CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 28, 1998

H.R. 4280

A bill to provide greater access to child care services for federal employees

As ordered reported by the House Committee on Government Reform and Oversight on July 23, 1998

SUMMARY

H.R. 4280 would make numerous changes to the financing and regulation of child care services provided by the federal government for civilian employees. The legislation would allow federal agencies to use appropriated funds to pay a portion of the costs incurred by private operators of child care centers in federal facilities. The bill would require that such payments improve the affordability of care for lower-income federal employees. H.R. 4280 would also regulate the provision of child care in federal facilities, authorize alternative methods for providing child care in federal facilities, and require that agencies perform a background check on the criminal history of employees of day care centers located in federal facilities. For regulating child care in federal facilities, the bill would authorize the appropriation of $900,000 for fiscal year 1999 and such sums as are necessary for other years.

CBO estimates that implementing this bill would cost the federal government $900,000 in fiscal year 1999 and as much as $15 million in each of fiscal years 2000 through 2003, assuming appropriation of the necessary amounts. Because H.R. 4280 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. 4280 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 expects that agencies would spend the $900,000 authorized for 1999 to implement the regulatory measures in the bill. In addition, we estimate that allowing agencies to subsidize the cost of private operators of day care centers in their facilities would cost as much as $15 million a year, beginning in fiscal year 2000. Because most other provisions would codify current practice, CBO estimates that these provisions likely would result in no significant increase in discretionary costs. In addition, the bill could affect direct spending, but CBO estimates that any increase in such spending would not be significant.

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.

Subsidizing Child Care Services for Federal Employees. Under current law, agencies can provide space, utilities, furnishings, and equipment free of charge to providers of child care, but with the exception of the Department of Defense (DoD), they cannot pay any of the costs to operate the centers, such as salaries of the centers' employees. Providers recover these costs through fees. H.R. 4280 would allow agencies to pay a portion of the providers' operating costs, thus enabling the centers to reduce the fees charged to lower-income federal employees.

Based on data from the General Services Administration (GSA), CBO estimates that civilian employees spend around $60 million a year in fees to providers operating centers in federal facilities. DoD subsidizes approximately one-half of the cost of the care provided in its facilities. Although considerable uncertainty exists as to how civilian agencies would use this authority, based on information provided by GSA and the Office of Personnel Management, CBO expects that other agencies would subsidize no more than 25 percent of their employees' fees. Thus, beginning in fiscal year 2000, CBO estimates that H.R. 4280 would increase annual costs by as much as $15 million, subject to the availability of appropriated funds.

Regulating Child Care Provided in Federal Facilities. H.R. 4280 also would regulate the provision of child care in federal facilities and would authorize the appropriation of $900,000 in 1999 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, standards established by 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 the provisions largely would codify current practice, CBO estimates that they would have no significant impact on annual federal costs beyond those incurred in 1999. 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. 4280 would authorize alternative methods for providing child care in federal facilities. It would authorize GSA to enter into public-private partnerships with nongovernmental entities, authorize all agencies to enter into agreements with private entities to share a center's operating expenses, and would authorize GSA to waive the requirement that a center give priority to children of federal employees. Any payments from the private entities would be to the private care providers and not to the federal government. The bill also would authorize federal agencies to conduct pilot projects. 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.

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. CBO estimates that these provisions would not significantly increase costs to federal agencies with day care centers.

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. 4280 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. 4280 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. 4280 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 under current law. 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. 4280 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. 4280 could affect direct spending, but CBO estimates that any increase in such spending would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4280 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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