CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 1, 1999

H.R. 28
Quality Child Care for Federal Employees Act

As ordered reported by the House Committee on Government Reform on May 19, 1999

SUMMARY

H.R. 28 would change the way the federal government regulates and provides child care services to its civilian employees. Section 3 of the bill would authorize the appropriation of $900,000 for fiscal year 2000 and such sums as are necessary for other years to implement the bill's regulatory measures. The bill's provisions would not apply to child care centers that are located in facilities of the legislative branch.

Assuming appropriation of the necessary amounts, CBO estimates that implementing this bill would cost the federal government about $1 million in fiscal year 2000 and less than $1 million in each of fiscal years 2001 through 2004. The estimated amount for 2000 includes the $900,000 authorized under section 3. Because H.R. 28 could affect direct spending, pay-as-you-go procedures would apply. CBO estimates, however, that any effect on direct spending would not be significant.

H.R. 28 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not have any significant effects on the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that implementing this bill would cost the federal government about $1 million in fiscal year 2000 and less than $1 million in each of fiscal years 2001 through 2004.

Spending Subject to Appropriation

For purposes of this estimate, CBO assumes that appropriations will be provided near the beginning of each fiscal year and will be sufficient to fund the activities authorized by the bill.

Regulating Child Care Provided in Federal Facilities. H.R. 28 would regulate the provision of child care in federal facilities and would authorize the appropriation of $900,000 in 2000 to develop rules and bring facilities into compliance with the new standards. For example, the bill would require that child care centers in or sponsored by civilian agencies comply with state and local licensing requirements, health and safety standards established by the General Services Administration (GSA), and private accreditation standards. GSA would be responsible for inspecting the facilities and ensuring compliance. In addition, the bill would establish an interagency council to develop and coordinate federal policy.

Because these requirements would largely codify current practice, CBO estimates that they would have no significant impact on federal costs beyond those incurred in 2000. For instance, GSA already inspects its centers each year for health and safety and requires that providers of care achieve accreditation. In addition, although not required by the bill, federal agencies may opt to obtain state or local licenses for the centers, but CBO estimates that the cost of such licenses would be negligible. Likewise, we estimate that the increase in costs for the interagency council would be minimal.

Authorizing Alternative Methods for Providing Child Care in Federal Facilities. H.R. 28 would authorize alternative methods for providing child care in federal facilities, including pilot projects to test innovative approaches. It would authorize GSA to enter into public-private partnerships with nongovernmental entities, allow private entities to pay a portion of a center's operating expenses, and give GSA the option of waiving the requirement that a center give priority to children of federal employees. In exchange for a waiver, the center would have to agree to increase its capacity, affordability, or range of services. CBO estimates that implementing these provisions would increase costs at agencies to administer any agreements and to conduct the pilot projects, but that the annual costs would not be significant. Under current law, private entities already can contribute to the costs of providing salaries and benefits to a center's employees. H.R. 28 would broaden this authority to include such things as tuition assistance. Any increase in these payments would have no budgetary effect, however, because they would be made to the private providers of care and not to the federal government.

Other Provisions. The bill would authorize agencies to reimburse employees of child care centers for the costs of attending child care conferences, meetings, and training programs.

In addition, for centers in federal facilities, it would require that children of federal employees represent at least 50 percent of aggregate enrollment, that agencies perform a background check on the criminal history of all workers, and that reasonable accommodations be provided for mothers who breast-feed their infants.

Currently, agencies have the authority to reimburse employees of child care centers for the cost of attending GSA's annual child care conference. H.R. 28 would extend this authority to other conferences, meetings, and training programs. CBO estimates that the provision would increase annual costs by less than $500,000.

Under current law, children of federal employees must represent at least 50 percent of the children enrolled at individual centers. H.R. 28 would apply the percentage to aggregate enrollment instead of to each center, but each individual center would be required to have a plan to meet the 50-percent goal. Because civilian agencies neither pay for the cost of operating the centers nor receive any payment from private operators for the use of these facilities, CBO estimates that this provision would have no significant impact on federal spending. The bill could result in a minor increase in costs for GSA to monitor and ensure compliance with the provision.

According to GSA, agencies already perform background checks on the criminal history of employees working in federal centers. Additionally, GSA requires that its centers provide a lactation area for breast-fed infants and their mothers. Thus, CBO estimates that these two provisions would have no significant impact on federal costs.

Direct Spending

H.R. 28 could affect direct spending if, in carrying out public-private partnerships, the federal government would either continue to use or lease at a discounted rent surplus federal property that it otherwise would sell. For instance, the Department of Veterans Affairs (VA), which has the authority to pursue public-private partnerships through its enhanced-use leasing authority, currently is leasing some of its property to operators of child care centers at a nominal rent in return for discounted child care for its employees. While it is uncertain how GSA would use the authority, including whether H.R. 28 would allow GSA to enter into partnerships similar to the VA lease arrangements, CBO estimates that the amount of any potential forgone receipts would be less than $500,000 annually.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. H.R. 28 could affect direct spending, but CBO estimates that any increase in such spending would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 28 contains no intergovernmental or private-sector mandates as defined in UMRA and would not have any significant effects on the budgets of state, local, or tribal governments.

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