes a program of providing information and education to the public on the prevention and treatment of eating disorders.

Louise Slaughter

Section 107. *Primary Care Promotion*: Continues full-time-equivalent resident reimbursement for an additional one year under Medicare for direct graduate medical education for residents enrolled in combined approved primary care medical residency training programs.

Maxine Waters

Section 108. *Grandparent and Family Caregiver Support*: Ensures that grandparent and family caregivers are not subject to work participation requirements and benefit time limits imposed under the new Temporary Assistance for Needy Families Block Grant Program. States providing support for these non-parental relative caregivers would be eligible to receive a federal grant equal to the amount they expend to provide assistance to these caregivers beyond the federally imposed five-year benefit time limit.

TITLE II - CARING FOR FAMILIES

Darlene Hooley

Section 201. *Multi-generational Foster Care*: Uses low-income housing and HHS funds to create a demonstration project that pairs retired seniors with foster children who are hungry for attention and affection in a way that will potentially enrich all their lives.

**Cynthia McKinney**

Section 202. *Middle Class Child Care Affordability*: Offers relief to working parents who must provide day care for their children. The present tax code offers a tax credit for dependent care expenses which provides barely \$480 a year to an individual earning \$30,000 with one dependent. This legislation would give that same individual a credit of \$900 instead. Currently, the tax credit percentage is reduced as the individual's income increases above \$10,000. This provision increases income threshold from \$10,000 to \$20,000 so that those who earn an adjusted gross income of \$20,000 and below would enjoy the full 30% tax credit for allowed expenses. It would also increase the qualified expenses from \$2,400 to \$3,600 for one dependent, and likewise \$4,800 to \$5,400 for two or more dependents. Finally, it would make the credit refundable.

Eleanor Holmes Norton

Section 203. *Parental Leave Equity*: Ensures that employees who choose to care for a foster child or adopt a child will benefit from the same leave policy as their co-workers who are birth parents. Does not mandate that employers provide leave benefits beyond existing law, but rather that if they choose to provide such benefits, they do so for all parents equitably.

Carolyn Maloney

Section 204. *Standby Guardianship*: Allows parents to choose standby guardians before becoming unable to care for their children. Reduces amount of time children spend lingering in foster care until the courts determine what to do with the child.



Section 205. *Omnibus Foster Care Reform*: Establishes foster parents as the presumptive preference for placing adoptive children, requires that state child protective services locate and evaluate the biological father when the child is removed from the mother's care, gives new permanent legal status to kinship guardianship, and requires that states administer qualifying exams to all caseworkers who deal with child protective services.

**Lynn Woolsey**

Section 206. *Working Families Child Care*: Provides the \$1.4 billion shortfall identified by CBO in child care funds for working families resulting from the new welfare law. \$500 million is also provided for geographic areas where there are child care shortages. This legislation provides child care services to families who have left welfare due to employment, families who are at risk of going on welfare because of lack of child care and low-income families.

ELIZABETH FURSE
1ST DISTRICT, OREGON

COMMITTEE:
COMMERCE

SUBCOMMITTEE ON
ENERGY AND POWER

SUBCOMMITTEE ON
HEALTH AND ENVIRONMENT

SUBCOMMITTEE ON
FINANCE AND HAZARDOUS MATERIALS

Congress of the United States
House of Representatives
Washington, DC 20515-3701

Children's National Security Act
Description of H.R. 1726

OREGON OFFICE:
MONTGOMERY PARK
2701 NW VAUGHN, #860
PORTLAND, OR 97210-5381
(503) 326-2901
TOLL FREE (800) 422-4003
FAX (503) 326-5056

WASHINGTON OFFICE:
316 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-0855
FAX (202) 225-9487
e-mail: Rep.Elizabeth.Furse@mail.house.gov
www.house.gov/furse/

Remember the phrase women and children first? From the perspective of the United States House of Representatives that adage should be changed to children last. Recent reports show that children in America are more at risk than their contemporaries in any other industrialized country in the world.

National security means much more than weapons systems and soldiers. The Children's National Security Act will provide real national security to our nation's children by addressing critical needs such as health care, childcare, safety and education. This legislation is about priorities and funding what is truly important to our nation's families.

Fifteen Democratic women House Members have joined together and submitted 24 individual pieces of legislation to this omnibus bill. The Children's National Security Act is deficit-neutral, funded with savings in Pentagon spending.

It is time to change the focus of our priorities to reflect the fact that national security means providing children a quality education, access to health care, and a safe place to live and learn. We cannot continue to invest in outdated weapons systems and excessive infrastructure while neglecting our children. This omnibus bill will improve the lives of children in America. It provides real national security to our nation's children by addressing their critical needs.

Among the initiatives included in this package are health insurance for kids, health care research and education, assistance for caregivers, multi-generational foster care, firearm child safety lock requirement, school construction and increasing economic security for families.

Now that there is wide agreement that we must balance the federal budget, we must make tough fiscal choices. The Children's National Security Act is about priorities and funding what is truly important to our nation's families.

As Congress makes the tough fiscal decisions necessary to balance the federal budget by the year 2002, we must consider our future national security. The Democratic women in the House of Representatives have joined to declare that providing children access to health care, a safe environment and a quality education is the kind of investment that will secure our nation's future. The Children's National Security Act puts our children first, exactly where they belong.

1 of 1 items

CQ's WASHINGTON ALERT 06/10/97

HRI726 Furse (D-OR) 05/22/97 (3649 lines)
 Introduced in House

To establish as an element of the national security of the United States the importance of providing for the health, safety, and education of children in the United States.

Special typefaces used in this bill version:

// \\ Italic
!! !! Bold roman

Item Key: 3722

105TH CONGRESS
1ST SESSION

H. R. 1726

To establish as an element of the national security of the United States the importance of providing for the health, safety, and education of children in the United States.

=====

IN THE HOUSE OF REPRESENTATIVES

May 22, 1997

Ms. FURSE (for herself, Mrs. CLAYTON, Ms. DEGETTE, Ms. HOOLEY of Oregon, Ms. JACKSON-LEE of Texas, Ms. LOFGREN, Mrs. LOWEY, Ms. MCKINNEY, Mrs. MALONEY of New York, Ms. MILLENDER-MCDONALD, Mrs. MINK of Hawaii, Ms. NORTON, Ms. SLAUGHTER, Ms. WATERS, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means, Education and the Workforce, the Judiciary, Transportation and Infrastructure, Banking and Financial Services, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

=====

A BILL

To establish as an element of the national security of the United States the importance of providing for the health, safety, and education of children in the United States.

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

!!SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.!!

(a) SHORT TITLE.--This Act may be cited as the "Children's National Security Act".

(b) TABLE OF CONTENTS.--The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I--HEALTHY FUTURE

Sec. 101. Medicaid presumptive eligibility for low-income children.
Sec. 102. Amendment to Public Health Service Act.
Sec. 103. Diabetes research.
Sec. 104. Extension of Bone Marrow Program; provision regarding

✓

- bone marrow registry and children of mixed ancestry.
- Sec. 105. Genetic information nondiscrimination in health insurance.
- Sec. 106. Eating disorders information and education.
- Sec. 107. Medicare special reimbursement rule for primary care combined residency programs.
- Sec. 108. Grandparent and family caregiver support.

TITLE II--CARING FOR FAMILIES

- Sec. 201. Intergenerational foster care housing demonstration.
- Sec. 202. Middle class child care affordability.
- Sec. 203. Leave for adopted and foster children.
- Sec. 204. States required to have standby guardianship law as a condition of eligibility for Federal funds for foster care and adoption assistance.
- Sec. 205. Omnibus foster care improvement.
- Sec. 206. Working families child care.

TITLE III--FAMILY SAFETY

- Sec. 301. Prevention of date rape.
- Sec. 302. Child Abuse Accountability Act.
- Sec. 303. Protection from sexual predators.
- Sec. 304. Child safety locks for firearms.
- Sec. 305. Safe and sober streets.
- Sec. 306. Minimum sentence for a person who operates a motor vehicle while alcohol-impaired.
- Sec. 307. Handgun safety.

TITLE IV--ECONOMIC SECURITY

- Sec. 401. Family investment package.
- Sec. 402. Single Parent Protection Act.
- Sec. 403. Work for Real Wages Act.

TITLE V--EDUCATING OUR CHILDREN

PART 1--PROGRAM AUTHORIZED

- Sec. 501. Findings and purposes.
- Sec. 502. Definitions.
- Sec. 503. Funds appropriated.
- Sec. 504. Allocation of funds.

PART 2--GRANTS TO STATES

- Sec. 511. Allocation of funds.
- Sec. 512. Eligible State agency.
- Sec. 513. Allowable use of funds.
- Sec. 514. Eligible construction projects; period of initiation.
- Sec. 515. Selection of localities and projects.
- Sec. 516. State applications.
- Sec. 517. Amount of Federal subsidy.
- Sec. 518. Separate funds or accounts' prudent investment.
- Sec. 519. State reports.

PART 3--DIRECT GRANTS TO LOCAL EDUCATIONAL AGENCIES

- Sec. 521. Eligible local educational agencies.
- Sec. 522. Grantees.
- Sec. 523. Allowable use of funds.
- Sec. 524. Eligible construction projects; redistribution.
- Sec. 525. Local applications.
- Sec. 526. Formula grants.
- Sec. 527. Competitive grants.
- Sec. 528. Amount of Federal subsidy.
- Sec. 529. Separate funds or accounts; prudent investment.
- Sec. 530. Local reports.

PART 4--GENERAL PROVISIONS

Sec. 531. Technical employees.
Sec. 532. Wage rates.
Sec. 533. No liability of Federal Government.
Sec. 534. Consultation with Secretary of the Treasury.

TITLE VI--BUDGETING PROVISIONS

Sec. 601. Increase in budget functions for domestic programs.
Sec. 602. Offsetting reductions in defense budget functions.

!!TITLE I--HEALTHY FUTURE!!

!!SEC. 101. MEDICAID PRESUMPTIVE ELIGIBILITY FOR LOW-INCOME CHILDREN.!!

(a) IN GENERAL.--Title XIX of the Social Security Act is amended by inserting after section 1920 the following new section:

"PRESUMPTIVE ELIGIBILITY FOR CHILDREN

"SEC. 1920A. (a) A State plan approved under section 1902 may provide for making medical assistance with respect to health care items and services covered under the State plan available to a child during a presumptive eligibility period.

"(b) For purposes of this section:

"(1) The term 'child' means an individual under 19 years of age.

"(2) The term 'presumptive eligibility period' means, with respect to a child, the period that--

"(A) begins with the date on which a qualified entity determines, on the basis of preliminary information, that the family income of the child does not exceed the applicable income level of eligibility under the State plan, and

"(B) ends with (and includes) the earlier of--

"(i) the day on which a determination is made with respect to the eligibility of the child for medical assistance under the State plan, or

"(ii) in the case of a child on whose behalf an application is not filed by the last day of the month following the month during which the entity makes the determination referred to in subparagraph (A), such last day.

"(3)(A) Subject to subparagraph (B), the term 'qualified entity' means any entity that--

"(i)(I) is eligible for payments under a State plan approved under this title and provides items and services described in subsection (a) or (II) is authorized to determine eligibility of a child to participate in a Head Start program under the Head Start Act (42 U.S.C. 9821 et seq.), eligibility of a child to receive child care services for which financial assistance is provided under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), eligibility of an infant or child to receive assistance under the special supplemental nutrition program for women, infants, and children (WIC) under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); and

"(ii) is determined by the State agency to be capable of making determinations of the type described in paragraph (1)(A).

"(B) The Secretary may issue regulations further limiting those entities that may become qualified entities in order to prevent fraud and abuse and for other reasons.

"(C) Nothing in this section shall be construed as preventing a State from limiting the classes of entities that may become qualified entities, consistent with any limitations imposed under subparagraph (B).

"(c)(1) The State agency shall provide qualified entities with--

"(A) such forms as are necessary for an application to be

made on behalf of a child for medical assistance under the State plan, and

"(B) information on how to assist parents, guardians, and other persons in completing and filing such forms.

"(2) A qualified entity that determines under subsection (b)(1)(A) that a child is presumptively eligible for medical assistance under a State plan shall--

"(A) notify the State agency of the determination within 5 working days after the date on which determination is made, and

"(B) inform the parent or custodian of the child at the time the determination is made that an application for medical assistance under the State plan is required to be made by not later than the last day of the month following the month during which the determination is made.

"(3) In the case of a child who is determined by a qualified entity to be presumptively eligible for medical assistance under a State plan, the parent, guardian, or other person shall make application on behalf of the child for medical assistance under such plan by not later than the last day of the month following the month during which the determination is made, which application may be the application used for the receipt of medical assistance by individuals described in section 1902(1)(1).

"(d) Notwithstanding any other provision of this title, medical assistance for items and services described in subsection (a) that--

"(1) are furnished to a child--

"(A) during a presumptive eligibility period,

"(B) by a entity that is eligible for payments under the State plan; and

"(2) are included in the care and services covered by a State plan;

shall be treated as medical assistance provided by such plan for purposes of section 1903."

(b) CONFORMING AMENDMENTS.--(1) Section 1902(a)(47) of such Act (42 U.S.C. 1396a(a)(47)) is amended by inserting before the semicolon at the end the following: "and provide for making medical assistance for items and services described in subsection (a) of section 1920A available to children during a presumptive eligibility period in accordance with such section".

(2) Section 1903(u)(1)(D)(v) of such Act (42 U.S.C. 1396b(u)(1)(D)(v)) is amended by inserting before the period at the end the following: "or for items and services described in subsection (a) of section 1920A provided to a child during a presumptive eligibility period under such section".

(c) EFFECTIVE DATE.--The amendments made by this section shall take effect on the date of the enactment of this Act.

!!SEC. 102. AMENDMENT TO PUBLIC HEALTH SERVICE ACT.!!

(a) IN GENERAL.--Title XXVII of the Public Health Service Act, as added by section 111(a) of the Health Insurance Portability and Accountability Act of 1996, is amended by inserting after section 2741 the following new section:

!!"SEC. 274. GUARANTEED AVAILABILITY OF INDIVIDUAL HEALTH INSURANCE COVERAGE TO UNINSURED CHILDREN.!!

"(a) GUARANTEED AVAILABILITY.--

"(1) IN GENERAL.--Subject to the succeeding subsections of this section, each health insurance issuer that offers health insurance coverage (as defined in section 2791(b)(1)) in the individual market in a State, in the case of an eligible child (as defined in subsection (b)) desiring to enroll in individual health insurance coverage--

"(A) may not decline to offer such coverage to, or deny enrollment of, such child;

"(B) either (i) does not impose any preexisting condition exclusion (as defined in section 2701(b)(1)(A)) with respect to such coverage, or (ii) imposes such a preexisting condition exclusion only to the extent such an exclusion may be imposed under section 2701(a) in the case of an individual who is not a late enrollee; and

"(C) shall provide that the premium for the coverage is determined in a manner so that the ratio of the premium for such eligible children to the premium for eligible individuals described in section 2741(b) does not exceed the ratio of the actuarial value of such coverage (calculated based on a standardized population and a set of standardized utilization and cost factors) for children to such actuarial value for such coverage for such eligible individuals.

"(2) SUBSTITUTION BY STATE OF ACCEPTABLE ALTERNATIVE MECHANISM.--The requirement of paragraph (1) shall not apply to health insurance coverage offered in the individual market in a State in which the State is implementing an acceptable alternative mechanism under section 2744.

"(b) ELIGIBLE CHILD DEFINED.--In this part, the term 'eligible child' means an individual born after September 30, 1983, who has not attained 16 years of age and--

"(1) who is a citizen or national of the United States, an alien lawfully admitted for permanent residence, or an alien otherwise permanently residing in the United States under color of law;

"(2) who is not eligible for coverage under (A) a group health plan, (B) part A or part B of title XVIII of the Social Security Act, or (C) a State plan under title XIX of such Act (or any successor program), and does not have other health insurance coverage; and

"(3) with respect to whom the most recent coverage (if any, within the 1-year period ending on the date coverage is sought under this section) was not terminated based on a factor described in paragraph (1) or (2) of section 2712(b) (relating to nonpayment of premiums or fraud).

For purposes of paragraph (2)(A), the term 'group health plan' does not include COBRA continuation coverage.

"(c) INCORPORATION OF CERTAIN PROVISIONS.--

"(1) IN GENERAL.--Subject to paragraph (2), the provisions of subsections (c), (d), (e) and (f) (other than paragraph (1)) of section 2741 and section 2744 shall apply in relation to eligible children under subsection (a) in the same manner as they apply in relation to eligible individuals under section 2741(a).

"(2) SPECIAL RULES FOR ACCEPTABLE ALTERNATIVE MECHANISMS.--With respect to applying section 2744 under paragraph (1)--

"(A) the requirement in subsection (a)(1)(B) shall be applied instead of the requirement of section 2744(a)(1)(B);

"(B) the requirement in subsection (a)(1)(C) shall be applied instead of the requirement of section 2744(a)(1)(D); and

"(C) any deadline specified in such section shall be 6 months after the deadline otherwise specified."

(b) EFFECTIVE DATE.--The amendment made by subsection (a) shall take effect as if included in the enactment of section 2741 of the Public Health Service Act under section 111(a) of the Health Insurance Portability and Accountability Act of 1996.

!!SEC. 103. DIABETES RESEARCH.!!

(a) FINDINGS.--The Congress finds as follows:

- (1) Diabetes is a serious health problem in America.
- (2) More than 14,000,000 Americans suffer from diabetes.
- (3) Diabetes is the fourth leading cause of death in America, taking the lives of 162,000 people annually.
- (4) Diabetes disproportionately affects minority populations, especially African-Americans, Hispanics, and Native

Americans.

(5) Diabetes is the leading cause of new blindness, affecting up to 39,000 Americans each year.

(6) Diabetes is the leading cause of kidney failure requiring dialysis or transplantation, affecting up to 13,000 Americans each year.

(7) Diabetes is the leading cause of nontraumatic amputations, affecting 54,000 Americans each year.

(8) The cost of treating diabetes and its complications are staggering for our Nation.

(9) Diabetes accounted for health expenditures of \$105,000,000,000 in 1992.

(10) Diabetes accounts for over 14 percent of our Nation's health care costs.

(11) Federal funds invested in diabetes research over the last two decades has led to significant advances and, according to leading scientists and endocrinologists, has brought us to the threshold of revolutionary discoveries which hold the potential to dramatically reduce the economic and social burden of this disease.

(12) The National Institute of Diabetes and Digestive and Kidney Diseases supports, in addition to many other areas of research, genetic research, islet cell transplantation research, and prevention and treatment clinical trials focusing on diabetes. Other research institutes within the National Institutes of Health conduct diabetes-related research focusing on its numerous complications, such as heart disease, eye and kidney problems, amputations, and diabetic neuropathy.

(b) NATIONAL INSTITUTES OF HEALTH; INCREASED FUNDING REGARDING DIABETES.--With respect to the conduct and support of diabetes-related research by the National Institutes of Health--

(1) in addition to any other authorization of appropriations that is available for such purpose for the fiscal year involved, there are authorized to be appropriated for such purpose such sums as may be necessary for each of the fiscal years 1996 through 2000; and

(2) of the amounts appropriated under paragraph (1) for such purpose for a fiscal year, the Director of the National Institutes of Health shall reserve--

(A) not less than \$155,000,000 for such purpose for the National Institute of Diabetes and Digestive and Kidney Diseases; and

(B) not less than \$160,000,000 for such purpose for the other national research institutes.

!!SEC. 104. EXTENSION OF BONE MARROW PROGRAM; PROVISION REGARDING BONE MARROW REGISTRY AND CHILDREN OF MIXED ANCESTRY.!!

(a) PROVISION REGARDING CHILDREN OF MIXED ANCESTRY.--Section 379(b)(3) of the Public Health Service Act (42 U.S.C. 274k(b)(3)) is amended by inserting ", including children of mixed ancestry," after "racial and ethnic minority groups".

(b) EXTENSION OF BONE MARROW PROGRAM.--Section 379(j) of the Public Health Service Act (42 U.S.C. 274k(j)) is amended--

(1) by striking "1991 and" and inserting "1991."; and

(2) by inserting before the period the following: ", \$16,500,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 and 2000".

!!SEC. 105. GENETIC INFORMATION NONDISCRIMINATION IN HEALTH INSURANCE!!

(a) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.--

(1) IN GENERAL.--Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by inserting after section 712 the following new section:

!!"SEC. 713. PROHIBITION OF HEALTH INSURANCE DISCRIMINATION ON THE

BASIS OF GENETIC INFORMATION.!!

"(a) IN GENERAL.--In the case of benefits consisting of medical care provided under a group health plan or in the case of group health insurance coverage offered by a health insurance issuer in connection with a group health plan, the plan or issuer may not deny, cancel, or refuse to renew such benefits or such coverage, or vary the premiums, terms, or conditions for such benefits or such coverage, for any participant or beneficiary under the plan--

"(1) on the basis of genetic information; or

"(2) on the basis that the participant or beneficiary has requested or received genetic services.

"(b) LIMITATION ON COLLECTION AND DISCLOSURE OF INFORMATION.--

"(1) IN GENERAL.--A group health plan, or a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not request or require a participant or beneficiary (or an applicant for coverage as a participant or beneficiary) to disclose to the plan or issuer genetic information about the participant, beneficiary, or applicant.

"(2) REQUIREMENT OF PRIOR AUTHORIZATION.--A group health plan, or a health insurance issuer offering health insurance coverage in connection with a group health plan, may not disclose genetic information about a participant or beneficiary (or an applicant for coverage as a participant or beneficiary) without the prior written authorization of the participant, beneficiary, or applicant or of the legal representative thereof. Such authorization is required for each disclosure and shall include an identification of the person to whom the disclosure would be made.

"(c) DEFINITIONS.--For purposes of this section--

"(1) GENETIC INFORMATION.--The term 'genetic information' means information about genes, gene products, or inherited characteristics that may derive from an individual or a family member of the individual.

"(2) GENETIC SERVICES.--The term 'genetic services' means health services provided to obtain, assess, and interpret genetic information for diagnostic and therapeutic purposes, and for genetic education and counselling.

"(3) FAMILY MEMBER.--The term 'family member' means, with respect to an individual, another individual related by blood to that individual, or a spouse or adopted child of the individual."

(2) DAMAGES.--Section 502(c) of such Act (29 U.S.C. 1132(c)) is amended by adding at the end the following new paragraph:

"(7) Any group health plan (as defined in section 733(a)) and any health insurance issuer (as defined in section 733(b)(2)) who fails to meet the requirements of section 713 with respect to any participant, beneficiary, or applicant referred to in such section may in the court's discretion be liable to such participant, beneficiary, or applicant for compensatory, consequential, and punitive damages."

(3) CLERICAL AMENDMENT.--The table of contents in section 1 of such Act is amended by inserting after the item relating to section 712 the following new item:

"Sec. 713. Prohibition of health insurance discrimination on the basis of genetic information."

(4) EFFECTIVE DATE.--The amendments made by this subsection shall apply with respect to group health plans for plan years beginning after 1 year after the date of the enactment of this Act.

(b) AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT.--

(1) AMENDMENT RELATING TO THE GROUP MARKET.--

(A) IN GENERAL.--Subpart 2 of part A of title XXVII of the Public Health Service Act is amended by inserting after section 2705 the following new section:

!!"SEC. 2706. PROHIBITION OF HEALTH INSURANCE DISCRIMINATION ON THE BASIS OF GENETIC INFORMATION.!!

"(a) IN GENERAL.--In the case of benefits consisting of medical care provided under a group health plan or in the case of group health insurance coverage offered by a health insurance issuer in connection with a group health plan, the plan or issuer may not deny, cancel, or refuse to renew such benefits or such coverage, or vary the premiums, terms, or conditions for such benefits or such coverage, for any participant or beneficiary under the plan--

"(1) on the basis of genetic information; or

"(2) on the basis that the participant or beneficiary has requested or received genetic services.

"(b) LIMITATION ON COLLECTION AND DISCLOSURE OF INFORMATION.--

"(1) IN GENERAL.--A group health plan, or a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not request or require a participant or beneficiary (or an applicant for coverage as a participant or beneficiary) to disclose to the plan or issuer genetic information about the participant, beneficiary, or applicant.

"(2) REQUIREMENT OF PRIOR AUTHORIZATION.--A group health plan, or a health insurance issuer offering health insurance coverage in connection with a group health plan, may not disclose genetic information about a participant or beneficiary (or an applicant for coverage as a participant or beneficiary) without the prior written authorization of the participant, beneficiary, or applicant or of the legal representative thereof. Such authorization is required for each disclosure and shall include an identification of the person to whom the disclosure would be made.

"(c) DEFINITIONS.--For purposes of this section--

"(1) GENETIC INFORMATION.--The term 'genetic information' means information about genes, gene products, or inherited characteristics that may derive from an individual or a family member of the individual.

"(2) GENETIC SERVICES.--The term 'genetic services' means health services provided to obtain, assess, and interpret genetic information for diagnostic and therapeutic purposes, and for genetic education and counselling.

"(3) FAMILY MEMBER.--The term 'family member' means, with respect to an individual, another individual related by blood to that individual, or a spouse or adopted child of the individual."

(B) EFFECTIVE DATE.--The amendment made by this paragraph shall apply with respect to group health plans for plan years beginning after 1 year after the date of the enactment of this Act.

(2) AMENDMENT RELATING TO THE INDIVIDUAL MARKET.--

(A) IN GENERAL.--Subpart 3 of part B of title XXVII of such Act is amended by inserting after section 2751 the following new section:

!!"SEC. 2752. PROHIBITION OF HEALTH INSURANCE DISCRIMINATION ON THE BASIS OF GENETIC INFORMATION.!!

"The provisions of section 2705 shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as it applies to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market."

(B) EFFECTIVE DATE.--The amendment made by this paragraph shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market after 1 year after the date of the enactment of this Act.

(3) ACTION FOR DAMAGES.--Section 2761 of such Act (29 U.S.C. 300gg-61) is amended by adding at the end the following new subsection:

"(c) ACTION FOR DAMAGES

"(1) IN GENERAL.--In any case in which a group health plan or a health insurance issuer fails to meet the applicable requirements of section 2706 or 2752 with respect to any individual who is a plan participant or beneficiary in such a plan, a covered individual, or an applicant for coverage, such individual may bring a civil action under this section. In any such action, such plan or issuer may in the court's discretion be liable to such individual for compensatory, consequential, and punitive damages.

"(2) ADDITIONAL PROVISIONS.--For purposes of this subsection, the provisions of subsections (d), (e), (f), (g), (h), and (j) of section 502 of the Employee Retirement Income Security Act of 1974 shall apply in connection with such action, the plaintiff in such action, and the Secretary of Health and Human Services in the same manner and to the same extent as such provisions apply in connection with actions under such section 502, plaintiffs in such actions, and the Secretary of Labor."

(c) AMENDMENTS TO TITLE XVIII OF THE SOCIAL SECURITY ACT
RELATING TO MEDIGAP.--

(1) IN GENERAL.--Section 1882(s)(2) of the Social Security Act (42 U.S.C. 1395ss(s)) is amended by adding at the end the following new subparagraph:

"(D)(i) An issuer of a medicare supplemental policy (as defined in section 1882(g)) may not deny or condition the issuance or effectiveness of the policy, and may not discriminate in the pricing of the policy of an eligible individual--

"(I) on the basis of genetic information; or

"(II) on the basis that the individual or a family member of the individual has requested or received genetic services.

"(ii) For purposes of this subparagraph--

"(I) The term 'genetic information' means information about genes, gene products, or inherited characteristics that may derive from an individual or a family member of the individual.

"(II) The term 'genetic services' means health services provided to obtain, assess, and interpret genetic information for diagnostic and therapeutic purposes, and for genetic education and counselling.

"(III) The term 'family member' means, with respect to an individual, another individual related by blood to that individual, or a spouse or adopted child of the individual."

(2) ACTION FOR DAMAGES.--Section 1882(s) of such Act is amended further by adding at the end the following new paragraph:

"(4)(A) In any case in which a medicare supplemental policy fails to meet the applicable requirements of paragraph (2)(D) respect to any individual who is a covered individual or an applicant for coverage, such individual may bring a civil action under this paragraph. In any such action, issuer of such policy may in the court's discretion be liable to such individual for compensatory, consequential, and punitive damages.

"(B) For purposes of this paragraph, the provisions of subsections (d), (e), (f), (g), (h), and (j) of section 502 of the Employee Retirement Income Security Act of 1974 shall apply in connection with such action, the plaintiff in such action, and the Secretary of Health and Human Services in the same manner and to the same extent as such provisions apply in connection with actions under such section 502, plaintiffs in such actions, and the Secretary of Labor."

(3) EFFECTIVE DATE.--The amendments made by this subsection shall apply with respect to medicare supplemental policies offered, sold, issued, renewed, in effect, or operated in the individual market after 1 year after the date of the enactment of this Act.

(d) AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.--

(1) IN GENERAL.--Chapter 100 of the Internal Revenue Code

of 1986 (relating to group health plan portability, access, and renewability requirements) is amended by adding at the end the following new subchapter:

!!"SUBCHAPTER B--PROHIBITION OF DISCRIMINATION BY GROUP
HEALTH PLANS ON BASIS OF GENETIC INFORMATION!!

"Sec. 9811. Prohibition of discrimination by group health plans on basis of genetic information.

!!"SEC. 9811. PROHIBITION OF DISCRIMINATION BY GROUP HEALTH PLANS
ON BASIS OF GENETIC INFORMATION.!!

"(a) IN GENERAL.--In the case of benefits consisting of medical care provided under a group health plan or in the case of group health insurance coverage offered by a health insurance issuer in connection with a group health plan, the plan or issuer may not deny, cancel, or refuse to renew such benefits or such coverage, or vary the premiums, terms, or conditions for such benefits or such coverage, for any participant or beneficiary under the plan--

"(1) on the basis of genetic information; or

"(2) on the basis that the participant or beneficiary has requested or received genetic services.

"(b) LIMITATION ON COLLECTION AND DISCLOSURE OF INFORMATION.--

"(1) IN GENERAL.--A group health plan, or a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not request or require a participant or beneficiary (or an applicant for coverage as a participant or beneficiary) to disclose to the plan or issuer genetic information about the participant, beneficiary, or applicant.

"(2) REQUIREMENT OF PRIOR AUTHORIZATION.--A group health plan, or a health insurance issuer offering health insurance coverage in connection with a group health plan, may not disclose genetic information about a participant or beneficiary (or an applicant for coverage as a participant or beneficiary) without the prior written authorization of the participant, beneficiary, or applicant or of the legal representative thereof. Such authorization is required for each disclosure and shall include an identification of the person to whom the disclosure would be made.

"(c) DEFINITIONS.--For purposes of this section--

"(1) GENETIC INFORMATION.--The term 'genetic information' means information about genes, gene products, or inherited characteristics that may derive from an individual or a family member of the individual.

"(2) GENETIC SERVICES.--The term 'genetic services' means health services provided to obtain, assess, and interpret genetic information for diagnostic and therapeutic purposes, and for genetic education and counselling.

"(3) FAMILY MEMBER.--The term 'family member' means, with respect to an individual, another individual related by blood to that individual, or a spouse or adopted child of the individual."

(2) TECHNICAL AND CONFORMING AMENDMENTS.--

(A) Paragraph (1) of section 4980D(f) of such Code (relating to failure to meet certain group health plan requirements) is amended by adding at the end the following new sentence: "For purposes of applying this section with respect to the requirements of subchapter B of chapter 100, the term 'group health plan' includes a health insurance issuer (within the meaning of section 9811)."

(B) Chapter 100 of such Code is amended by striking the chapter heading and inserting the following:

!!"CHAPTER 100--REQUIREMENTS RELATING TO GROUP HEALTH
PLANS, ETC.!!

"Subchapter A. Group health plan portability, access, and renewability requirements.

"Subchapter B. Prohibition of discrimination by group health plans on basis of genetic information.

!!"SUBCHAPTER A--GROUP HEALTH PLAN PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS"!!!

(C) The table of chapters for such Code is amended by striking the item relating to chapter 100 and inserting the following new item:

Chapter 100. Requirements relating to group health plans, etc."

(D) Subsection (a) of section 4980D of such Code is amended by striking "(relating to group health plan portability, access, and renewability requirements)" and inserting "(relating to group health plans, etc., requirements)".

(3) EFFECTIVE DATE.--The amendments made by this subsection shall apply with respect to group health plans for plan years beginning after 1 year after the date of the enactment of this Act.

!!SEC. 106. EATING DISORDERS INFORMATION AND EDUCATION.!!

(a) FINDINGS.--The Congress finds the following:

(1) Eating disorders include anorexia nervosa, bulimia nervosa, and binge eating disorder, as well as eating disorders not otherwise defined or yet identified.

(2) Eating disorders primarily affect women and girls, to the point that dieting and body dissatisfaction is considered normative behavior even among those considered average or underweight.

(3) Many girls begin dieting at a young age and in large numbers, as revealed in one study where 80 percent of girls reported they had already been on a diet to lose weight before age 13.

(4) Dieting at an early age can interfere with normal physiological development and can lead to serious eating disorders, which can result in cardiac impairments, depression, substance abuse, osteoporosis, infertility, amenorrhea, anemia, and other medical conditions.

(5) Eating disorders can lead to death, with the National Institute of Mental Health reporting that 1 in 10 people with anorexia nervosa die of starvation, cardiac arrest, or other medical complications.

(6) There are effective treatments for some eating disorders, although medical authorities are uncertain to what extent these disorders are caused by physiological factors, by psychosocial factors, or by both.

(b) PUBLIC INFORMATION AND EDUCATION ON EATING DISORDERS.--Subpart 3 of part B of title V of the Public Health Service Act (42 U.S.C. 290bb-31 et seq.) is amended by adding at the end the following section:

"EATING DISORDERS

"SEC. 520C. (a) INFORMATION AND EDUCATION.--The Secretary, acting through the Director of the Center for Mental Health Services, shall carry out a program to provide information and education to the public on the prevention and treatment of eating disorders.

"(b) TOLL-FREE TELEPHONE COMMUNICATIONS.--In carrying out subsection (a), the Secretary shall provide for the operation of toll-free telephone communications to provide information to the public on eating disorders, including referrals for services for the prevention and treatment of such disorders. Such communications shall be available on a 24-hour, 7-day basis.

"(c) AUTHORIZATION OF APPROPRIATIONS.--For the purpose of carrying out this section, there are authorized to be appropriated \$2,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 and 2000."

!!SEC. 107. MEDICARE SPECIAL REIMBURSEMENT RULE FOR PRIMARY CARE
COMBINED RESIDENCY PROGRAMS.!!

(a) IN GENERAL.--Section 1886(h)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(G)) is amended--

(1) in clause (i), by striking "and (iii)" and inserting "(iii), and (iv)"; and

(2) by adding at the end the following:

"(iv) SPECIAL RULE FOR PRIMARY CARE COMBINED RESIDENCY PROGRAMS.--(I) In the case of a resident enrolled in a combined medical residency training program in which all of the individual programs (that are combined) are for training a primary care resident (as defined in subparagraph (H)), the period of board eligibility shall be the minimum number of years of formal training required to satisfy the requirements for initial board eligibility in the longest of the individual programs plus one additional year.

"(II) A resident enrolled in a combined medical residency training program that includes an obstetrics and gynecology program qualifies for the period of board eligibility under subclause (I) if the other programs such resident combines with such obstetrics and gynecology program are for training a primary care resident."

(b) EFFECTIVE DATE.--The amendments made by subsection (a) apply to combined medical residency programs in effect on or after July 1, 1996.

!!SEC. 108. GRANDPARENT AND FAMILY CAREGIVER SUPPORT.!!

(a) WORK REQUIREMENTS NOT TO APPLY TO FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--

(1) WORK PARTICIPATION RATES TO BE DETERMINED WITHOUT REGARD TO FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--Section 407(b) of the Social Security Act (42 U.S.C. 607(b)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by adding at the end the following:

"(6) DISREGARD OF FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--In determining the participation rates under this subsection, a State shall disregard any exempt family."

(2) ADULT NONPARENTAL RELATIVE CAREGIVER HEAD OF FAMILY EXEMPTED FROM PENALTIES FOR REFUSAL TO WORK.--Section 407(e) of the Social Security Act (42 U.S.C. 607(e)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by adding at the end the following:

"(3) EXCEPTION FOR ADULT NONPARENTAL RELATIVE CAREGIVER HEAD OF FAMILY.--Paragraph (1) shall not apply to any exempt adult."

(3) PROHIBITION AGAINST IMPOSITION OF WORK REQUIREMENTS.--Section 408(a) of the Social Security Act (42 U.S.C. 608(a)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by adding at the end the following:

"(12) PROHIBITION AGAINST IMPOSITION OF WORK REQUIREMENTS ON FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--A State to which a grant is made under this part shall not use any part of the grant to require an exempt adult to work, or to otherwise penalize an exempt adult or an exempt family for the refusal of an exempt adult to work.

(4) PENALTY FOR IMPOSITION OF WORK REQUIREMENTS.--Section 409(a) of the Social Security Act (42 U.S.C. 609(a)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following:

"(12) PENALTY FOR IMPOSITION OF WORK REQUIREMENTS ON FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--If

the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 408(a)(12) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by 5 percent."

(b) TIME LIMITS NOT TO APPLY TO ADULT NONPARENTAL RELATIVE CAREGIVER HEADS OF FAMILIES.--

(1) INAPPLICABILITY OF TIME LIMIT PROVISIONS.--

(A) 2-YEAR WORK PROVISION.--Section 402(a)(1)(A)(ii) of the Social Security Act (42 U.S.C. 602(a)(1)(A)(ii)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by inserting ", except as provided in section 407(e)(3)" before the period.

(B) 5-YEAR LIMIT.--

(i) IN GENERAL.--Section 408(a)(7) of the Social Security Act (42 U.S.C. 608(a)(7)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

"(E) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY FAMILY HEAD WHO IS AN ADULT NONPARENTAL RELATIVE CAREGIVER.-- In determining the number of months for which an adult has received assistance under the State program funded under this part, the State shall disregard any month during which the adult is an exempt adult."

(ii) CONFORMING AMENDMENT.--Section 408(a)(1)(B) of the Social Security Act (42 U.S.C. 608(a)(1)(B)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by striking "or (D)" and inserting ", (D), or (E)".

(2) PROHIBITION AGAINST IMPOSITION OF TIME LIMITS.--Section 408(a) of the Social Security Act (42 U.S.C. 608(a)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and as amended by subsection (a)(3) of this section, is amended by adding at the end the following:

"(13) PROHIBITION AGAINST IMPOSITION OF TIME LIMITS ON FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--A State to which a grant is made under this part shall not use any part of the grant to impose a limit on the duration of assistance to an exempt adult or an exempt family under any Federal, State, or local program, or to otherwise penalize an exempt adult or an exempt family by reason of such status.

(3) PENALTY FOR IMPOSITION OF TIME LIMITS.--Section 409(a) of the Social Security Act (42 U.S.C. 609(a)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and as amended by subsection (a)(4) of this section, is amended by redesignating paragraph (13) as paragraph (14) and inserting after paragraph (12) the following:

"(13) PENALTY FOR IMPOSITION OF TIME LIMITS ON FAMILIES HEADED BY AN ADULT NONPARENTAL RELATIVE CAREGIVER.--If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 408(a)(13) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by 5 percent."

(c) GRANTS TO STATES FOR ASSISTANCE PROVIDED FOR ADULT NONPARENTAL RELATIVE CAREGIVERS.--Section 403(a) of the Social Security Act (42 U.S.C. 607(b)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by adding at the end the following:

"(5) GRANTS FOR SUPPORT PROVIDED FOR ADULT NONPARENTAL RELATIVE CAREGIVERS.--

"(A) IN GENERAL.--Each eligible State shall be entitled to receive from the Secretary a grant for each fiscal year

in an amount equal to the total amount expended by the State during the immediately preceding fiscal year under the State program funded under this part for assistance to any exempt family or exempt adult for any month for which the family or the adult, in the absence of section 408(a)(7)(E), would not be eligible for such assistance.

"(B) APPROPRIATION.--Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for grants under this paragraph such sums as may be necessary for each fiscal year."

(d) DEFINITIONS.--Section 419 of the Social Security Act (42 U.S.C. 607(b)), as added by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by redesignating paragraphs (2) through (5) as paragraphs (4) through (7), respectively, and by inserting after paragraph (1) the following:

"(2) EXEMPT ADULT.--The term 'exempt adult' means an adult who is--

"(A) living with and caring for a minor child who is related to (but not a biological child of) the adult; and

"(B) the head of a family that--

"(i) does not include a parent of any such minor child; and

"(ii) does not include a biological child of the adult.

"(3) EXEMPT FAMILY.--The term 'exempt family' means a family which--

"(A) is headed by an adult who is living with and caring for a minor child who is related to (but not a biological child of) the adult;

"(B) does not include a parent of any such minor child; and

"(C) does not include a biological child of the adult."

(e) EFFECTIVE DATE.--The amendments made by this section shall take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

!!TITLE II--CARING FOR FAMILIES!!

!!SEC. 201. INTERGENERATIONAL FOSTER CARE HOUSING DEMONSTRATION.!!

(a) IN GENERAL.--The Secretary of Housing and Urban Development and the Secretary of Health and Human Services shall jointly carry out a program to demonstrate the effectiveness of providing assistance to private nonprofit organizations for development of intergenerational foster care housing and for providing foster care services in such housing.

(b) GRANTS.--

(1) IN GENERAL.--Under the demonstration program under this section, the Secretaries shall make grants in fiscal year 1998 to the private nonprofit organizations selected under subsection (c) using amounts made available pursuant to subsection (h). In making the grants, the Secretaries shall designate the portion of the grant amounts for each grantee that are housing grant amounts and the portion that are foster care grant amounts.

(2) LIMITATION ON AMOUNT.--Of the total amount made available under subsection (h) for grants under this section, not less than 10 percent and not more than 35 percent may be used for a grant for any single grantee.

(c) SELECTION OF GRANTEES.--The Secretaries shall jointly select 5 private nonprofit organizations to receive grants under the demonstration program under this section. The organizations shall be selected on the basis of their capacity to provide intergenerational foster care housing, as evidenced by such plans and applications as the Secretaries may require.

(d) USE OF AMOUNTS.--

(1) HOUSING GRANT AMOUNTS.--Grant amounts provided to a grantee from housing grant amounts under subsection (h)(1) may be used by the grantee only for activities relating to the acquisition, construction, or rehabilitation of housing that will be used as intergenerational foster care housing, including costs of planning, design, financing, and equipment.

(2) FOSTER CARE GRANT AMOUNTS.--Grant amounts provided to a grantee from foster care grant amounts under subsection (h)(2) may be used only for activities to provide foster care services in connection with intergenerational foster care housing, including counseling for foster care children and resident elderly volunteers, training and education for staff, resident foster care parents, and resident elderly volunteers, adoption services, and living expenses for foster care children.

(e) INTERGENERATIONAL FOSTER CARE HOUSING.--For purposes of this section, intergenerational foster care housing is housing that is used, for a period of not less than 10 years beginning upon the provision of assistance for the housing with grant amounts under this section--

(1) to provide a foster family home for children, which--

(A) is licensed by the State in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of such type, as meeting the standards established for such licensing;

(B) is staffed by professional foster parents; and

(C) provides housing for foster children in a setting permitting the such children to reside together with any of their siblings who are also foster care children and the professional foster parents until a permanent home is found;

(D) provides food, clothing, shelter, daily supervision, and other essential needs for foster children; and

(E) provides ongoing education and training for staff, resident elderly volunteers, other volunteers engaged in providing foster care services, and resident foster parents;

(2) includes dwelling units that--

(A) are made available for occupancy only by elderly persons (and their spouses) who are low-income families and have agreed to volunteer in providing companionship and foster care services for foster care children residing in or served by the housing; and

(B) are rented to such elderly families at rates that are affordable to such families; and

(3) has appropriate design features, which may include community space, that permit the use of the housing for the purposes under subparagraphs (A) and (B) and facilitate the interaction of the elderly persons and foster children residing in the housing.

(f) REPORTS.--For each of fiscal years 1998, 1999, and 2000, each grantee under the demonstration program under this section shall submit to the Secretaries a report for such fiscal year regarding the use of grant amounts received by the grantee and the operation of the intergenerational foster care housing assisted with the grant amounts. Not later than December 31, 2000, the Secretaries shall jointly prepare and submit to the Congress a report describing the use of grant amounts provided under this section and analyzing the effectiveness of the program and the housing assisted under the program.

(g) DEFINITIONS.--For purposes of this section the following definitions shall apply:

(1) ELDERLY PERSON.--The term "elderly person" means a person who is at least 62 years of age.

(2) GRANTEE.--The term "grantee" means a private nonprofit organization that receives a grant under this section pursuant to selection under subsection (c).

(3) LOW-INCOME FAMILY.--The term "low-income family" means a family or individual whose income does not exceed 80 percent of the area median income.

(4) PRIVATE NONPROFIT ORGANIZATION.--The term "private nonprofit organization" means a private organization that--

(A) is organized under State or local laws;
(B) has no part of its net earnings inuring to the benefit of any member, shareholder, founder, contributor, or individual;

(C) complies with standards of financial accountability acceptable to the Secretaries.

(5) SECRETARIES.--The term "Secretaries" means the Secretary of Housing and Urban Development and the Secretary of Health and Human Services.

(h) AUTHORIZATION OF APPROPRIATIONS.--There are authorized to be appropriated for grants under the demonstration program under this section \$40,000,000 for fiscal year 1998. Of any amounts appropriated for such grants--

(1) 75 percent shall be housing grant amounts, which shall be used only as provided in subsection (d)(1); and

(2) 25 percent shall be foster care grant amounts, which shall be used only as provided in subsection (d)(2).

(i) REQUIREMENTS.--The Secretaries shall jointly issue any requirements necessary to carry out the demonstration program under this section.

!!SEC. 202. MIDDLE CLASS CHILD CARE AFFORDABILITY.!!

(a) INCREASE OF CERTAIN LIMITATIONS APPLICABLE TO CHILD CARE CREDIT.--

(1) INCREASE OF AMOUNT OF EMPLOYMENT-RELATED EXPENSES TAKEN INTO ACCOUNT.--Subsection (c) of section 21 of the Internal Revenue Code of 1986 (relating to expenses for household and dependent care services necessary for gainful employment) is amended--

(A) in paragraph (1), by striking "\$2,400" and inserting "\$3,600", and

(B) in paragraph (2), by striking "\$4,800" and inserting "\$5,400".

(2) INCREASE OF AMOUNT AT WHICH PHASE-DOWN OF PERCENTAGE BEGINS.--Paragraph (2) of section 21(a) of such Code is amended by striking "\$10,000" and inserting "\$20,000".

(3) EFFECTIVE DATE.--The amendments made by this subsection shall apply to taxable years beginning after December 31, 1997.

(b) OFFSET PROVISIONS REGARDING FOREIGN SALES CORPORATIONS.--

(1) ELIMINATION OF EXCLUSION.--Section 921 of the Internal Revenue Code of 1986 (relating to exempt foreign trade income excluded from gross income) is amended by adding at the end the following new subsection:

"(e) TERMINATION.--This section shall not apply to any taxable year beginning after December 31, 1995."

(2) ELIMINATION OF SPECIAL DIVIDENDS RECEIVED DEDUCTION.--Section 245 of such Code (relating to dividends received from certain foreign corporations) is amended by striking subsection (c).

(3) EFFECTIVE DATES.--

(A) EXCLUSION.--The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1997.

(B) DIVIDENDS RECEIVED DEDUCTION.--The amendment made by paragraph (2) shall apply to dividends distributed out of earnings and profits attributable to taxable years beginning after December 31, 1997.

!!SEC. 203. LEAVE FOR ADOPTED AND FOSTER CHILDREN.!!

If an employer provides to an employee who is a parent leave, in addition to the leave required by the Family and Medical Leave Act of 1993, for the birth of a child, such employer shall provide the same leave to an employee who is a parent for an adopted child or a foster child. For purposes of enforcement such additional leave shall be considered leave required to be provided under section 102 of such Act.

!!SEC. 204. STATES REQUIRED TO HAVE STANDBY GUARDIANSHIP LAW AS A
CONDITION OF ELIGIBILITY FOR FEDERAL FUNDS FOR FOSTER
CARE AND ADOPTION ASSISTANCE.!!

(a) IN GENERAL.--Part E of title IV of the Social Security Act
(42 U.S.C. 670-679) is amended by inserting after section 477 the
following:

!!"SEC. 478. STANDBY GUARDIANSHIP LAWS AND PROCEDURES.!!

"To be eligible for payments under this part, a State must have
in effect laws and procedures that permit any parent who is
chronically ill or near death, without surrendering parental rights,
to designate a standby guardian for the parent's minor children,
whose authority would take effect upon--

- "(1) the death of the parent;
- "(2) the mental incapacity of the parent; or
- "(3) the physical debilitation and consent of the parent."

(b) EFFECTIVE DATE.--The amendment made by subsection (a) shall
take effect at the end of the first calendar quarter that begins 60
or more months after the date of the enactment of this Act, and
shall apply to payments under part E of title IV of the Social
Security Act for the quarter and payments made under such part for
any succeeding quarter.

!!SEC. 205. OMNIBUS FOSTER CARE IMPROVEMENT.!!

(a) REQUIREMENT THAT STATES ADMINISTER QUALIFYING EXAMINATIONS
TO ALL STATE EMPLOYEES WITH NEW AUTHORITY TO MAKE DECISIONS
REGARDING CHILD WELFARE SERVICES.--Section 474 of the Social
Security Act (42 U.S.C. 674) is amended by adding at the end the
following:

"(d) The Secretary may not make a payment to a State under
subsection (a) for any calendar quarter beginning after the 18-month
period that begins with the date of the enactment of this subsection,
unless the State has in effect procedures to ensure that, before the
State provides to a prospective child welfare decisionmaker the
authority to make decisions regarding child welfare services, the
individual must take and pass an examination, administered by the
State, that tests knowledge of such subjects as child development,
family dynamics, dysfunctional behavior, substance abuse, child
abuse, and community advocacy. As used in the preceding sentence,
the term 'prospective child welfare decisionmaker' means an
individual who, on the date of the enactment of this subsection,
does not have any authority to make a decision regarding child
welfare services."

(b) PROCEDURES TO EXPEDITE THE PERMANENT PLACEMENT OF FOSTER
CHILDREN.--

(1) IN GENERAL.--Section 474 of the Social Security Act (42
U.S.C. 674), as amended by subsection (a) of this section, is
amended by adding at the end the following:

"(e) The Secretary may not make a payment to a State for a
calendar quarter under subsection (a) unless the State has in effect
procedures requiring the State agency, at the time a child is
removed from a home and placed in foster care under the supervision
of the State, to locate any parent of the child who is not living at
the home, and evaluate the ability of the parent to provide a
suitable home for the child."

(2) APPLICABILITY.--The amendment made by paragraph (1) of
this subsection shall not apply with respect to any child who,
on the date of the enactment of this Act, is in foster care
under the supervision of a State (as defined in section
1101(a)(1) of the Social Security Act for purposes of title IV
of such Act).

(c) PLACEMENT OF FOSTER CHILDREN IN PERMANENT KINSHIP CARE
ARRANGEMENTS.

(1) STATE OPTION TO DEEM KINSHIP PLACEMENT AS ADOPTION.--

Section 473(a) of the Social Security Act (42 U.S.C. 673(a)) is amended by adding at the end the following:

"(7) If a State places a child (who has been in foster care under the supervision of the State) with a blood relative of the child or of a half-sibling of the child, and transfers legal custody of the child to the relative, pursuant to a written agreement, entered into between the State and the relative, that contains provisions of the type described in section 475(3), then, at the option of the State, for purposes of this part--

"(A) the placement is deemed an adoption;

"(B) the initiation of the proceeding to so place the child is deemed an adoption proceeding;

"(C) the relative is deemed the adoptive parent of the child;

"(D) the agreement is deemed an adoption assistance agreement;

"(E) the payments made under the agreement are deemed to be adoption assistance payments; and

"(F) any reasonable and necessary court costs, attorneys fees, and other expenses which are directly related to the placement or the transfer of legal custody and are not in violation of State or Federal law are deemed nonrecurring adoption expenses."

(2) CONSIDERATION OF KINSHIP PLACEMENT OPTION AT DISPOSITIONAL HEARING.--Section 475(5)(C) of such Act (42 U.S.C. 675(5)(C)) is amended by inserting "should be placed with a relative of the child as provided in section 473(a)(7)," before "should be placed for adoption".

(d) FEDERAL FUNDS FOR FOSTER CARE AND ADOPTION ASSISTANCE AVAILABLE ONLY TO STATES THAT REQUIRE STATE AGENCIES, IN CONSIDERING APPLICATIONS TO ADOPT CERTAIN FOSTER CHILDREN, TO GIVE PREFERENCE TO APPLICATIONS OF A FOSTER PARENT OR CARETAKER RELATIVE OF THE CHILD.--Section 474 of the Social Security Act (42 U.S.C. 674), as amended by subsections (a) and (b) of this section, is amended by adding at the end the following:

"(f) Notwithstanding any other provision of this section, the Secretary may not make any payment to a State under this section, for any calendar quarter ending after the 5-year period that begins with the date of the enactment of this subsection, unless the State has in effect laws and procedures requiring a State agency to complete the processing of an application to adopt a child who is in foster care under the responsibility of the State that has been submitted by a foster parent or caretaker relative of the child, before completing the processing of any other application to adopt the child if--

"(1) a court has approved a permanent plan for adoption of the child, or the child has been freed for adoption; and

"(2) the agency with authority to place the child for adoption determines that--

"(A) the child has substantial emotional ties to the foster parent or caretaker relative, as the case may be; and

"(B) removal of the child from the foster parent or caretaker relative, as the case may be, would be seriously detrimental to the well-being of the child."

(e) EFFECTIVE DATE.--The amendments made by this section shall apply to payments under part E of title IV of the Social Security Act for quarters beginning after the date of the enactment of this Act.

!!SEC. 206. WORKING FAMILIES CHILD CARE.!!

(a) FINDINGS.--Congress makes the following findings:

(1) Availability and affordability of quality child care is a major obstacle for working parents who struggle to remain self-sufficient.

(A) Compared to all other income groups, the working poor are the least likely to receive assistance with their child care costs.

(B) Low-income families spend 24 percent of their household income on child care, whereas middle-income families spend 6 percent of their household income on child care.

(C) 38 States have waiting lists for child care for the working poor. Among those States, Georgia has 41,000 individuals on its waiting list, Texas has 36,000 individuals on its waiting list, and Illinois and Alabama each have 20,000 individuals on their waiting lists.

(D) One survey of low-income families on a waiting list for subsidized child care found that of those families paying for child care out of their own funds, 71 percent faced serious debt or bankruptcy.

(E) Half of the States and the District of Columbia, even before the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, 110 Stat. 2105) during the 104th Congress, increased the proportion of child care slots or dollars going to families on welfare, rather than to working poor families.

(2) The Congressional Budget Office estimates that there will be \$1,400,000,000 less expenditures of child care funds for working poor families as a result of the States implementing the work requirements imposed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, 110 Stat. 2105).

(3) Important types of child care are not available in certain States including infant care, school-age care, care for children with disabilities and special health care needs, and child care for parents with unconventional or shifting work hours.

(A) A 1995 State study by the Comptroller General of the United States found a shortage of child care for infants and children with special needs in inner cities, and a shortage of all types of child care in rural areas.

(B) Only one-third of the schools in low-income neighborhoods offer school-age child care, compared with 52 percent of schools in more affluent areas offering such care.

(C) Eighth-graders who are left home alone for 11 or more hours a week report significantly greater use of cigarettes, alcohol, and marijuana than eighth-graders who are not left home alone.

(D) Existing child care arrangements do not accommodate the work schedules of many working women. According to a 1995 statistic published by the Department of Labor, 14,300,000 workers, nearly 1 in 5 full-time workers work nonstandard hours, and more than 1 in 3 of those workers are women.

(E) Only 10 percent of child care centers and 6 percent of family day care providers offer child care on weekends. Yet one-third of working mothers with annual incomes below the poverty level and one-quarter of mothers with annual incomes above the poverty level but below \$25,000 work on weekends.

(F) Less than 30 percent of Head Start programs operate on a full-time, full-year basis.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CHILD CARE FOR LOW-INCOME WORKING FAMILIES AND FOR CHILD CARE SUPPLY SHORTAGES.-- Section 658B of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended--

(1) by inserting "(excluding subparagraphs (E) and (F) of section 658E(c)(3))" after "subchapter",

(2) by inserting "(a)" before "There", and

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

"(b) There is authorized to be appropriated to provide child care services under this chapter to satisfy the requirement specified in section 658E(c)(3)(E) \$1,400,000,000 for each of the fiscal years 1997 through 2002.

"(c) There is authorized to be appropriated to carry out child care activities under this chapter to satisfy the requirement specified in section 658E(c)(3)(F) \$500,000,000 for each of the fiscal years 1997 through 2002."

(c) EXPENDITURES FOR CHILD SERVICES CARE FOR LOW-INCOME WORKING FAMILIES AND FOR CHILD CARE SUPPLY SHORTAGES.--

(1) REQUIRED STATE EXPENDITURES.--Section 658E(c)(3) of the Child Care Development Block Grant Act of 1990 (42 U.S.C.

9858c(c)(3)) is amended by adding at the end the following:

"(E) CHILD CARE FOR CERTAIN LOW-INCOME WORKING FAMILIES.--A State shall ensure that 100 percent of amounts paid to the State out of funds appropriated under section 658B(b) with respect to each of the fiscal years 1997 through 2002 shall be used to provide child care services for families who have left the State program of assistance under part A of title IV of the Social Security Act because of employment, families that are at risk of becoming dependent on such assistance program, and low-income working families described in section subparagraph (D).

"(F) CHILD CARE SUPPLY SHORTAGES.--

"(i) IN GENERAL.--A State shall ensure that 100 percent of amounts paid to the State out of funds appropriated under section 658B(c) with respect to each of the fiscal years 1997 through 2002 shall be used to carry out child care activities described in clause (ii) in geographic areas within the State that have a shortage, as determined by the State, in consultation with localities, of child care services.

"(ii) CHILD CARE ACTIVITIES DESCRIBED.--The child care activities described in this clause include the following:

"(I) Infant care programs.

"(II) Before- and after-school child care programs.

"(III) Resource and referral programs.

"(IV) Nontraditional work hours child care programs.

"(V) Extending the hours of prekindergarten programs to provide full-day services.

"(VI) Any other child care programs that the Secretary determines are appropriate."

(2) CONFORMING AMENDMENT.--Section 658E(c)(3)(A) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(A)) is amended by striking "(D)" and inserting "(F)".

(d) REPORT ON ACCESS TO CHILD CARE BY LOW-INCOME WORKING FAMILIES.--

(1) STATE REPORTING REQUIREMENT.--Section 658K(a)(2) of the Child Care Development Block Grant Act of 1990 (42 U.S.C.

9858i(a)(2)) is amended--

(A) in subparagraph (D), by striking "and" at the end; and

(B) by inserting after subparagraph (E), the following:

"(F) the total number of families described in section 658B(b) that were eligible for but did not receive assistance under this subchapter or under section 418 of the Social Security Act and a description of the obstacles to providing such assistance; and

"(G) the total number of families described in section 658B(b) that received assistance provided under this subchapter or under section 418 of the Social Security Act and a description of the manner in which that assistance was provided;".

(2) SECRETARIAL REPORTING REQUIREMENT.--Section 658L of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended by inserting ", with particular emphasis on access of low-income working families," after "public".

!!TITLE III--FAMILY SAFETY!!

!!SEC. 301. PREVENTION OF DATE RAPE.!!

(a) DRUG RESCHEDULING.--The Attorney General shall schedule Gamma γ -hydroxybutyrate in schedule I of the Controlled Substances Act (21 U.S.C. 812) and shall schedule Ketamine in schedule II of such Act.

(b) EDUCATION AND DRUG ABUSE PREVENTION.--The Attorney General shall establish programs throughout the United States and disseminate materials to provide young people in high school and college with education about the use of controlled substances in the furtherance of rape and sexual assault and shall assist law enforcement personnel in the prevention of abuse of controlled substances for such purpose.

!!SEC. 302. CHILD ABUSE ACCOUNTABILITY ACT.!!

(a) CREATION OR ASSIGNMENT OF RIGHTS TO BENEFITS UNDER QUALIFIED CHILD ABUSE ORDERS.--Section 206(d)(3)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(d)(3)(A)) is amended--

(1) by inserting "or a child abuse order" after "a domestic relations order";

(2) by inserting "or a qualified child abuse order" after "a qualified domestic relations order"; and

(3) by inserting "or any qualified child abuse order" after "any qualified domestic relations order".

(b) QUALIFIED CHILD ABUSE ORDERS.--Section 206(d)(3)(B) of such Act (29 U.S.C. 1056(d)(3)(B)) is amended--

(1) in clause (i), by striking "the term" and inserting "The term", and by striking ", and" at the end and inserting a period;

(2) in clause (ii), by striking "the term" and inserting "The term"; and

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

"(iii) The term 'qualified child abuse order' means a child abuse order--

"(I) which creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a participant under a plan, and

"(II) with respect to which the requirements of subparagraphs (C) and (D) are met.

"(iv) The term 'child abuse order' means any court order or other similar process for the enforcement of a judgment rendered against a participant or beneficiary under a plan for physically, sexually, or emotionally abusing a child. For purposes of this clause--

"(I) The term 'judgment rendered for physically, sexually, or emotionally abusing a child' means any legal claim perfected through a final enforceable judgment, which claim is based in whole or in part upon the physical, sexual, or emotional abuse of a child, whether or not that abuse is accompanied by other actionable wrongdoing, such as sexual exploitation or gross negligence.

"(II) The term 'child' means an individual under 18 years of age."

(c) EXEMPTION FROM PREEMPTION.--Section 514(b)(7) of such Act (29 U.S.C. 1144(b)(7)) is amended by inserting "or qualified child abuse orders (within the meaning of section 206(d)(3)(B)(iii))" before the period.

(d) CONFORMING AMENDMENTS TO ERISA.--Section 206(d)(3) of such Act (29 U.S.C. 1056(d)(3)) is amended--

(1) in subparagraph (C), by inserting "or child abuse order" after "A domestic relations order";

(2) in subparagraph (D), by inserting "or child abuse order" after "A domestic relations order";

(3) in subparagraph (E)(i), by inserting "or child abuse order" after "A domestic relations order";

(4) in subparagraph (G)(i), by inserting "or child abuse order" after "any domestic relations order", by inserting "or child abuse orders" in subclause (I) after "domestic relations orders", and by inserting "or a qualified child abuse order" in subclause (II) after "a qualified domestic relations order";

(5) in subparagraph (G)(ii), by inserting "and child abuse orders" after "domestic relations orders", by inserting "or child abuse order" after "domestic relations order" each place it appears in subclauses (II) and (III);

(6) in subparagraph (H)(i), by inserting "or whether a child abuse order is a qualified child abuse order" after "whether a domestic relations order is a qualified domestic relations order", and by inserting "or a qualified child abuse order" after "to be a qualified domestic relations order";

(7) in subparagraph (H)(ii), by inserting "or a qualified child abuse order" after "a qualified domestic relations order";

(8) in subparagraph (H)(iii), by inserting "or a qualified child abuse order" after "a qualified domestic relations order" each place it appears in subclauses (I) and (II);

(9) in subparagraph (H)(iv), by inserting "or a qualified child abuse order" after "a qualified domestic relations order";

(10) in subparagraph (H)(v), by inserting "or child abuse order" after "the domestic relations order";

(11) in subparagraph (I)(i), by inserting "or child abuse order" after "a domestic relations order", and by inserting "or qualified child abuse order" after "a qualified domestic relations order";

(12) in subparagraph (J), by inserting "or a qualified child abuse order" after "a qualified domestic relations order";

(13) in subparagraph (K), by inserting "or child abuse order" after "a domestic relations order"; and

(14) in subparagraph (M), by inserting "or a qualified child abuse order" after "a qualified domestic relations order".

(e) CREATION OR ASSIGNMENT OF RIGHTS TO BENEFITS UNDER QUALIFIED CHILD ABUSE ORDERS.--Subparagraph (B) of section 401(a)(13) of the Internal Revenue Code of 1986 (relating to assignment of benefits) is amended--

(1) by inserting "OR CHILD ABUSE ORDERS" after "DOMESTIC RELATIONS ORDERS" in the heading;

(2) by inserting "or a child abuse order" after "a domestic relations order"; and

(3) by inserting "or a qualified child abuse order" after "a qualified domestic relations order".

(f) QUALIFIED CHILD ABUSE ORDERS.--Paragraph (1) of section 414(p) of such Code (defining qualified domestic relations order) is amended--

(1) in the heading, by inserting "AND QUALIFIED CHILD ABUSE ORDER" after "ORDER"; and

(2) by adding at the end the following new subparagraphs:
"(C) QUALIFIED CHILD ABUSE ORDER.--The term 'qualified child abuse order' means a child abuse order--

"(i) which creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a participant under a plan, and

"(ii) with respect to which the requirements of paragraphs (2) and (3) are met.

"(D) CHILD ABUSE ORDER.--

"(i) IN GENERAL.--The term 'child abuse order' means any court order or other similar process for the enforcement of a judgment rendered against a participant or beneficiary under a plan for physically, sexually, or emotionally abusing a child.

"(ii) DEFINITIONS.--For purposes of this subparagraph--

"(I) The term 'judgment rendered for physically, sexually, or emotionally abusing a child' means any

legal claim perfected through a final enforceable judgment, which claim is based in whole or in part upon the physical, sexual, or emotional abuse of a child, whether or not that abuse is accompanied by other actionable wrongdoing, such as sexual exploitation or gross negligence.

"(II) The term 'child' means an individual under 18 years of age."

(g) CONFORMING AMENDMENTS TO IRC OF 1986.--Subsection (p) of section 414 of such Code is amended--

(1) in paragraph (2), by inserting "or child abuse order" after "A domestic relations order";

(2) in paragraph (3), by inserting "or child abuse order" after "A domestic relations order";

(3) in paragraph (4)(A), by inserting "or child abuse order" after "a domestic relations order";

(4) in paragraph (6)(A), by inserting "or child abuse order" after "any domestic relations order", by inserting "or child abuse orders" in clause (i) after "domestic relations orders", and by inserting "or a qualified child abuse order" in clause (ii) after "a qualified domestic relations order";

(5) in paragraph (6)(B), by inserting "and child abuse orders" after "domestic relations orders";

(6) in paragraph (7)(A), by inserting "or whether a child abuse order is a qualified child abuse order" after "whether a domestic relations order is a qualified domestic relations order", and by inserting "or a qualified child abuse order" after "to be a qualified domestic relations order";

(7) in paragraph (7)(B), by inserting "OR QUALIFIED CHILD SUPPORT ORDER" in the heading after "QUALIFIED DOMESTIC RELATIONS ORDER", and by inserting "or a qualified child abuse order" after "a qualified domestic relations order";

(8) in paragraph (7)(C), by inserting "or a qualified child abuse order" after "a qualified domestic relations order" each place it appears in clauses (i) and (ii);

(9) in paragraph (7)(D), by inserting "or a qualified child abuse order" after "a qualified domestic relations order";

(10) in paragraph (7)(E), by inserting "or child abuse order" after "the domestic relations order";

(11) in paragraph (8), by inserting "or child abuse order" after "a domestic relations order";

(12) in paragraph (9), by inserting "or a qualified child abuse order" after "a qualified domestic relations order";

(13) in paragraph (10), by inserting "or a qualified child abuse order" after "a qualified domestic relations order"; and

(14) in paragraph (11), by inserting "or a qualified child abuse order" after "pursuant to a qualified domestic relations order", and by inserting "or a child abuse order" after "pursuant to a domestic relations order".

(h) TAX TREATMENT OF DISTRIBUTIONS PURSUANT TO QUALIFIED CHILD ABUSE ORDERS.--

(1) ALTERNATE PAYEE MUST INCLUDE BENEFITS IN GROSS INCOME.--

Paragraph (1) of section 402(e) of such Code (relating to alternate payee under qualified domestic relations order treated as distributee) is amended by inserting "or a qualified child abuse order (as defined in section 414(p))" after "a qualified domestic relations order (as defined in section 414(p))" each place it appears.

(2) ALLOCATION OF INVESTMENT IN THE CONTRACT.--Paragraph (10) of section 72(m) of such Code (relating to determination of investment in the contract in the case of qualified domestic relations orders) is amended--

(A) in the heading, by inserting "AND QUALIFIED CHILD ABUSE ORDERS" after "QUALIFIED DOMESTIC RELATIONS ORDERS"; and

(B) by inserting "or a qualified child abuse order (as defined in section 414(p))" after "a qualified domestic relations order (as defined in section 414(p))".

(3) CLARIFICATION OF ELIGIBILITY OF PARTICIPANT FOR LUMP SUM TREATMENT.--

(A) Subparagraph (H) of section 402(d)(4) of such Code (relating to balance to credit of employee not to include amounts payable under qualified domestic relations order) is amended--

(i) in the heading, by inserting "OR QUALIFIED CHILD ABUSE ORDER" after "QUALIFIED DOMESTIC RELATIONS ORDER"; and

(ii) by inserting "or a qualified child abuse order (within the meaning of section 414(p))" after "a qualified domestic relations order (within the meaning of section 414(p))".

(B) Subparagraph (J) of section 402(d)(4) of such Code is amended by inserting ", or under a qualified child abuse order (within the meaning of section 414(p)) of the balance to the credit of an alternate payee," after "former spouse of the employee".

(i) EFFECTIVE DATE.--The amendments made by this section shall take effect on January 1, 1998, except that, in the case of a child abuse order entered before such date, the plan administrator--

(1) shall treat such order as a qualified child abuse order if such administrator is paying benefits pursuant to such order on such date, and

(2) may treat any other such order entered before such date as a qualified child abuse order even if such order does not meet the requirements of such amendments.

!!SEC. 303. PROTECTION FROM SEXUAL PREDATORS.!!

(a) FINDINGS.--Congress finds that--

(1) rape and sexual assaults continue to be serious threats to the safety of communities across America;

(2) sexual offenders are much more likely than any other category of criminals to repeat their crimes again and again, even after serving time in prison;

(3) the average rape sentence is just 10 1/2 years, and the average time served is half of that, approximately 5 years; and

(4) repeat sexual offenders frequently strike in more than one State and, while States have primary responsibility for the prosecution of sexual offenders, the option of Federal prosecution provides a needed additional tool to safeguard communities victimized by these individuals.

(b) SENSE OF CONGRESS.--It is the sense of Congress that--

(1) States should more seriously consider the relatively high recidivism rate of sexual offenders when deciding whether to plea bargain with a first-time sexual offender and whether to grant parole to sexual offenders; and

(2) States should review their treatment and parole supervision programs for sexual offenders to assure that these programs are fulfilling their goals, and, if they are not, these programs should be immediately replaced or abandoned.

(c) AMENDMENTS TO TITLE 18.--Section 2241 of title 18, United States Code, is amended by adding at the end the following:

"(e) PUNISHMENT FOR SEXUAL PREDATORS.--(1) Whoever, in a circumstance described in paragraph (2) of this subsection--

"(A) violates this section; or

"(B) engages in conduct that would violate this section, if the conduct had occurred in the special maritime and territorial jurisdiction of the United States, and--

"(i) that conduct is in interstate or foreign commerce;

"(ii) the person engaging in that conduct crossed a State line with intent to engage in the conduct; or

"(iii) the person engaging in that conduct thereafter engages in conduct that is a violation of section 1073(1) with respect to an offense that consists of the conduct so engaged in;

shall be imprisoned for life.

"(2) The circumstance referred to in paragraph (1) of this subsection is that the defendant has previously been convicted of another State or Federal offense for conduct which--

"(A) is an offense under this section or section 2242 of this title; or

"(B) would have been an offense under either of such sections if the offense had occurred in the special maritime or territorial jurisdiction of the United States."

(d) AMENDMENTS TO VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994.--Section 2012 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 13702) is amended by adding at the end the following:

"(c) ADDITIONAL REQUIREMENT.--A State is not eligible for a grant under this section unless such State has provided assurances to the Attorney General that such State has in effect laws which allow the court to impose a sentence of life in prison without parole on a defendant in a criminal case who is convicted of a State offense for conduct that--

"(1) is an offense under section 2241 or 2242 of title 18, United States Code; or

"(2) would have been an offense under either of such sections if the offense had occurred in the special maritime or territorial jurisdiction of the United States;

after having previously been convicted of another State or Federal offense for conduct that was an offense described in paragraph (1) or (2)."

(e) STUDY OF PERSISTENT SEXUAL PREDATORS.--The National Institute of Justice, either directly or through grant, shall carry out a study of persistent sexual predators. Not later than one year after the date of the enactment of this Act, such Institute shall report to Congress and the President the results of such study. Such report shall include--

(1) a synthesis of current research in psychology, sociology, law, criminal justice, and other fields regarding persistent sexual offenders, including--

- (A) common characteristics of such offenders;
- (B) recidivism rates for such offenders;
- (C) treatment techniques and their effectiveness;
- (D) responses of offenders to treatment and deterrence;

and

- (E) the possibility of early intervention to prevent people from becoming sexual predators; and
- (2) an agenda for future research in this area.

!!SEC. 304. CHILD SAFETY LOCKS FOR FIREARMS.!!

(a) CIVIL PROHIBITIONS.--

(1) PROHIBITION AGAINST TRANSFER OF FIREARM WITHOUT LOCKING DEVICE ATTACHED.--

(A) PROHIBITION.--Effective 12 months after the date of the enactment of this Act, it shall be unlawful for any person, in or affecting commerce, to transfer a firearm in the United States, unless a locking device is attached to, or is an integral part of, the firearm.

(B) PENALTIES.--

(i) PRIVATE TRANSFERS.--The Secretary shall impose a civil fine of \$5,000 on any person, other than a licensed dealer or licensed manufacturer, who violates subparagraph (A).

(ii) TRANSFERS BY FEDERALLY LICENSED FIREARMS DEALERS.--The Secretary shall impose a civil fine of \$10,000 on any licensed dealer who violates subparagraph (A), and shall suspend or revoke any license issued under chapter 44 of title 18, United States Code, to the dealer.

(iii) TRANSFERS BY FEDERALLY LICENSED FIREARMS MANUFACTURERS.--The Secretary shall impose a civil fine of \$25,000 on any licensed manufacturer who violates

subparagraph (A), and shall suspend or revoke any license issued under chapter 44 of title 18, United States Code, to the manufacturer.

(2) PROHIBITION AGAINST MANUFACTURE OF HANDGUN WITHOUT LOCKING DEVICE ATTACHED.--

(A) PROHIBITION.--Effective 18 months after the date of the enactment of this Act, it shall be unlawful for any person, in or affecting commerce, to manufacture a handgun in the United States, unless a locking device that meets the minimum quality standards prescribed under subsection (e) is attached to, or is an integral part of, the firearm.

(B) PENALTIES.--The Secretary shall impose a civil fine of \$25,000 on any person who violates subparagraph (A), and shall suspend or revoke any license issued under chapter 44 of title 18, United States Code, to the manufacturer.

(3) PROHIBITION AGAINST TRANSFER OF FIREARM BY LICENSEE WITHOUT NOTICE AND WARNING.--

(A) PROHIBITION.--Effective 60 days after the date of the enactment of this Act, it shall be unlawful for any licensed importer, licensed manufacturer, or licensed dealer to transfer a handgun that is not accompanied by the following, which shall be printed in 3/4 -inch type:

"THE USE OF A LOCKING BOX OR LOCKING DEVICE PLACED ON THE TRIGGER GUARD OF A FIREARM IS ONLY ONE ASPECT OF RESPONSIBLE FIREARM STORAGE. FIREARMS AND THEIR AMMUNITION SHOULD BE STORED AND SECURED IN A LOCATION THAT IS INACCESSIBLE TO CHILDREN.

"IF MISUSED, HANDGUNS CAN RESULT IN UNINTENTIONAL INJURY OR LOSS OF LIFE. TRIGGER LOCKS LOWER THE RISK OF UNINTENTIONAL DISCHARGE, HOWEVER TRIGGER LOCKS DO NOT TOTALLY ELIMINATE THE RISK.

"FAILURE TO PROPERLY LOCK AND STORE YOUR FIREARM MAY RESULT IN CIVIL OR CRIMINAL LIABILITY UNDER STATE LAW. FEDERAL LAW PROHIBITS THE POSSESSION OF A HANDGUN BY A MINOR IN MOST CIRCUMSTANCES."

(B) PENALTIES.--

(i) TRANSFERS BY FEDERALLY LICENSED FIREARMS DEALERS OR IMPORTERS.--The Secretary shall impose a civil fine of \$10,000 on any licensed dealer or licensed importer who violates subparagraph (A), and shall suspend or revoke any license issued under chapter 44 of title 18, United States Code, to the dealer or importer.

(ii) TRANSFERS BY FEDERALLY LICENSED FIREARMS MANUFACTURERS.--The Secretary shall impose a civil fine of \$5,000 on any licensed manufacturer who violates subparagraph (A), and shall suspend or revoke any license issued under chapter 44 of title 18, United States Code, to the manufacturer.

(4) INAPPLICABILITY TO GOVERNMENTAL ENTITIES.--Paragraphs (1), (2), and (3) shall not apply to conduct of, or authorized by, the United States or any department or agency thereof, or any State or any department, agency, or political subdivision thereof.

(5) JUDICIAL REVIEW.--Not later than 60 days after an individual receives notice from the Secretary of a decision to impose a fine on, or suspend or revoke a license of, the individual under this subsection, the individual may bring an action against the Secretary in any United States district court for de novo review of the decision.

(b) CRIMINAL PROHIBITION AGAINST ADULT LEAVING FIREARM AND AMMUNITION WITH AN UNSUPERVISED MINOR.--

(1) PROHIBITION.--Section 922 of title 18, United States Code, is amended by inserting after subsection (x) the following:

"(y)(1) It shall be unlawful for an adult to leave a loaded firearm, or an unloaded firearm and ammunition for the firearm, with a minor, unless the possession of the firearm by the minor is supervised by an adult who is not prohibited by Federal, State, or local law from possessing a firearm.

"(2) As used in paragraph (1):

"(A) The term 'adult' means an individual who has attained 18 years of age.

"(B) The term 'minor' means an individual who has not attained 18 years of age."

(2) PENALTIES.--Section 924(a) of such title is amended by adding at the end the following:

"(7) Whoever knowingly violates section 922(y) shall, notwithstanding section 3571, be fined not more than \$10,000, imprisoned not more than 1 year, or both."

(c) STUDIES.--

(1) STANDARDS FOR LOCKING DEVICES.--

(A) IN GENERAL.--The National Institute of Justice and the Consumer Product Safety Commission shall each conduct a study to determine the feasibility of developing minimum quality standards for locking devices.

(B) REPORT.--Not later than 90 days after the date of the enactment of this Act, the National Institute of Justice and the Consumer Product Safety Commission shall each submit to the Attorney General and the Secretary of the Treasury a report that includes the results of the study required of the entity by subparagraph (A) and any recommendations for legislative or regulatory action.

(2) RESULTS OF THIS SECTION.--

(A) IN GENERAL.--The Director of the Centers for Disease Control shall conduct a study on the results of this section.

(B) REPORT.--Not later than 18 months after the date of the enactment of this Act, the Director of the Centers for Disease Control and Prevention shall submit to the Attorney General and the Secretary of the Treasury a report that contains the findings of the study required by subparagraph (A).

(d) EDUCATIONAL PROGRAMS.--For public service announcements and counter advertisements designed to educate the public on the proper storage of firearms, not more than \$1,000,000 are authorized to be appropriated for fiscal year 1998 to each of the Attorney General and the Secretary of Health and Human Services, who shall coordinate their expenditure of the sums appropriated pursuant to this subsection, and the sums are authorized to remain available until expended.

(e) REGULATIONS GOVERNING MANUFACTURE OF LOCKING DEVICES.--Within 6 months after the date of the enactment of this Act, the Secretary shall issue final regulations which prescribe minimum quality standards for locking devices.

(f) DEFINITIONS.--As used in this section:

(1) LOCKING DEVICE.--The term "locking device" means a device that--

(A) when installed and secured (with a key, electronic code, or electro-mechanically operated combination lock) on the trigger guard of a firearm, and while activated, prevents the firearm from being discharged; or

(B) is incorporated into the design of, and is an integral part of, a handgun, and while activated, prevents the handgun from being discharged.

(2) OTHER TERMS.--The terms "State", "firearm", "handgun", "dealer", "licensed dealer", "manufacturer", "licensed manufacturer", "importer", "licensed importer", and "Secretary" shall have the meanings given such terms in section 921(a) of title 18, United States Code.

!!SEC. 305. SAFE AND SOBER STREETS.!!

(a) STANDARD TO PROHIBIT OPERATION OF MOTOR VEHICLES BY INTOXICATED INDIVIDUALS.--Chapter 1 of title 23, United States Code, is amended by adding at the end the following:

!!"S162. National standard to prohibit the operation of motor vehicles by intoxicated individuals!!

"(a) WITHHOLDING OF APPORTIONMENTS FOR NONCOMPLIANCE.--

"(1) FISCAL YEAR 2001.--The Secretary shall withhold 5 percent of the amount required to be apportioned to any State under each of sections 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October 1, 2000, if the State does not meet the requirement of paragraph (3) on such date.

"(2) THEREAFTER.--The Secretary shall withhold 10 percent (including any amounts withheld under paragraph (1)) of the amount required to be apportioned to any State under each of sections 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October 1, 2001, and on October 1 of each fiscal year thereafter, if the State does not meet the requirement of paragraph (3) on such date.

"(3) REQUIREMENT.--A State meets the requirement of this paragraph if the State has enacted and is enforcing a law that considers an individual who has an alcohol concentration of 0.08 percent or greater while operating a motor vehicle in the State to be driving while intoxicated or driving under the influence of alcohol.

"(b) PERIOD OF AVAILABILITY; EFFECT OF COMPLIANCE AND NONCOMPLIANCE.--

"(1) PERIOD OF AVAILABILITY OF WITHHELD FUNDS.--

"(A) FUNDS WITHHELD ON OR BEFORE SEPTEMBER 30, 2002.--Any funds withheld under subsection (a) from apportionment to any State on or before September 30, 2002, shall remain available until the end of the third fiscal year following the fiscal year for which such funds are authorized to be appropriated.

"(B) FUNDS WITHHELD AFTER SEPTEMBER 30, 2002.--No funds withheld under this section from apportionment to any State after September 30, 2002, shall be available for apportionment to such State.

"(2) APPORTIONMENT OF WITHHELD FUNDS AFTER COMPLIANCE.--If, before the last day of the period for which funds withheld under subsection (a) from apportionment are to remain available for apportionment to a State under paragraph (1), the State meets the requirement of subsection (a)(3), the Secretary shall, on the first day on which the State meets such requirement, apportion to the State the funds withheld under subsection (a) that remain available for apportionment to the State.

"(3) PERIOD OF AVAILABILITY OF SUBSEQUENTLY APPORTIONED FUNDS.--Any funds apportioned pursuant to paragraph (2) shall remain available for expenditure until the end of the third fiscal year following the fiscal year in which such funds are so apportioned. Sums not obligated at the end of such period shall lapse or, in the case of funds apportioned under section 104(b)(5)(B), shall lapse and be made available by the Secretary for projects in accordance with section 118.

"(4) EFFECT OF NONCOMPLIANCE.--If, at the end of the period for which funds withheld under subsection (a) from apportionment are available for apportionment to a State under paragraph (1), the State does not meet the requirement of subsection (a)(3), such funds shall lapse or, in the case of funds withheld from apportionment under section 104(b)(5)(B), such funds shall lapse and be made available by the Secretary for projects in accordance with section 118."

(b) CLERICAL AMENDMENT.--The table of sections at the beginning of such chapter is amended by adding at the end the following:

"162. National standard to prohibit the operation of motor vehicles by intoxicated individuals."

!!SEC. 306. MINIMUM SENTENCE FOR A PERSON WHO OPERATES A MOTOR VEHICLE WHILE ALCOHOL-IMPAIRED. !!

(a) IN GENERAL.--Chapter 1 of title 23, United States Code, is amended by adding at the end the following:

!!"S162. National minimum sentence for a person who operates a motor vehicle while alcohol-impaired!!

"(a) WITHHOLDING OF APPORTIONMENTS FOR NONCOMPLIANCE.--

"(1) FISCAL YEAR 2001.--The Secretary shall withhold 5 percent of the amount required to be apportioned to any State under each of sections 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October 1, 2000, if the State does not meet the requirement of paragraph (3) on such date.

"(2) THEREAFTER.--The Secretary shall withhold 10 percent (including any amounts withheld under paragraph (1)) of the amount required to be apportioned to any State under each of sections 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October 1, 2001, and on October 1 of each fiscal year thereafter, if the State does not meet the requirement of paragraph (3) on such date.

"(3) REQUIREMENT.--A State meets the requirement of this paragraph if the State has enacted and is enforcing a law which provides for a minimum sentence consistent with the following:

"(A) In the case of the first conviction of a person of operating a motor vehicle while under the influence of alcohol, revocation of the person's driver's license for 6 months.

"(B) In the case of the second conviction of a person of operating a motor vehicle while alcohol-impaired, revocation of the person's driver's license for 1 year.

"(C) In the case of the third or subsequent conviction of a person of operating a motor vehicle while alcohol-impaired, permanent revocation of the person's driver's license.

A revocation pursuant to this paragraph shall not be subject to any exception or condition, including an exception or condition to avoid hardship to any individual.

"(b) PERIOD OF AVAILABILITY; EFFECT OF COMPLIANCE AND NONCOMPLIANCE.--

"(1) PERIOD OF AVAILABILITY OF WITHHELD FUNDS.--

"(A) FUNDS WITHHELD ON OR BEFORE SEPTEMBER 30, 2002.--Any funds withheld under subsection (a) from apportionment to any State on or before September 30, 2002, shall remain available until the end of the third fiscal year following the fiscal year for which such funds are authorized to be appropriated.

"(B) FUNDS WITHHELD AFTER SEPTEMBER 30, 2002.--No funds withheld under this section from apportionment to any State after September 30, 2002, shall be available for apportionment to such State.

"(2) APPORTIONMENT OF WITHHELD FUNDS AFTER COMPLIANCE.--If, before the last day of the period for which funds withheld under subsection (a) from apportionment are to remain available for apportionment to a State under paragraph (1), the State meets the requirement of subsection (a)(3), the Secretary shall, on the first day on which the State meets such requirement, apportion to the State the funds withheld under subsection (a) that remain available for apportionment to the State.

"(3) PERIOD OF AVAILABILITY OF SUBSEQUENTLY APPORTIONED FUNDS.--Any funds apportioned pursuant to paragraph (2) shall remain available for expenditure until the end of the third fiscal year following the fiscal year in which such funds are so apportioned. Sums not obligated at the end of such period shall lapse or, in the case of funds apportioned under section 104(b)(5)(B), shall lapse and be made available by the Secretary for projects in accordance with section 118.

"(4) EFFECT OF NONCOMPLIANCE.--If, at the end of the period for which funds withheld under subsection (a) from apportionment are available for apportionment to a State under paragraph (1), the State does not meet the requirement of subsection (a)(3), such funds shall lapse or, in the case of funds withheld from apportionment under section 104(b)(5)(B), such funds shall lapse and be made available by the Secretary for projects in accordance with section 118."

(b) CLERICAL AMENDMENT.--The table of sections at the beginning of such chapter is amended by adding at the end the following:

"162. National minimum sentence for a person who operates a motor vehicle while under the influence of alcohol."

!!SEC. 307. HANDGUN SAFETY!!

(a) DEFINITION OF LOCKING DEVICE.--Section 921(a) of title 18, United States Code, is amended by adding at the end the following:

"(34) The term 'locking device' means--

"(A) a device that, if installed on a firearm and secured by means of a key or a mechanically, electronically, or electromechanically operated combination lock, prevents the firearm from being discharged without first deactivating or removing the device by means of a key or mechanically, electronically, or electromechanically operated combination lock; or

"(B) a locking mechanism incorporated into the design of a firearm that prevents discharge of the firearm by any person who does not have access to the key or other device designed to unlock the mechanism and thereby allow discharge of the firearm."

(b) UNLAWFUL ACTS.--Section 922 of title 18, United States Code, is amended by inserting after subsection (x) the following:

"(y) LOCKING DEVICES AND WARNINGS.--

"(1) IN GENERAL.--Except as provided in paragraph (2), beginning 90 days after the date of enactment of the Child Safety Lock Act of 1997, it shall be unlawful for any licensed manufacturer, licensed importer, or licensed dealer to sell, deliver, or transfer any handgun--

"(A) to any person, unless the transferee is provided with a locking device for that handgun; or

"(B) to any person, unless the handgun is accompanied by the following warning, which shall appear in conspicuous and legible type in capital letters, and which shall be printed on a label affixed to the gun and on a separate sheet of paper included within the packaging enclosing the handgun:

"THE USE OF A LOCKING DEVICE OR SAFETY LOCK IS ONLY ONE ASPECT OF RESPONSIBLE FIREARM STORAGE. FIREARMS SHOULD BE STORED UNLOADED AND LOCKED IN A LOCATION THAT IS BOTH SEPARATE FROM THEIR AMMUNITION AND INACCESSIBLE TO CHILDREN. FAILURE TO PROPERLY LOCK AND STORE YOUR FIREARM MAY RESULT IN CIVIL OR CRIMINAL LIABILITY UNDER STATE LAW. IN ADDITION, FEDERAL LAW PROHIBITS THE POSSESSION OF A HANDGUN BY A MINOR IN MOST CIRCUMSTANCES."

"(2) EXCEPTIONS.--Paragraph (1) does not apply to--

"(A) the--

"(i) manufacture for, transfer to, or possession by, the United States or a State or a department or agency of the United States, or a State or a department, agency, or political subdivision of a State, of a handgun; or

"(iii) the transfer to, or possession by, a law enforcement officer employed by an entity referred to in clause (i) of a handgun for law enforcement purposes (whether on or off-duty); or

"(B) the transfer to, or possession by, a rail police officer employed by a rail carrier and certified or commissioned as a police officer under the laws of a State of a handgun for purposes of law enforcement (whether on or off-duty)."

(c) CIVIL PENALTIES.--Section 924 of title 18, United States Code, is amended--

(1) in subsection (a)(1), by striking "or (f)" and inserting "(f), or (p)"; and

(2) by adding at the end the following:

"(p) PENALTIES RELATING TO LOCKING DEVICES AND WARNINGS.--

"(1) IN GENERAL.--

"(A) SUSPENSION OR REVOCATION OF LICENSE: CIVIL PENALTIES.--With respect to each violation of subparagraph (A) or (B) of section 922(y)(1) by a licensee, the Secretary may, after notice and opportunity for hearing--

"(i) suspend or revoke any license issued to the licensee under this chapter; or

"(ii) subject the licensee to a civil penalty in an amount equal to not more than \$10,000.

"(B) REVIEW.--An action of the Secretary under this paragraph may be reviewed only as provided in section 923(f).

"(2) ADMINISTRATIVE REMEDIES.--the suspension or revocation of a license or the imposition of a civil penalty under paragraph (1) does not preclude any administrative remedy that is otherwise available to the Secretary."

!!TITLE IV--ECONOMIC SECURITY!!

!!SEC. 401. FAMILY INVESTMENT PACKAGE.!!

(a) REFUNDABLE CREDIT AND INCREASE OF AMOUNT OF EMPLOYMENT-RELATED EXPENSES TAKEN INTO ACCOUNT AND AMOUNT AT WHICH PHASE-DOWN OF PERCENTAGE BEGINS.--Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by inserting after section 34 the following new section:

!!"SEC. 34A. EXPENSES FOR HOUSEHOLD AND DEPENDENT CARE SERVICES NECESSARY FOR GAINFUL EMPLOYMENT.!!

"(a) ALLOWANCE OF CREDIT.--

"(1) IN GENERAL.--In the case of an individual who maintains a household which includes as a member one or more qualifying individuals (as defined in subsection (b)(1)), there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the employment-related expenses (as defined in subsection (b)(2)) paid by such individual during the taxable year.

"(2) APPLICABLE PERCENTAGE DEFINED.--For purposes of paragraph (1), the term 'applicable percentage' means 30 percent reduced (but not below 20 percent) by 1 percentage point for each \$2,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds \$20,000.

"(b) DEFINITIONS OF QUALIFYING INDIVIDUAL AND EMPLOYMENT-RELATED EXPENSES.--For purposes of this section--

"(1) QUALIFYING INDIVIDUAL.--The term 'qualifying individual' means--

"(A) a dependent of the taxpayer who is under the age of 13 and with respect to whom the taxpayer is entitled to a deduction under section 151(c),

"(B) a dependent of the taxpayer who is physically or mentally incapable of caring for himself, or

"(C) the spouse of the taxpayer, if he is physically or mentally incapable of caring for himself.

"(2) EMPLOYMENT-RELATED EXPENSES.--

"(A) IN GENERAL.--The term 'employment-related expenses' means amounts paid for the following expenses, but only if such expenses are incurred to enable the taxpayer to be gainfully employed for any period for which there are 1 or more qualifying individuals with respect to the taxpayer:

"(i) expenses for household services, and

"(ii) expenses for the care of a qualifying individual.

Such term shall not include any amount paid for services outside the taxpayer's household at a camp where the qualifying individual stays overnight.

"(B) EXCEPTION.--Employment-related expenses described in subparagraph (A) which are incurred for services outside the taxpayer's household shall be taken into account only if

incurred for the care of--

"(i) a qualifying individual described in paragraph (1)(A), or

"(ii) a qualifying individual (not described in paragraph (1)(A)) who regularly spends at least 8 hours each day in the taxpayer's household.

"(C) DEPENDENT CARE CENTERS.--Employment-related expenses described in subparagraph (A) which are incurred for services provided outside the taxpayer's household by a dependent care center (as defined in subparagraph (D)) shall be taken into account only if--

"(i) such center complies with all applicable laws and regulations of a State or unit of local government, and

"(ii) the requirements of subparagraph (B) are met.

"(D) DEPENDENT CARE CENTER DEFINED.--For purposes of this paragraph, the term 'dependent care center' means any facility which--

"(i) provides care for more than six individuals (other than individuals who reside at the facility), and

"(ii) receives a fee, payment, or grant for providing services for any of the individuals (regardless of whether such facility is operated for profit).

"(c) DOLLAR LIMIT ON AMOUNT CREDITABLE.--The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed--

"(1) \$3,600 if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or

"(2) \$5,400 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year.

The amount determined under paragraph (1) or (2) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

"(d) EARNED INCOME LIMITATION.--

"(1) IN GENERAL.--Except as otherwise provided in this subsection, the amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed--

"(A) in the case of an individual who is not married at the close of such year, such individual's earned income for such year, or

"(B) in the case of an individual who is married at the close of such year, the lesser of such individual's earned income or the earned income of his spouse for such year.

"(2) SPECIAL RULE FOR SPOUSE WHO IS A STUDENT OR INCAPABLE OF CARING FOR HIMSELF.--In the case of a spouse who is a student or a qualifying individual described in subsection (b)(1)(C), for purposes of paragraph (1), such spouse shall be deemed for each month during which such spouse is a full-time student at an educational institution, or is such a qualifying individual, to be gainfully employed and to have earned income of not less than--

"(A) \$200 if subsection (c)(1) applies for the taxable year, or

"(B) \$400 if subsection (c)(2) applies for the taxable year.

In the case of any husband and wife, this paragraph shall apply with respect to only one spouse for any one month.

"(e) SPECIAL RULES.--For purposes of this section--

"(1) MAINTAINING HOUSEHOLD.--An individual shall be treated as maintaining a household for any period only if over half the cost of maintaining the household for such period is furnished by such individual (or, if such individual is married during such period, is furnished by such individual and his spouse).

"(2) MARRIED COUPLES MUST FILE JOINT RETURN.--If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and

his spouse file a joint return for the taxable year.

"(3) MARITAL STATUS.--An individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married.

"(4) CERTAIN MARRIED INDIVIDUALS LIVING APART.--If--

"(A) an individual who is married and who files a separate return--

"(i) maintains as his home a household which constitutes for more than one-half of the taxable year the principal place of abode of a qualifying individual, and

"(ii) furnishes over half of the cost of maintaining such household during the taxable year, and

"(B) during the last 6 months of such taxable year such individual's spouse is not a member of such household, such individual shall not be considered as married.

"(5) SPECIAL DEPENDENCY TEST IN CASE OF DIVORCED PARENTS, ETC.--If--

"(A) paragraph (2) or (4) of section 152(e) applies to any child with respect to any calendar year, and

"(B) such child is under the age of 13 or is physically or mentally incapable of caring for himself,

in the case of any taxable year beginning in such calendar year, such child shall be treated as a qualifying individual described in subparagraph (A) or (B) of subsection (b)(1) (whichever is appropriate) with respect to the custodial parent (within the meaning of section 152(e)(1)), and shall not be treated as a qualifying individual with respect to the noncustodial parent.

"(6) PAYMENTS TO RELATED INDIVIDUALS.--No credit shall be allowed under subsection (a) for any amount paid by the taxpayer to an individual--

"(A) with respect to whom, for the taxable year, a deduction under section 151(c) (relating to deduction for personal exemptions for dependents) is allowable either to the taxpayer or his spouse, or

"(B) who is a child of the taxpayer (within the meaning of section 151(c)(3)) who has not attained the age of 19 at the close of the taxable year.

For purposes of this paragraph, the term 'taxable year' means the taxable year of the taxpayer in which the service is performed.

"(7) STUDENT.--The term 'student' means an individual who during each of 5 calendar months during the taxable year is a full-time student at an educational organization.

"(8) EDUCATIONAL ORGANIZATION.--The term 'educational organization' means an educational organization described in section 170(b)(1)(A)(ii).

"(9) IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO SERVICE PROVIDER.--No credit shall be allowed under subsection (a) for any amount paid to any person unless--

"(A) the name, address, and taxpayer identification number of such person are included on the return claiming the credit, or

"(B) if such person is an organization described in section 501(c)(3) and exempt from tax under section 501(a), the name and address of such person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence shall not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information so required.

"(f) REGULATIONS.--The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(b) CONFORMING AMENDMENTS RELATED TO EXPENSES FOR HOUSEHOLD AND DEPENDENT CARE EXPENSES.--

(1) IN GENERAL.--

(A) REPEAL OF SECTION 21.--Subpart A of part IV of subchapter A chapter 1 of such Code (relating to

nonrefundable personal credits) is amended by striking section 21.

(B) ADDITIONAL CONFORMING AMENDMENTS.--Each of the following provisions of such Code is amended by striking "section 21" and inserting "section 34A":

(i) Section 129(a)(2)(C).

(ii) Section 129(b)(2).

(iii) Section 129(e)(1).

(iv) Section 213(e).

(2) CLERICAL AMENDMENTS.--

(A) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 34 the following new item:

"Sec. 34A. Expenses for household and dependent care services necessary for gainful employment."

(B) The table of sections for subpart A of part IV of subchapter A chapter 1 of such Code is amended by striking the item relating to section 21.

(c) EFFECTIVE DATE.--The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1996.

(d) ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.--Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

!!"SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.!!

"(a) IN GENERAL.--For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to 50 percent of the qualified child care expenditures of the taxpayer for such taxable year.

"(b) DOLLAR LIMITATION.--The credit allowable under subsection (a) for any taxable year shall not exceed \$150,000.

"(c) DEFINITIONS.--For purposes of this section--

"(1) QUALIFIED CHILD CARE EXPENDITURE.--The term 'qualified child care expenditure' means any amount paid or incurred--

"(A) to acquire, construct, rehabilitate, or expand property--

"(i) which is to be used as part of a qualified child care facility of the taxpayer.

"(ii) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

"(iii) which does not constitute part of the principal residence (within the meaning of section 1034) of the taxpayer or any employee of the taxpayer.

"(B) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training.

"(C) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, or

"(D) under a contract to provide child care resource and referral services to employees of the taxpayer.

"(2) QUALIFIED CHILD CARE FACILITY.--

"(A) IN GENERAL.--The term 'qualified child care facility' means a facility--

"(i) the principal use of which is to provide child care assistance, and

"(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 1034) of the operator of the facility.

"(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.--A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless--

"(i) enrollment in the facility is open to employees of the taxpayer during the taxable year.

"(ii) the facility is not the principal trade or business of the taxpayer unless at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

"(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

"(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.--

"(1) IN GENERAL.--If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of--

"(A) the applicable recapture percentage, and

"(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

"(2) APPLICABLE RECAPTURE PERCENTAGE.--

"(A) IN GENERAL.--For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

	The applicable recapture percentage is:
"If the recapture event occurs in:	
Years 1-3.....	100
Year 4.....	85
Year 5.....	70
Year 6.....	55
Year 7.....	40
Year 8.....	25
Years 9 and 10.....	10
Years 11 and thereafter.....	0.

"(B) YEARS.--For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

"(3) RECAPTURE EVENT DEFINED.--For purposes of this subsection, the term 'recapture event' means--

"(A) CESSATION OF OPERATION.--The cessation of the operation of the facility as a qualified child care facility.

"(B) CHANGE IN OWNERSHIP.--

"(i) IN GENERAL.--Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

"(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.--Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

"(4) SPECIAL RULES.--

"(A) TAX BENEFIT RULE.--The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

"(B) NO CREDITS AGAINST TAX.--Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

"(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.--The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

"(e) SPECIAL RULES.--For purposes of this section--

"(1) AGGREGATION RULES.--All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

"(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.--Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

"(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.--In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

"(f) NO DOUBLE BENEFIT.--

"(1) REDUCTION IN BASIS.--For purposes of this subtitle--

"(A) IN GENERAL.--If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

"(B) CERTAIN DISPOSITIONS.--If during any taxable year there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

"(2) OTHER DEDUCTIONS AND CREDITS.--No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.

"(g) TERMINATION.--This section shall not apply to taxable years beginning after December 31, 1999."

(e) CONFORMING AMENDMENTS RELATED TO EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.--

(1) Section 38(b) of the Internal Revenue Code of 1986 is amended--

(A) by striking out "plus" at the end of paragraph (11).

(B) by striking out the period at the end of paragraph (12), and inserting a comma and "plus", and

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

"(13) the employer-provided child care credit determined under section 45D."

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 45D. Employer-provided child care credit."

(c) EFFECTIVE DATE.--The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

(f) ASSISTANCE FOR LOW-INCOME WORKING FAMILIES.--Section 658B of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

!!"SEC. 658B. FUNDING OF GRANTS.!!

"(a) AUTHORIZATION OF APPROPRIATIONS.--Except as provided in subsection (b), there is authorized to be appropriated to carry out this subchapter \$2,000,000,000 for each of fiscal years 1997 through 2002.

"(b) APPROPRIATION.--The Secretary shall pay, from funds in the Treasury not otherwise appropriated, \$1,400,000,000 for fiscal years 1997 through 2002, through the awarding of grants to States under this subchapter for the purpose of providing child care services for families who have left the State program of assistance under part A of title IV of the Social Security Act because of employment, families that are at risk of becoming dependent on such assistance program, and low-income working families described in section 658E(c)(3)(D). Funds shall be paid under this subsection to the States in the same manner, and subject to the same requirements and limitations, as funds are paid to the States under section 418 of the Social Security Act (42 U.S.C. 618).".

(g) GRANTS FOR CHILD CARE SUPPLY SHORTAGES.--Section 658E(c)(3) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)) is amended by adding at the end the following:

"(E) CHILD CARE SUPPLY SHORTAGES.--

"(i) IN GENERAL.--A State shall ensure that 100 percent of amounts paid to the State out of funds appropriated under section 658B(a)(2) with respect to each of the fiscal years 1997 through 2002 shall be used to carry out child care activities described in clause (ii) in geographic areas within the State that have a shortage, as determined by the State, in consultation with localities, of child care services.

"(ii) CHILD CARE ACTIVITIES DESCRIBED.--The child care activities described in this clause include the following:

"(I) Infant care programs.

"(II) Before- and after-school child care programs.

"(III) Resource and referral programs.

"(IV) Nontraditional work hours child care programs.

"(V) Extending the hours of pre-kindergarten programs to provide full-day services.

"(VI) Any other child care programs that the Secretary determines are appropriate.".

(h) AUTHORIZATION OF APPROPRIATIONS FOR LOW-INCOME WORKING FAMILIES.--

(1) IN GENERAL.--Section 658B(a) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858(a)), as amended by subsection (f), is amended--

(A) by striking "Except as provided in" and inserting the following:

"(1) IN GENERAL.--Except as provided in paragraph (2) and"; and

(B) by adding at the end the following:

"(2) CHILD CARE SUPPLY SHORTAGES.--There is authorized to be appropriated to carry out section 658E(c)(3)(E), \$500,000,000 for each of fiscal years 1997 through 2002.".

(2) CONFORMING AMENDMENT.--Section 658(c)(3)(A) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(A)) is amended by striking "(D)" and inserting "(E)".

(i) REPORT ON ACCESS TO CHILD CARE BY LOW-INCOME WORKING FAMILIES.--

(1) IN GENERAL.--Section 658K(a)(2) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858i(a)(2)) is

amended--

(A) in subparagraph (D), by striking "and" at the end;
and

(B) by inserting after subparagraph (E), the following:

"(F) the total number of families described in section 658B(b) that were eligible for but did not receive assistance under this subchapter or under section 418 of the Social Security Act and a description of the obstacles to providing such assistance; and

"(G) the total number of families described in section 658B(b) that received assistance provided under this subchapter or under section 418 of the Social Security Act and a description of the manner in which that assistance was provided;".

(2) SECRETARIAL REPORTING REQUIREMENT.--Section 658L of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended by inserting ", with particular emphasis on access of low-income working families," after "public".

(j) EFFECTIVE DATE.--Subsections (f) through (i) and the amendments made by such subsections shall take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, 110 Stat. 2105).

!!SEC. 402. SINGLE PARENT PROTECTION ACT.!!

(a) TREATMENT OF UNPAID CHILD SUPPORT.--Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

!!"SEC. 35. UNPAID CHILD SUPPORT.!!

"(a) ALLOWANCE OF CREDIT.--In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the unpaid child support of such individual for such year.

"(b) DEFINITIONS.--For purposes of this section--

"(1) ELIGIBLE INDIVIDUAL.--The term 'eligible individual' means any individual--

"(A) who is entitled to receive child support payments during the taxable year, and

"(B) who, as of the close of such taxable year, has not received all of the child support payments to which such individual is entitled for such year.

"(2) UNPAID CHILD SUPPORT.--The term 'unpaid child support' means, with respect to an individual for any taxable year, the excess of--

"(A) the aggregate child support payments such individual is entitled to receive during such year, over

"(B) the child support payments such individual received during such year.

"(3) CHILD SUPPORT PAYMENT.--

"(A) IN GENERAL.--The term 'child support payment' means, with respect to any taxable year--

"(i) any periodic payment of a fixed amount, or

"(ii) any payment of a medical or educational expense, insurance premium, or other similar item, which is required to be paid to the taxpayer during such taxable year by an individual under a support instrument for the support of any child of such individual.

"(B) COORDINATION WITH AFDC.--The term 'child support payment' shall not include any payment the right to which has been assigned to a State under section 402(a)(26) of the Social Security Act.

"(c) TAXPAYER REQUIRED TO IDENTIFY INDIVIDUAL REQUIRED TO PAY SUPPORT.--No credit shall be allowed under this section for a taxable year unless the taxpayer includes on the return for such year the name and TIN on each individual required to make support

payments to the taxpayer during such taxable year.

"(d) INCREASE IN TAX OF INDIVIDUAL FAILING TO MAKE REQUIRED SUPPORT PAYMENTS.--

"(1) IN GENERAL.--If credit is allowed under this section for any taxable year with respect to unpaid support payments, the tax imposed by this chapter of the individual failing to make such payment (for such individual's taxable year which begins in the calendar year in which the taxable year of the taxpayer begins) shall be increased by the amount of such credit.

"(2) NO CREDITS AGAINST TAX, ETC.--Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining--

"(A) the amount of any other credit under this part, or
"(B) the minimum tax under section 55."

(b) CONFORMING AMENDMENTS.--

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period "or from section 35 of such Code".

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 35 and inserting the following new items:

"Sec. 35. Unpaid child support.

"Sec. 36. Overpayments of tax."

(c) EFFECTIVE DATE.--The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

!!SEC. 403. SINGLE PARENT PROTECTION ACT.!!

(a) TREATMENT OF UNPAID CHILD SUPPORT.--Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

!!"SEC. 35. UNPAID CHILD SUPPORT.!!

"(a) ALLOWANCE OF CREDIT.--In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the unpaid child support of such individual for such year.

"(b) DEFINITIONS.--For purposes of this section--

"(1) ELIGIBLE INDIVIDUAL.--The term 'eligible individual' means any individual--

"(A) who is entitled to receive child support payments during the taxable year, and

"(B) who, as of the close of such taxable year, has not received all of the child support payments to which such individual is entitled for such year.

"(2) UNPAID CHILD SUPPORT.--The term 'unpaid child support' means, with respect to an individual for any taxable year, the excess of--

"(A) the aggregate child support payments such individual is entitled to receive during such year, over

"(B) the child support payments such individual received during such year.

"(3) CHILD SUPPORT PAYMENT.--

"(A) IN GENERAL.--The term 'child support payment' means, with respect to any taxable year--

"(i) any periodic payment of a fixed amount, or

"(ii) any payment of a medical or educational expense, insurance premium, or other similar item, which is required to be paid to the taxpayer during such taxable year by an individual under a support instrument for the support of any child of such individual.

"(B) COORDINATION WITH AFDC.--The term 'child support

payment' shall not include any payment the right to which has been assigned to a State under section 402(a)(26) of the Social Security Act.

"(c) TAXPAYER REQUIRED TO IDENTIFY INDIVIDUAL REQUIRED TO PAY SUPPORT.--No credit shall be allowed under this section for a taxable year unless the taxpayer includes on the return for such year the name and TIN on each individual required to make support payments to the taxpayer during such taxable year.

"(d) INCREASE IN TAX OF INDIVIDUAL FAILING TO MAKE REQUIRED SUPPORT PAYMENTS.--

"(1) IN GENERAL.--If credit is allowed under this section for any taxable year with respect to unpaid support payments, the tax imposed by this chapter of the individual failing to make such payment (for such individual's taxable year which begins in the calendar year in which the taxable year of the taxpayer begins) shall be increased by the amount of such credit.

"(2) NO CREDITS AGAINST TAX, ETC.--Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining--

"(A) the amount of any other credit under this part, or
"(B) the minimum tax under section 55."

(b) CONFORMING AMENDMENTS.--

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period "or from section 35 of such Code".

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 35 and inserting the following new items:

"Sec. 35. Unpaid child support.

"Sec. 36. Overpayments of tax."

(c) EFFECTIVE DATE.--The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

!!TITLE V--EDUCATING OUR CHILDREN!!

!!SEC. 501. FINDINGS AND PURPOSES.!!

(a) FINDINGS.--The Congress finds as follows:

(1) According to the General Accounting Office, one-third of all elementary and secondary schools in the United States, serving 14,000,000 students, need extensive repair or renovation.

(2) School infrastructure problems exist across the country, but are most severe in central cities and in schools with high proportions of poor and minority children.

(3) Many States and school districts will need to build new schools in order to accommodate increasing student enrollments; the Department of Education has predicted that the Nation will need 6,000 more schools by the year 2006.

(4) Many schools do not have the physical infrastructure to take advantage of computers and other technology needed to meet the challenges of the next century.

(5) While school construction and maintenance are primarily a State and local concern, States and communities have not, on their own, met the increasing burden of providing acceptable school facilities for all students, and the poorest communities have had the greatest difficulty meeting this need.

(6) The Federal Government, by providing interest subsidies and similar types of support, can lower the costs of State and local school infrastructure investment, creating an incentive for States and localities to increase their own infrastructure improvement efforts and helping ensure that all students are able to attend schools that are equipped for the 21st century.

(b) PURPOSE.--The purpose of this title is to provide Federal

interest subsidies, or similar assistance, to States and localities to help them bring all public school facilities up to an acceptable standard and build the additional public schools needed to educate the additional numbers of students who will enroll in the next decade.

!!SEC. 502. DEFINITIONS.!!

Except as otherwise provided, as used in this title, the following terms have the following meanings:

(1) CHARTER SCHOOL.--The term "charter school" has the meaning given that term in section 10306(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8066(1)).

(2) COMMUNITY SCHOOL.--The term "community school" means a school, or part of a school, that serves as a center for after-school and summer programs and delivery of education, tutoring, cultural, and recreational services, and as a safe haven for all members of the community by--

(A) collaborating with other public and private nonprofit agencies (including libraries and other educational, human-service, cultural, and recreational entities) and private businesses in the provision of services;

(B) providing services such as literacy and reading programs; senior citizen programs; children's day-care services; nutrition services; services for individuals with disabilities; employment counseling, training, and placement; and other educational, health, cultural, and recreational services; and

(C) providing those services outside the normal school day and school year, such as through safe and drug-free safe havens for learning.

(3)(A) CONSTRUCTION.--The term "construction" means--

(i) the preparation of drawings and specifications for school facilities;

(ii) erecting, building, acquiring, remodeling, renovating, improving, repairing or extending school facilities;

(iii) demolition, in preparation for rebuilding school facilities; and

(iv) the inspection and supervision of the construction of school facilities.

(B) The term "construction" does not include the acquisition of any interest in real property.

(4) LOCAL EDUCATIONAL AGENCY.--The term "local educational agency" has the meaning given that term in section 14101(18) (A) and (B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(18) (A) and (B)).

(5) SCHOOL FACILITY.--(A) Term "school facility" means--

(i) a public structure suitable for use as a classroom, laboratory, library, media center, or related facility, whose primary purpose is the instruction of public elementary or secondary students; and

(ii) initial equipment, machinery, and utilities necessary or appropriate for school purposes.

(B) The term "school facility" does not include an athletic stadium, or any other structure or facility intended primarily for athletic exhibitions, contests, games, or events for which admission is charged to the general public.

(6) SECRETARY.--The term "Secretary" means the Secretary of Education.

(7) STATE.--The term "State" means each of the 50 States and the Commonwealth of Puerto Rico.

(8) STATE EDUCATIONAL AGENCY.--The term "State educational agency" has the meaning given that term in section 14101(28) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(28)).

!!SEC. 503. FUNDS APPROPRIATED.!!

There are appropriated \$5,000,000,000 for the purpose of carrying out this title, which shall be available for obligation by

the Secretary of Education from October 1, 1997 until September 30, 2001.

!!SEC. 504. ALLOCATION OF FUNDS.!!

(a) RESERVATION FOR THE SECRETARY OF THE INTERIOR AND THE OUTLYING AREAS.--

(1) The Secretary shall reserve up to 2 percent of the funds appropriated by section 503 to--

(A) provide assistance to the Secretary of the Interior, which the Secretary of the Interior shall use for the school construction priorities described in section 1125(c) of the Education Amendments of 1978 (25 U.S.C. 2005(c)); and

(B) make grants to American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands, in accordance with their respective needs, as determined by the Secretary.

(2) Grants provided under paragraph (1)(B) shall be used for activities that the Secretary determines best meet the school infrastructure needs of the areas identified in that paragraph, subject to the terms and conditions, consistent with the purpose of this title, that the Secretary may establish.

(b) ALLOCATION OF REMAINING FUNDS.--Of the remaining funds appropriated by section 503--

(1) 50 percent shall be used for formula grants to States under section 511;

(2) 35 percent shall be used for direct formula grants to local educational agencies under section 526; and

(3) 15 percent shall be used for competitive grants to local educational agencies under section 527.

PART 2--GRANTS TO STATES

!!SEC. 511. ALLOCATION OF FUNDS.!!

(a) FORMULA GRANTS TO STATES.--Subject to subsection (b), the Secretary shall allocate the funds available under section 504(b)(1) among the States in proportion to the relative amounts each State would have received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year if the Secretary had disregarded the numbers of children counted under that subpart who were enrolled in schools of local educational agencies that are eligible to receive direct grants under section 526 of this title.

(b) ADJUSTMENTS TO ALLOCATIONS.--The Secretary shall adjust the allocations under subsection (a), as necessary, to ensure that--of the total amount allocated to States under subsection (a) and to local educational agencies under section 526, the percentage allocated to a State under this section and to localities in the State under section 526 is at least the minimum percentage for the State described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for the previous fiscal year.

(c) REALLOCATIONS.--If a State does not apply for its allocation, applies for less than its full allocation, or fails to submit an approvable application, the Secretary may reallocate all or a portion of the State's allocation, as the case may be, to the remaining States in the same proportions as the original allocations were made to those States under subsections (a) and (b).

!!SEC. 512. ELIGIBLE STATE AGENCY.!!

The Secretary shall award each State's grant to the State agency, such as a State educational agency, a State school construction agency, or a State bond bank, that the Governor, with the agreement of the chief State school officer, designates as best able to administer the grant.

!!SEC. 513. ALLOWABLE USE OF FUNDS.!!

Each State shall use its grant under this part only for one or more of the following activities to subsidize the cost of eligible school construction projects described in section 514:

(1) Providing a portion of the interest cost (or of another financing cost approved by the Secretary) on bonds, certificates of participation, purchase or lease arrangements, or other forms of indebtedness issued or entered into by a State or its instrumentality for the purpose of financing eligible projects.

(2) State-level expenditures approved by the Secretary for credit enhancement for the debt or financing instruments described in paragraph (1).

(3) Making subgrants, or making loans through a State revolving fund, to local educational agencies or (with the agreement of the affected local educational agency) to other qualified public agencies to subsidize--

(A) the interest cost (or another financing cost approved by the Secretary) of bonds, certificates of participation, purchase or lease arrangements, or other forms of indebtedness issued or entered into by a local educational agency or other agency or unit of local government for the purpose of financing eligible projects; or

(B) local expenditures approved by the Secretary for credit enhancement for the debt or financing instruments described in subparagraph (A).

(4) Other State and local expenditures approved by the Secretary that leverage funds for additional school construction.

!!SEC. 514. ELIGIBLE CONSTRUCTION PROJECTS; PERIOD OF INITIATION.!!

(a) ELIGIBLE PROJECTS.--States and their subgrantees may use funds under this part, in accordance with section 513, to subsidize the cost of--

(1) construction of elementary and secondary school facilities in order to ensure the health and safety of all students, which may include the removal of environmental hazards; improvements in air quality, plumbing, lighting, heating and air conditioning, electrical systems, or basic school infrastructure; and building improvements that increase school safety;

(2) construction activities needed to meet the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.);

(3) construction activities that increase the energy efficiency of school facilities;

(4) construction that facilitates the use of modern educational technologies;

(5) construction of new school facilities that are needed to accommodate growth in school enrollments; or

(6) construction projects needed to facilitate the establishment of charter schools and community schools.

(b) PERIOD FOR INITIATION OF PROJECT.--(1) Each State shall use its grant under this part only to subsidize construction projects described in subsection (a) that the State or its localities have chosen to initiate, through the vote of a school board, passage of a bond issue, or similar public decision, made between July 11, 1996 and September 30, 2001.

(2) If a State determines, after September 30, 2001, that an eligible project for which it has obligated funds under this part will not be carried out, the State may use those funds (or any available portion of those funds) for other eligible projects selected in accordance with this part.

(c) REALLOCATION.--If the Secretary determines, by a date before September 30, 2001 selected by the Secretary, that a State is not making satisfactory progress in carrying out its plan for the use of the funds allocated to it under this part, the Secretary may

reallocate all or part of those funds, including any interest earned by the State on those funds, to one or more other States that are making satisfactory progress.

!!SEC. 515. SELECTION OF LOCALITIES AND PROJECTS.!!

(a) PRIORITIES.--In determining which localities and activities to support with grant funds, each State shall give the highest priority to--

- (1) localities with the greatest needs, as demonstrated by inadequate educational facilities, coupled with a low level of resources available to meet school construction needs; and
- (2) localities that will achieve the greatest leveraging effect on school construction from assistance under this part.

(b) ADDITIONAL CRITERIA.--In addition to the priorities required by subsection (a), each State shall consider each of the following in determining the use of its grant funds under this part:

- (1) The condition of the school facilities in different communities in the State.
- (2) The energy efficiency and the effect on the environment of projects proposed by communities, and the extent to which these projects use cost-efficient architectural design.
- (3) The commitment of communities to finance school construction and renovation projects with assistance from the State's grant, as demonstrated by their incurring indebtedness or by similar public or private commitments for the purposes described in section 514(a).
- (4) The ability of communities to repay bonds or other forms of indebtedness supported with grant funds.
- (5) The particular needs, if any, of rural communities in the State for assistance under this title.
- (6) The receipt by local educational agencies in the State of grants under part 3, except that a local educational agency is not ineligible for a subgrant under this part solely because it receives such a grant.

!!SEC. 516. STATE APPLICATIONS.!!

(a) APPLICATION REQUIRED.--A State that wishes to receive a grant under this part shall submit an application to the Secretary, in the manner the Secretary may require, not later than two years after the date of enactment of this title.

(b) DEVELOPMENT OF APPLICATION.--(1) The State agency designated under section 512 shall develop the State's application under this part only after broadly consulting with the State board of education, and representatives of local school boards, school administrators, the business community, parents, and teachers in the State about the best means of carrying out this part.

(2) If the State educational agency is not the State agency designated under section 512, the designated agency shall consult with the State educational agency and obtain its approval before submitting the State's application.

(c) STATE SURVEY.--(1) Before submitting the State's application, the State agency designated under section 512, with the involvement of local school officials and experts in building construction and management, shall survey the needs throughout the State (including in localities receiving grants under part 3) for construction and renovation of school facilities, including, at a minimum--

- (A) the overall condition of school facilities in the State, including health and safety problems;
- (B) the capacity of the schools in the State to house projected enrollments; and
- (C) the extent to which the schools in the State offer the physical infrastructure needed to provide a high-quality education to all students.

(2) A State need not conduct a new survey under paragraph (1)

if it has previously completed a survey that meets the requirements of that paragraph and that the Secretary finds is sufficiently recent for the purpose of carrying out this part.

(d) APPLICATION CONTENTS.--Each State application under this part shall include--

(1) an identification of the State agency designated by the Governor under section 512 to receive the State's grant under this part;

(2) a summary of the results of the State's survey of its school facility needs, as described in subsection (c);

(3) a description of how the State will implement its program under this part;

(4) a description of how the State will allocate its grant funds, including a description of how the State will implement the priorities and criteria described in section 515;

(5)(A) a description of the mechanisms that will be used to finance construction projects supported by grant funds; and

(B) a statement of how the State will determine the amount of the Federal subsidy to be applied, in accordance with section 517(a), to each local project that the State will support;

(6) a description of how the State will ensure that the requirements of this part are met by subgrantees under this part;

(7) a description of the steps the State will take to ensure that local educational agencies will adequately maintain the facilities that are constructed or improved with funds under this part;

(8) an assurance that the State will use its grant only to supplement the funds that the State, and the localities receiving subgrants, would spend on school construction and renovation in the absence of a grant under this part, and not to supplant those funds;

(9) an assurance that, during the four-year period beginning with the year the State receives its grant, the combined expenditures for school construction by the State and the localities that benefit from the State's program under this part (which, at the State's option, may include private contributions) will be at least 125 percent of those combined expenditures for that purpose for the four preceding years; and

(10) other information and assurances that the Secretary may require.

(e) WAIVER OF REQUIREMENT TO INCREASE EXPENDITURES.--The Secretary may waive or modify the requirement of subsection (d)(9) for a particular State if the State demonstrates to the Secretary's satisfaction that that requirement is unduly burdensome because the State or its localities have incurred a particularly high level of school construction expenditures during the previous four years.

!!SEC. 517. AMOUNT OF FEDERAL SUBSIDY.!!

(a) PROJECTS FUNDED WITH SUBGRANTS.--For each construction project assisted by a State through a subgrant to a locality, the State shall determine the amount of the Federal subsidy under this part, taking into account the number or percentage of children from low-income families residing in the locality, subject to the following limits:

(1) If the locality will use the subgrant to help meet the costs of repaying bonds issued for a school construction project, the Federal subsidy shall be not more than one-half of the total interest cost of those bonds, determined in accordance with paragraph (4).

(2) If the bonds to be subsidized are general obligation bonds issued to finance more than one type of activity (including school construction), the Federal subsidy shall be not more than one-half of the interest cost for that portion of the bonds that will be used for school construction purposes, determined in accordance with paragraph (4).

(3) If the locality elects to use its subgrant for an allowable activity not described in paragraph (1) or (2), such as for certificates of participation, purchase or lease

arrangements, reduction of the amount of principal to be borrowed, or credit enhancements for individual construction projects, the Federal subsidy shall be not more than one-half of the interest cost, as determined by the State in accordance with paragraph (4), that would have been incurred if bonds had been used to finance the project.

(4) The interest cost referred to in paragraphs (1), (2), and (3) shall be--

- (A) calculated on the basis of net present value; and
- (B) determined in accordance with an amortization schedule and any other criteria and conditions the Secretary considers necessary, including provisions to ensure comparable treatment of different financing mechanisms.

(b) STATE-FUNDED PROJECTS.--For a construction project under this part funded directly by the State through the use of State-issued bonds or other financial instruments, the Secretary shall determine the Federal subsidy in accordance with subsection (a).

(c) NON-FEDERAL SHARE.--A State, and localities in the State receiving subgrants under this part, may use any non-Federal funds, including State, local, and private-sector funds, for the financing costs that are not covered by the Federal subsidy under subsection (a).

!!SEC. 518. SEPARATE FUNDS OR ACCOUNTS' PRUDENT INVESTMENT.!!

(a) SEPARATE FUNDS OR ACCOUNTS REQUIRED.--Each State that receives a grant, and each recipient of a subgrant under this part, shall deposit the grant or subgrant proceeds in a separate fund or account, from which it shall make bond repayments and pay other expenses allowable under this part.

(b) PRUDENT INVESTMENT REQUIRED.--Each State that receives a grant, and each recipient of a subgrant under this part, shall--

- (1) invest the grant or subgrant in a fiscally prudent manner, in order to generate amounts needed to make repayments on bonds and other forms of indebtedness described in section 513; and
- (2) notwithstanding section 6503 of title 31, United States Code or any other law, use the proceeds of that investment to carry out this part.

!!SEC. 519. STATE REPORTS.!!

(a) REPORTS REQUIRED.--

- (1) Each State receiving a grant under this part shall report to the Secretary on its activities under this part, in the form and manner the Secretary may prescribe.
- (2) If the State educational agency is not the State agency designated under section 512, the State's report shall include the approval of the State educational agency or its comments on the report.

(b) CONTENTS.--Each report shall--

- (1) describe the State's implementation of this part, including how the State has met the requirements of this part;
- (2) identify the specific school facilities constructed, renovated, or modernized with support from the grant, and the mechanisms used to finance those activities;
- (3) identify the level of Federal subsidy provided to each construction project carried out with support from the State's grant; and
- (4) include any other information the Secretary may require.

(c) FREQUENCY.--(1) Each State shall submit its first report under this section not later than 24 months after it receives its grant under this part.

(2) Each State shall submit an annual report for each of the three years after submitting its first report, and subsequently

shall submit periodic reports as long as the State or localities in the State are using grant funds.

PART 3--DIRECT GRANTS TO LOCAL EDUCATIONAL AGENCIES

!!SEC. 521. ELIGIBLE LOCAL EDUCATIONAL AGENCIES.!!

(a) ELIGIBLE AGENCIES.--Except as provided in subsection (b), the local educational agencies that are eligible to receive formula grants under section 526 and competitive grants under section 527 from the Secretary are the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary.

(b) CERTAIN JURISDICTIONS INELIGIBLE.--For the purpose of this part, the local educational agencies for Hawaii and the Commonwealth of Puerto Rico are not eligible local educational agencies.

!!SEC. 522. GRANTEES.!!

For each local educational agency described in section 521(a) for which an approvable application is submitted, the Secretary shall make any grant under this part to the local educational agency or to another public agency, on behalf of the local educational agency, if the Secretary determines, on the basis of the local educational agency's recommendation, that the other agency is better able to carry out activities under this part.

!!SEC. 523. ALLOWABLE USE OF FUNDS.!!

Each grantee under this part shall use its grant only for one or more of the following activities to reduce the cost of financing eligible school construction projects described in section 524:

(1) Providing a portion of the interest cost (or of any other financing cost approved by the Secretary) on bonds, certificates of participation, purchase or lease arrangements, or other forms of indebtedness issued or entered into by a local educational agency or other unit or agency of local government for the purpose of financing eligible school construction projects.

(2) Local expenditures approved by the Secretary for credit enhancement for the debt or financing instruments described in paragraph (1).

(3) Other local expenditures approved by the Secretary that leverage funds for additional school construction.

!!SEC. 524. ELIGIBLE CONSTRUCTION PROJECTS; REDISTRIBUTION.!!

(a) ELIGIBLE PROJECTS.--A grantee under this part may use its grant, in accordance with section 523, to subsidize the cost of the activities described in section 514(a) for projects that the local educational agency has chosen to initiate, through the vote of the school board, passage of a bond issue, or similar public decision, made between July 11, 1996 and September 30, 2001.

(b) REDISTRIBUTION.--If the Secretary determines, by a date before September 30, 2001 selected by the Secretary, that a local educational agency is not making satisfactory progress in carrying out its plan for the use of funds awarded to it under this part, the Secretary may redistribute all or part of those funds, and any interest earned by that agency on those funds, to one or more other local educational agencies that are making satisfactory progress.

!!SEC. 525. LOCAL APPLICATIONS.!!

(a) APPLICATION REQUIRED.--A local educational agency, or an alternative agency described in section 522 (both referred to in this part as the "local agency"), that wishes to receive a grant under this part shall submit an application to the Secretary, in the manner the Secretary may require, not later than two years after the

date of enactment of this title.

(b) DEVELOPMENT OF APPLICATION.--(1) The local agency shall develop the local application under this part only after broadly consulting with parents, administrators, teachers, the business community, and other members of the local community about the best means of carrying out this part.

(2) If the local educational agency is not the applicant, the applicant shall consult with the local educational agency, and shall obtain its approval before submitting its application to the Secretary.

(c) LOCAL SURVEY.--(1) Before submitting its application, the local agency, with the involvement of local school officials and experts in building construction and management, shall survey the local need for construction and renovation of school facilities, including, at a minimum--

(A) the overall condition of school facilities in the local educational agency, including health and safety problems;

(B) the capacity of the local educational agency's schools to house projected enrollments; and

(C) the extent to which the local educational agency's schools offer the physical infrastructure needed to provide a high-quality education to all students.

(2) A local educational agency need not conduct a new survey under paragraph (1) if it has previously completed a survey that meets the requirements of that paragraph and that the Secretary finds is sufficiently recent for the purpose of carrying out this part.

(d) APPLICATION CONTENTS.--Each local application under this part shall include--

(1) an identification of the local agency to receive the grant under this part;

(2) a summary of the results of the survey of school facility needs, as described in subsection (c);

(3) a description of how the local agency will implement its program under this part;

(4) a description of the criteria the local agency has used to determine which construction projects to support with grant funds;

(5) a description of the construction projects that will be supported with grant funds;

(6) a description of the mechanisms that will be used to finance construction projects supported by grant funds;

(7) a requested level of Federal subsidy, with a justification for that level, for each construction project to be supported by the grant, in accordance with section 528(a), including the financial and demographic information the Secretary may require;

(8) a description of the steps the agency will take to ensure that facilities constructed or improved with funds under this part will be adequately maintained;

(9) an assurance that the agency will use its grant only to supplement the funds that the locality would spend on school construction and renovation in the absence of a grant under this part, and not to supplant those funds;

(10) an assurance that, during the four-year period beginning with the year the local educational agency receives its grant, its expenditures for school construction (which, at that agency's option, may include private contributions) will be at least 125 percent of its expenditures for that purpose for the four preceding years; and

(11) other information and assurances that the Secretary may require.

(e) WAIVER OF REQUIREMENT TO INCREASE EXPENDITURES.--The Secretary may waive or modify the requirement of subsection (d)(10) for a local educational agency that demonstrates to the Secretary's satisfaction that that requirement is unduly burdensome because that

agency has incurred a particularly high level of school construction expenditures during the previous four years.

!!SEC. 526. FORMULA GRANTS.!!

(a) ALLOCATIONS.--The Secretary shall allocate the funds available under section 504(b)(2) to the local educational agencies identified under section 521(a) on the basis of their relative allocations under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) in the most recent year for which that information is available to the Secretary.

(b) REALLOCATIONS.--If a local educational agency does not apply for its allocation, applies for less than its full allocation, or fails to submit an approvable application, the Secretary may reallocate all or a portion of its allocation, as the case may be, to the remaining local educational agencies in the same proportions as the original allocations were made to those agencies under subsection (a).

!!SEC. 527. COMPETITIVE GRANTS.!!

(a) GRANTS AUTHORIZED.--The Secretary shall use funds available under section 504(b)(3) to make additional grants, on a competitive basis, to recipients of formula grants under section 526.

(b) ADDITIONAL APPLICATION MATERIALS.--Any eligible applicant under section 526 that wishes to receive additional funds under this section shall include in its application under section 525 the following additional information:

(1) The amount of funds requested under this section, in accordance with ranges or limits that the Secretary may establish based on factors such as relative size of the eligible applicants.

(2) A description of the additional construction activities that the applicant would carry out with those funds.

(3) Information on the current financial effort the applicant is making for elementary and secondary education, including support from private sources, relative to its resources.

(4) Information on the extent to which the applicant will increase its own (or other public or private) spending for school construction in the year in which it receives a grant under this section, above the average annual amount for construction activity during the preceding four years.

(5) A description of the energy efficiency and the effect on the environment of the projects that the applicant will undertake, both with its grant under this section and its grant under section 526, and of the extent to which those projects will use cost-efficient architectural design.

(6) Other information that the Secretary may require.

(c) SELECTION OF GRANTEES.--The Secretary shall select grantees under this section on the basis of criteria, consistent with the purpose of this title, that the Secretary may establish, which shall include--

(1) the relative need of applicants, as demonstrated by inadequate educational facilities and a low level of resources to meet their school construction needs;

(2) the commitment of applicants to meet their school construction needs and the leveraging effect that assistance under this part would have, as demonstrated by the additional resources that they will provide, from non-Federal sources, to meet those needs, in accordance with subsection (b)(4).

!!SEC. 528. AMOUNT OF FEDERAL SUBSIDY.!!

(a) AMOUNT OF FEDERAL SUBSIDY.--For each construction project assisted under this part, the Secretary shall determine the amount of the Federal subsidy in accordance with section 517(a).

(b) NON-FEDERAL SHARE.--A grantee under this part may use any

non-Federal funds, including State, local, and private-sector funds, for the financing costs that are not covered by the Federal subsidy under subsection (a).

!!SEC. 529. SEPARATE FUNDS OR ACCOUNTS; PRUDENT INVESTMENT!!

(a) SEPARATE FUNDS OR ACCOUNTS REQUIRED.--Each grantee under this part shall deposit the grant proceeds in a separate fund or account, from which it shall make bond repayments and pay other expenses allowable under this part.

(b) PRUDENT INVESTMENT REQUIRED.--Each grantee under this part shall--

(1) invest the grant funds in a fiscally prudent manner, in order to generate amounts needed to make repayments on bonds and other forms of indebtedness; and

(2) Notwithstanding section 6503 of title 31, United States Code or any other law, use the proceeds of that investment to carry out this part.

!!SEC. 530. LOCAL REPORTS.!!

(a) REPORTS REQUIRED.--(1) Each grantee under this part shall report to the Secretary on its activities under this part, in the form and manner the Secretary may prescribe.

(2) If the local educational agency is not the grantee under this part, the grantee's report shall include the approval of the local educational agency or its comments on the report.

(b) CONTENTS.--Each report shall--

(1) describe the grantee's implementation of this part, including how it has met the requirements of this part;

(2) identify the specific school facilities constructed, renovated, or modernized with support from the grant, and the mechanisms used to finance those activities; and

(3) other information the Secretary may require.

(c) FREQUENCY.--(1) Each grantee shall submit its first report under this section not later than 24 months after it receives its grant under this part.

(2) Each grantee shall submit an annual report for each of the three years after submitting its first report, and subsequently shall submit periodic reports as long as it is using grant funds.

PART 4--GENERAL PROVISIONS

!!SEC. 531. TECHNICAL EMPLOYEES.!!

For the purpose of carrying out this title, the Secretary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, may appoint not more than 10 technical employees who may be paid without regard to the provisions of chapter 51 and subchapter IV of chapter 5 of that title relating to classification and General Schedule pay rates.

!!SEC. 532. WAGE RATES.!!

(a) PREVAILING WAGE.--The Secretary shall ensure that all laborers and mechanics employed by contractors and subcontractors on any project assisted under this title are paid wages at rates not less than those prevailing as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, as amended (40 U.S.C. 276a et seq.). The Secretary of Labor has, with respect to this section, the authority and functions established in Reorganization Plan Numbered 14 of 1950 (effective May 24, 1950, 64 Stat. 1267) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

(b) WAIVER FOR VOLUNTEERS.--Section 7305 of the Federal Acquisition Streamlining Act of 1994 (40 U.S.C. 276d-3) is amended--

(1) in paragraph (5), by striking out the "and" at the end thereof;

(2) in paragraph (6), by striking out the period at the end thereof and inserting a semi-colon and "and"; and

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

"(7) the Partnership to Rehabilitate America's Schools Act of 1997.".

!!SEC. 533. NO LIABILITY OF FEDERAL GOVERNMENT.!!

(a) NO FEDERAL LIABILITY.--Any financial instruments, including but not limited to contracts, bonds, bills, notes, certificates of participation, or purchase or lease arrangements, issued by States, localities or instrumentalities thereof in connection with any assistance provided by the Secretary under this title are obligations of such States, localities or instrumentalities and not obligations of the United States and are not guaranteed by the full faith and credit of the United States.

(b) NOTICE REQUIREMENT.--Documents relating to any financial instruments, including but not limited to contracts, bonds, bills, notes, offering statements, certificates of participation, or purchase or lease arrangements, issued by States, localities or instrumentalities thereof in connection with any assistance provided under this title, shall include a prominent statement providing notice that the financial instruments are not obligations of the United States and are not guaranteed by the full faith and credit of the United States.

!!SEC. 534. CONSULTATION WITH SECRETARY OF THE TREASURY.!!

The Secretary shall consult with the Secretary of the Treasury in carrying out this title.

!!TITLE VI--BUDGETING PROVISIONS!!

!!SEC. 601. INCREASE IN BUDGET FUNCTIONS FOR DOMESTIC PROGRAMS.!!

The Director of the Congressional Budget Office shall determine, by budget function, the amount of new budget authority and the amount of outlays for fiscal year 1998 resulting from the provisions of this Act. The amounts so determined shall be considered for all purposes as increases in the amounts provided in the Concurrent Resolution on the Budget for Fiscal Year 1998 (as adopted) for new budget authority, and the amounts provided in such resolution for outlays, for fiscal year 1998 for those budget functions.

!!SEC. 602. OFFSETTING REDUCTIONS IN DEFENSE BUDGET FUNCTION.!!

The amount provided in the Concurrent Resolution on the Budget for Fiscal Year 1998 (as adopted) for new budget authority, and the amount provided in such resolution for outlays, for fiscal year 1998 for the national defense budget function (function 050) are hereby reduced by the amounts (as determined by Director of the Congressional Budget Office) necessary to offset the total increases in amounts for new budget authority and for outlays under section 601.

There are no more items to read.