

108TH CONGRESS  
1ST SESSION

# S. 668

To amend the Child Care and Development Block Grant Act of 1990 to provide incentive grants to improve the quality of child care.

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IN THE SENATE OF THE UNITED STATES

MARCH 19, 2003

Mr. REED (for himself, Mr. DODD, Mr. KENNEDY, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Child Care and Development Block Grant Act of 1990 to provide incentive grants to improve the quality of child care.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child Care Quality  
5 Incentive Act of 2003”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress makes the following find-  
8 ings:

1           (1) Recent research on early brain development  
2 reveals that much of a child's growth is determined  
3 by early learning and nurturing care. Research also  
4 shows that quality early care and education leads to  
5 increased cognitive abilities, positive classroom learn-  
6 ing behavior, increased likelihood of long-term school  
7 success, and greater likelihood of long-term economic  
8 and social self-sufficiency.

9           (2) Each day an estimated 13,000,000 children,  
10 including 6,000,000 infants and toddlers, spend  
11 some part of their day in child care. However, a  
12 study in 4 States found that only 1 in 7 child care  
13 centers provide care that promotes healthy develop-  
14 ment, while 1 in 8 child care centers provide care  
15 that threatens the safety and health of children.

16           (3) Full-day child care can cost \$4,000 to  
17 \$12,000 per year.

18           (4) Although Federal assistance is available for  
19 child care, funding is severely limited. Even with  
20 Federal subsidies, many families cannot afford child  
21 care. For families with young children and a month-  
22 ly income under \$1,200, the cost of child care typi-  
23 cally consumes 25 percent of their income.

24           (5) Payment (or reimbursement) rates, which  
25 determine the maximum the State will reimburse a

1 child care provider for the care of a child who re-  
2 ceives a subsidy, are too low to ensure that quality  
3 care is accessible to all families.

4 (6) Low payment rates directly affect the kind  
5 of care children get and whether families can find  
6 quality child care in their communities. In many in-  
7 stances, low payment rates force child care providers  
8 serving low-income children to cut corners in ways  
9 that impact the quality of care for the children, in-  
10 cluding reducing the number of staff, eliminating  
11 professional development opportunities, and cutting  
12 enriching educational activities and services.

13 (7) Children in low-quality child care are more  
14 likely to have delayed reading and language skills,  
15 and display more aggression toward other children  
16 and adults.

17 (8) Increased payment rates lead to higher  
18 quality child care as child care providers are able to  
19 attract and retain qualified staff, provide salary in-  
20 creases and professional training, maintain a safe  
21 and healthy environment, and purchase basic sup-  
22 plies, children's literature, and developmentally ap-  
23 propriate educational materials.

1 (b) PURPOSE.—The purpose of this Act is to improve  
 2 the quality of, and access to, child care by increasing child  
 3 care payment rates.

4 **SEC. 3. PAYMENT RATES.**

5 Section 658E(c)(4) of the Child Care and Develop-  
 6 ment Block Grant Act of 1990 (42 U.S.C. 9858c(c)(4))  
 7 is amended—

8 (1) by redesignating subparagraph (B) as sub-  
 9 paragraph (C);

10 (2) in subparagraph (A), by striking “to com-  
 11 parable child care services” and inserting “to child  
 12 care services that are comparable (in terms of qual-  
 13 ity and types of services provided) to child care serv-  
 14 ices”; and

15 (3) by inserting after subparagraph (A) the fol-  
 16 lowing:

17 “(B) PAYMENT RATES.—

18 “(i) SURVEYS.—In order to provide  
 19 the certification described in subparagraph  
 20 (A), the State shall conduct statistically  
 21 valid and reliable market rate surveys  
 22 (that reflect variations in the cost of child  
 23 care services by locality), in accordance  
 24 with such methodology standards as the  
 25 Secretary shall issue. The State shall con-

1           duct the surveys not less often than at 2-  
2           year intervals, and use the results of such  
3           surveys to implement, not later than 1  
4           year after conducting each survey, pay-  
5           ment rates described in subparagraph (A)  
6           that ensure equal access to comparable  
7           services as required by subparagraph (A).

8           “(ii) COST OF LIVING ADJUST-  
9           MENTS.—The State shall adjust the pay-  
10          ment rates at intervals between such sur-  
11          veys to reflect increases in the cost of liv-  
12          ing, in such manner as the Secretary may  
13          specify.

14          “(iii) RATES FOR DIFFERENT AGES  
15          AND TYPES OF CARE.—The State shall en-  
16          sure that the payment rates reflect vari-  
17          ations in the cost of providing child care  
18          services for children of different ages and  
19          providing different types of care.

20          “(iv) PUBLIC DISSEMINATION.—The  
21          State shall, not later than 30 days after  
22          the completion of each survey described in  
23          clause (i), make the results of the survey  
24          widely available through public means, in-

1 cluding posting the results on the Inter-  
2 net.”.

3 **SEC. 4. INCENTIVE GRANTS TO IMPROVE THE QUALITY OF**  
4 **CHILD CARE.**

5 (a) FUNDING.—Section 658B of the Child Care and  
6 Development Block Grant Act of 1990 (42 U.S.C. 9858)  
7 is amended—

8 (1) by striking “There” and inserting the fol-  
9 lowing:

10 “(a) AUTHORIZATION OF APPROPRIATIONS.—  
11 There”;

12 (2) in subsection (a), by inserting “(other than  
13 section 658H)” after “this subchapter”; and

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

15 “(b) APPROPRIATION OF FUNDS FOR GRANTS TO IM-  
16 PROVE THE QUALITY OF CHILD CARE.—Out of any funds  
17 in the Treasury that are not otherwise appropriated, there  
18 is authorized to be appropriated and there is appropriated  
19 \$500,000,000 for each of fiscal years 2004 through 2008,  
20 for the purpose of making grants under section 658H.”.

21 (b) USE OF BLOCK GRANT FUNDS.—Section  
22 658E(c)(3) of the Child Care and Development Block  
23 Grant Act of 1990 (42 U.S.C. 9858c(c)(3)) is amended—



1 ment made under subsections (a), (b), and (e) of  
2 section 6580 from the amount appropriated under  
3 section 658B(b).

4 “(b) ELIGIBLE STATES.—

5 “(1) IN GENERAL.—In this section, the term  
6 ‘eligible State’ means a State that—

7 “(A) has conducted a statistically valid  
8 survey of the market rates for child care serv-  
9 ices in the State within the 2 years preceding  
10 the date of the submission of an application  
11 under paragraph (2); and

12 “(B) submits an application in accordance  
13 with paragraph (2).

14 “(2) APPLICATION.—

15 “(A) IN GENERAL.—To be eligible to re-  
16 ceive a grant under this section, a State shall  
17 submit an application to the Secretary at such  
18 time, in such manner, and accompanied by such  
19 information, in addition to the information re-  
20 quired under subparagraph (B), as the Sec-  
21 retary may require.

22 “(B) INFORMATION REQUIRED.—Each ap-  
23 plication submitted for a grant under this sec-  
24 tion shall—

1 “(i) detail the methodology and re-  
2 sults of the State market rates survey con-  
3 ducted pursuant to paragraph (1)(A);

4 “(ii) describe the State’s plan to in-  
5 crease payment rates from the initial base-  
6 line determined under clause (i);

7 “(iii) describe how the State will in-  
8 crease payment rates in accordance with  
9 the market survey results, for all types of  
10 child care providers who provide services  
11 for which assistance is made available  
12 under this subchapter;

13 “(iv) describe how payment rates will  
14 be set to reflect the variations in the cost  
15 of providing care for children of different  
16 ages and different types of care;

17 “(v) describe how the State will  
18 prioritize increasing payment rates for—

19 “(I) care of higher-than-average  
20 quality, such as care by accredited  
21 providers or care that includes the  
22 provision of comprehensive services;

23 “(II) care for children with dis-  
24 abilities and children served by child  
25 protective services; or

1                   “(III) care for children in com-  
2                   munities served by local educational  
3                   agencies that have been identified for  
4                   improvement under section 1116(e)(3)  
5                   of the Elementary and Secondary  
6                   Education Act of 1965 (20 U.S.C.  
7                   6316(e)(3));

8                   “(vi) describe the State’s plan to as-  
9                   sure that the State will make the payments  
10                  on a timely basis and follow the usual and  
11                  customary market practices with regard to  
12                  payment for child absentee days; and

13                  “(vii) describe the State’s plans for  
14                  making the results of the survey widely  
15                  available through public means.

16                  “(3) CONTINUING ELIGIBILITY REQUIRE-  
17                  MENT.—

18                  “(A) SECOND AND SUBSEQUENT PAY-  
19                  MENTS.—A State shall be eligible to receive a  
20                  second or subsequent annual payment under  
21                  this section only if the Secretary determines  
22                  that the State has made progress, through the  
23                  activities assisted under this subchapter, in  
24                  maintaining increased payment rates.

1           “(B) THIRD AND SUBSEQUENT PAY-  
2           MENTS.—A State shall be eligible to receive a  
3           third or subsequent annual payment under this  
4           section only if the State has conducted, at least  
5           once every 2 years, an update of the survey de-  
6           scribed in paragraph (1)(A).

7           “(4) REQUIREMENT OF MATCHING FUNDS.—

8           “(A) IN GENERAL.—To be eligible to re-  
9           ceive a grant under this section, the State shall  
10          agree to make available State contributions  
11          from State sources toward the costs of the ac-  
12          tivities to be carried out by the State pursuant  
13          to subsection (c) in an amount that is not less  
14          than 20 percent of such costs.

15          “(B) DETERMINATION OF STATE CON-  
16          TRIBUTIONS.—Such State contributions shall be  
17          in cash. Amounts provided by the Federal Gov-  
18          ernment may not be included in determining  
19          the amount of such State contributions.

20          “(c) USE OF FUNDS.—

21          “(1) PRIORITY USE.—An eligible State that re-  
22          ceives a grant under this section shall use the funds  
23          received to significantly increase the payment rate  
24          for the provision of child care assistance in accord-  
25          ance with this subchapter up to the 100th percentile

1 of the market rate determined under the market  
2 rate survey described in subsection (b)(1)(A).

3 “(2) ADDITIONAL USES.—An eligible State that  
4 demonstrates to the Secretary that the State has  
5 achieved a payment rate of the 100th percentile of  
6 the market rate determined under the market rate  
7 survey described in subsection (b)(1)(A) may use  
8 funds received under a grant made under this sec-  
9 tion for any other activity that the State dem-  
10 onstrates to the Secretary will enhance the quality of  
11 child care services provided in the State.

12 “(3) SUPPLEMENT NOT SUPPLANT.—Amounts  
13 paid to a State under this section shall be used to  
14 supplement and not supplant other Federal, State,  
15 or local funds provided to the State under this sub-  
16 chapter or any other provision of law.

17 “(d) EVALUATIONS AND REPORTS.—

18 “(1) STATE EVALUATIONS.—Each eligible State  
19 shall submit to the Secretary, at such time and in  
20 such form and manner as the Secretary may require,  
21 information regarding the State’s efforts to increase  
22 payment rates and the impact increased payment  
23 rates are having on the quality of child care in the  
24 State and the access of parents to high-quality child  
25 care in the State.

1           “(2) REPORTS TO CONGRESS.—The Secretary  
2           shall submit biennial reports to Congress on the in-  
3           formation described in paragraph (1). Such reports  
4           shall include data from the applications submitted  
5           under subsection (b)(2) as a baseline for deter-  
6           mining the progress of each eligible State in main-  
7           taining increased payment rates.

8           “(e) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—  
9           The Secretary shall determine the manner in which and  
10          the extent to which the provisions of this section apply  
11          to Indian tribes and tribal organizations.

12          “(f) PAYMENT RATE.—In this section, the term ‘pay-  
13          ment rate’ means the rate of reimbursement to providers  
14          for subsidized child care.”.

15          (e) PAYMENTS.—Section 658J(a) of the Child Care  
16          and Development Block Grant Act of 1990 (42 U.S.C.  
17          9858h(a)) is amended by inserting “from funds appro-  
18          priated under section 658B(a)” after “section 658O”.

19          (f) ALLOTMENT.—Section 658O of the Child Care  
20          and Development Block Grant Act of 1990 (42 U.S.C.  
21          9858m) is amended—

22                  (1) in subsection (b)(1), in the matter pre-  
23                  ceding subparagraph (A)—

24                                  (A) by striking “section 658B” and insert-  
25                                  ing “section 658B(a)”; and

1           (B) by inserting “and from the amounts  
2           appropriated under section 658B(b) for each  
3           fiscal year remaining after reservations under  
4           subsection (a),” before “the Secretary shall  
5           allot”; and

6           (2) in subsection (e)—

7           (A) in paragraph (1), by striking “the al-  
8           lotment under subsection (b)” and inserting  
9           “an allotment made under subsection (b)”; and

10          (B) in paragraph (3), by inserting “cor-  
11          responding” before “allotment”.

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