

106TH CONGRESS
2D SESSION

H. R. 4520

To amend the Richard B. Russell National School Lunch Act to improve program integrity of the child and adult care food program.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2000

Mr. GOODLING (for himself, Mr. KILDEE, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Richard B. Russell National School Lunch Act to improve program integrity of the child and adult care food program.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Child and Adult Care Food Program Integrity Act of
6 2000”.

7 (b) TABLE OF CONTENTS.—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Eligibility criteria for participating organizations.

- Sec. 3. Approval of sponsoring organizations; other requirements.
- Sec. 4. Termination or suspension of participating organizations.
- Sec. 5. Recovery of amounts from institutions.
- Sec. 6. Limitation on administrative expenses for certain sponsoring organizations.
- Sec. 7. Limitations on ability of family or group day care homes to transfer sponsoring organizations.
- Sec. 8. Reallocation of audit funds.
- Sec. 9. Technical and training assistance for identification and prevention of fraud and abuse.
- Sec. 10. Statewide demonstration projects involving private for-profit organizations that provide nonresidential day care services.
- Sec. 11. Program for at-risk school children.
- Sec. 12. Withholding of funds for failure to provide sufficient training, technical assistance, and monitoring.

1 **SEC. 2. ELIGIBILITY CRITERIA FOR PARTICIPATING ORGA-**
 2 **NIZATIONS.**

3 Section 17(a)(2) of the Richard B. Russell National
 4 School Lunch Act (42 U.S.C. 1766(a)(2)) is amended—

5 (1) in subparagraph (B), by inserting “, or has
 6 not been determined to be ineligible to participate in
 7 any other Federal program by reason of violation of
 8 the requirements of such program” before “, for a
 9 period”;

10 (2) in subparagraph (C), by striking “; and”
 11 and inserting “, and in the case of a sponsoring or-
 12 ganization, the organization shall employ an appro-
 13 priate number of monitoring personnel based upon
 14 the number and characteristics of child care centers
 15 and family or group day care homes sponsored by
 16 the organization, as approved by the State (in ac-
 17 cordance with regulations developed by the Sec-
 18 retary), to ensure effective oversight of the oper-

1 ations of the child care centers and family or group
2 day care homes;”;

3 (3) in subparagraph (D), by striking the period
4 and inserting a semicolon; and

5 (4) by adding at the end the following:

6 “(E) in the case of a sponsoring organiza-
7 tion, that such organization has in effect a pol-
8 icy that restricts other employment by employ-
9 ees that interferes with the responsibilities and
10 duties of such sponsoring organization employ-
11 ees with respect to the program; and

12 “(F) in the case of a private institution
13 that applies for initial participation in the pro-
14 gram on or after the date of the enactment of
15 the Child and Adult Care Food Program Integ-
16 rity Act of 2000, that, if the State requires
17 such institutions to be bonded under State law,
18 regulation, or policy, the institution is bonded
19 in accordance with such law, regulation, or pol-
20 icy.”.

21 **SEC. 3. APPROVAL OF SPONSORING ORGANIZATIONS;**

22 **OTHER REQUIREMENTS.**

23 (a) APPROVAL OF SPONSORING ORGANIZATIONS.—
24 Section 17(d)(1) of the Richard B. Russell National
25 School Lunch Act (42 U.S.C. 1766(d)(1)) is amended—

1 (1) by striking “(d)(1) Any eligible public insti-
2 tution” and inserting “(d)(1)(A) Any eligible public
3 institution”;

4 (2) by striking “Any eligible private institution”
5 and inserting “Subject to subparagraph (B), any eli-
6 gible private institution”;

7 (3)(A) by striking “(A) has tax exempt status”
8 and inserting “(i) has tax exempt status”; and

9 (B) by striking “(B) is currently operating”
10 and inserting “(ii) is currently operating”; and

11 (4) by adding at the end the following:

12 “(B) In approving the initial application of a spon-
13 soring organization for participation in the program, the
14 State shall consider whether the sponsoring organization
15 has the administrative capability to operate the program
16 (including whether or not the sponsoring organization has
17 business experience and management plans appropriate to
18 operate the program), would fulfill an identified need
19 under the program, and will meet the other requirements
20 of this section. In the case of a sponsoring organization
21 of a family or group day care home seeking approval for
22 participation in the program on or after the date of the
23 enactment of the Child and Adult Care Food Program In-
24 tegrity Act of 2000, the State may limit the number of
25 such sponsoring organizations in any geographical area of

1 the State if the State determines that a sufficient number
2 of sponsoring organizations, based on identified and docu-
3 mented need, are available and able to serve the day care
4 homes in the geographical area.”.

5 (b) SITE VISITS.—Section 17(d)(2)(A) of the Richard
6 B. Russell National School Lunch Act (42 U.S.C.
7 1766(d)(2)(A)) is amended—

8 (1) in clause (i), by striking “; and” and insert-
9 ing a semicolon;

10 (2) by redesignating clause (ii) as clause (iii);
11 and

12 (3) by inserting after clause (i) the following:

13 “(ii)(I) requires periodic unannounced site visits
14 at not less than 3-year intervals to sponsored child
15 care centers and family or group day care homes to
16 identify and prevent management deficiencies and
17 fraud and abuse under the program;

18 “(II) requires at least one scheduled site visit
19 each year to sponsored child care centers and family
20 or group day care homes to identify and prevent
21 management deficiencies and fraud and abuse under
22 the program and to improve program operations;
23 and

24 “(III) requires at least one scheduled site visit
25 at not less than 3-year intervals to institutions to

1 identify and prevent management deficiencies and
2 fraud and abuse under the program and to improve
3 program operations; and”.

4 (c) PROGRAM INFORMATION.—

5 (1) IN GENERAL.—Section 17(d) of the Richard
6 B. Russell National School Lunch Act (42 U.S.C.
7 1766(d)) is amended by adding at the end the fol-
8 lowing:

9 “(3)(A) Upon enrollment of a child in a sponsored
10 child care center or family or group day care home partici-
11 pating in the program, the center or home (or its spon-
12 soring organization) shall provide to the child’s parents
13 or guardians information that describes the program and
14 its benefits and the name and telephone number of the
15 sponsoring organization of the center or home and the
16 State agency involved in the operation of the program.

17 “(B) The information described in subparagraph (A)
18 shall be in a form and, to the extent practicable, language
19 easily understandable by the child’s parents or guard-
20 ians.”.

21 (2) EFFECTIVE DATE.—In the case of a child
22 that is enrolled in a sponsored child care center or
23 family or group day care home participating in the
24 child and adult care food program under section 17
25 of the Richard B. Russell National School Lunch

1 Act (42 U.S.C. 1766) before the date of the enact-
2 ment of this Act, the center or home shall provide
3 information to the child’s parents or guardians pur-
4 suant to section 17(d)(3) of such Act, as added by
5 paragraph (1), not later than 90 days after the date
6 of the enactment of this Act.

7 (d) ALLOWABLE ADMINISTRATIVE EXPENSES FOR
8 SPONSORING ORGANIZATIONS.—Section 17(d) of the
9 Richard B. Russell National School Lunch Act (42 U.S.C.
10 1766(d)), as amended by subsection (c), is further amend-
11 ed by adding at the end the following:

12 “(4) The Secretary, in consultation with State agen-
13 cies and sponsoring organizations, shall develop and pro-
14 vide for the dissemination to State agencies and institu-
15 tions, of a list of allowable reimbursable administrative ex-
16 penses for sponsoring organizations under the program.”.

17 **SEC. 4. TERMINATION OR SUSPENSION OF PARTICIPATING**
18 **ORGANIZATIONS.**

19 Section 17(d) of the Richard B. Russell National
20 School Lunch Act (42 U.S.C. 1766(d)), as amended by
21 section (3), is further amended by adding at the end the
22 following:

23 “(5)(A) The Secretary shall establish procedures for
24 the termination of participation by institutions and spon-

1 sored child care centers and family or group day care
2 homes under the program.

3 “(B) Procedures established pursuant to subpara-
4 graph (A) shall include standards for terminating the par-
5 ticipation of an institution or sponsored child care center
6 or family or group day care home that—

7 “(i) engages in unlawful practices, falsifies in-
8 formation provided to the State agency, or conceals
9 a criminal background; or

10 “(ii) substantially fails to fulfill the terms of its
11 agreement with the State agency.

12 “(C) Procedures established pursuant to subpara-
13 graph (A)—

14 “(i) shall require an entity described in clause
15 (i) or (ii) of subparagraph (B) to undertake correc-
16 tive action; and

17 “(ii) may require the immediate suspension of
18 operation of the program by an entity described in
19 clause (i) or (ii) of subparagraph (B), without the
20 opportunity for corrective action, if the State agency
21 determines that there is imminent threat to the
22 health or safety of a participant at the entity or the
23 entity engages in any activity that poses a threat to
24 public health or safety.

1 “(D) An institution or sponsored child care center or
2 family or group day care home shall be provided a fair
3 hearing in accordance with subsection (e)(1) prior to any
4 determination to terminate participation by the institution
5 under the program.

6 “(E) The Secretary shall maintain a list of institu-
7 tions, sponsored child care centers, sponsored family or
8 group day care homes, and individuals that have been ter-
9 minated or otherwise disqualified from participation in the
10 program. The Secretary shall make such list available to
11 State agencies for use in approving or renewing applica-
12 tions by institutions, sponsored child care centers, spon-
13 sored family or group day care homes, and individuals for
14 participation in the program.”.

15 **SEC. 5. RECOVERY OF AMOUNTS FROM INSTITUTIONS.**

16 Section 17(f)(1) of the Richard B. Russell National
17 School Lunch Act (42 U.S.C. 1766(f)(1)) is amended—

18 (1) by striking “(f)(1) Funds paid” and insert-
19 ing “(f)(1)(A) Funds paid”; and

20 (2) by adding at the end the following:

21 “(B)(i) The State may recover funds disbursed under
22 subparagraph (A) to an institution if the State determines
23 that the institution has engaged in fraud or abuse with
24 respect to the program or has submitted an invalid claim
25 for reimbursement.

1 “(ii) Amounts recovered under clause (i)—

2 “(I) may be paid by the institution to the State
3 over a period of 1 or more years; and

4 “(II) shall not be paid from funds used to pro-
5 vide meals and supplements.

6 “(iii) An institution shall be provided a fair hearing
7 in accordance with subsection (e)(1) prior to any deter-
8 mination to recover funds under this subparagraph.”.

9 **SEC. 6. LIMITATION ON ADMINISTRATIVE EXPENSES FOR**
10 **CERTAIN SPONSORING ORGANIZATIONS.**

11 Section 17(f)(2) of the Richard B. Russell National
12 School Lunch Act (42 U.S.C. 1766(f)(2)) is amended by
13 adding at the end the following:

14 “(C)(i) Except as provided in clause (ii), a sponsoring
15 organization of a day care center may reserve not more
16 than 15 percent of the funds provided under paragraph
17 (1) for the administrative expenses of the organization.

18 “(ii) A State may waive the requirement in clause (i)
19 with respect to a sponsoring organization if the organiza-
20 tion provides justification to the State that the organiza-
21 tion requires funds in excess of 15 percent of the funds
22 provided under paragraph (1) to pay such administrative
23 expenses.”.

1 **SEC. 7. LIMITATIONS ON ABILITY OF FAMILY OR GROUP**
2 **DAY CARE HOMES TO TRANSFER SPON-**
3 **SORING ORGANIZATIONS.**

4 Section 17(f)(3) of the Richard B. Russell National
5 School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by
6 striking subparagraph (D) and inserting the following:

7 “(D) LIMITATIONS ON ABILITY OF FAMILY
8 OR GROUP DAY CARE HOMES TO TRANSFER
9 SPONSORING ORGANIZATIONS.—

10 “(i) IN GENERAL.—Subject to clause
11 (ii), a State agency shall limit the ability
12 of a family or group day care home to
13 transfer from a sponsoring organization to
14 another sponsoring organization more fre-
15 quently than once a year.

16 “(ii) GOOD CAUSE.—The State agency
17 may permit or require a family or group
18 day care home to transfer from a spon-
19 soring organization to another sponsoring
20 organization more frequently than once a
21 year for good cause (as determined by the
22 State agency). Such good cause may in-
23 clude circumstances where the sponsoring
24 organization of the family or group day
25 care home ceases to participate in the child
26 and adult care food program.”.

1 **SEC. 8. REALLOCATION OF AUDIT FUNDS.**

2 (a) IN GENERAL.—Section 17(i) of the Richard B.
3 Russell National School Lunch Act (42 U.S.C. 1766(i))
4 is amended—

5 (1) by striking “(i) The Secretary shall” and
6 inserting the following:

7 “(i) AUDIT FUNDS.—

8 “(1) IN GENERAL.—The Secretary shall”; and

9 (2) by adding at the end the following:

10 “(2) REALLOCATION OF FUNDS.—

11 “(A) RETURN TO THE SECRETARY.—For
12 each fiscal year, any amounts allocated to a
13 State under this subsection that are not obli-
14 gated during the fiscal year shall be returned to
15 the Secretary in accordance with procedures es-
16 tablished by the Secretary.

17 “(B) REALLOCATION BY THE SEC-
18 RETARY.—The Secretary shall allocate any
19 amounts returned under subparagraph (A)
20 among States that demonstrate a need for the
21 amounts, for the purposes described in para-
22 graph (1), in accordance with procedures estab-
23 lished by the Secretary.

24 “(3) ANNUAL REPORT.—Each State agency ad-
25 ministering the program that receives amounts for a
26 fiscal year for the purpose of conducting audits of

1 participating institutions pursuant to paragraph (1)
2 shall prepare and submit to the Secretary a report
3 that contains a summary description of the results
4 of the audits and other activities conducted with
5 such amounts.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 subsection (a) shall take effect on October 1, 2000, or the
8 date of the enactment of this Act, whichever occurs later.

9 **SEC. 9. TECHNICAL AND TRAINING ASSISTANCE FOR IDENTIFICATION AND PREVENTION OF FRAUD AND ABUSE.**

10 Section 17(q)(1) of the Richard B. Russell National
11 School Lunch Act (42 U.S.C. 1766(q)(1)) is amended by
12 adding at the end the following: “As part of such training
13 and technical assistance, the Secretary shall provide training
14 on a continuous basis to State agencies, and shall ensure
15 that such training is provided to sponsoring organizations,
16 for the identification and prevention of fraud and
17 abuse under the program and to improve management of
18 the program.”.

1 **SEC. 10. STATEWIDE DEMONSTRATION PROJECTS INVOLV-**
2 **ING PRIVATE FOR-PROFIT ORGANIZATIONS**
3 **THAT PROVIDE NONRESIDENTIAL DAY CARE**
4 **SERVICES.**

5 (a) IN GENERAL.—Section 17(p) of the Richard B.
6 Russell National School Lunch Act (42 U.S.C. 1766(p))
7 is amended—

8 (1) in the first sentence of paragraph (1), by
9 striking “2 statewide demonstration projects” and
10 inserting “statewide demonstration projects in 4
11 States”; and

12 (2) in paragraph (3)—

13 (A) in subparagraph (A), by striking
14 “and” at the end;

15 (B) in subparagraph (B), by striking the
16 period at the end and inserting “; and”; and

17 (C) by adding at the end the following:

18 “(C) in 2 other States, as approved by the Sec-
19 retary through a competitive application process.”.

20 (b) EFFECTIVE DATE.—The Secretary of Agriculture
21 may carry out demonstration projects in States described
22 in section 17(p)(3)(C) of the Richard B. Russell National
23 School Lunch Act, as added by subsection (a)(2)(C), be-
24 ginning no earlier than October 1, 2001.

1 **SEC. 11. PROGRAM FOR AT-RISK SCHOOL CHILDREN.**

2 Section 17(r) of the Richard B. Russell National
3 School Lunch Act (42 U.S.C. 1766(r)) is amended—

4 (1) in paragraph (2), by inserting “meals or”
5 before “supplements”;

6 (2) in paragraph (4)—

7 (A) in the heading, by striking “SUPPLE-
8 MENT” and inserting “MEAL AND SUPPLE-
9 MENT”;

10 (B) in subparagraph (A)—

11 (i) by striking “only for” and all that
12 follows through “(i) a supplement” and in-
13 sserting “only for one meal per child per
14 day and one supplement per child per
15 day”;

16 (ii) by striking “; and” and inserting
17 a period; and

18 (iii) by striking clause (ii);

19 (C) in subparagraph (B), by striking
20 “RATE.—A supplement” and inserting the fol-
21 lowing: “RATES.—

22 “(i) MEALS.—A meal shall be reim-
23 bursed under this subsection at the rate
24 established for free meals under subsection
25 (c).

1 “(ii) SUPPLEMENTS.—A supplement”;

2 and

3 (D) in subparagraph (C), by inserting

4 “meal or” before “supplement”; and

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

6 “(5) LIMITATION.—The Secretary shall limit
7 reimbursement under this subsection for meals
8 served under a program to institutions located in 6
9 States, as approved by the Secretary through a com-
10 petitive application process.”.

11 **SEC. 12. WITHHOLDING OF FUNDS FOR FAILURE TO PRO-**
12 **VIDE SUFFICIENT TRAINING, TECHNICAL AS-**
13 **SISTANCE, AND MONITORING.**

14 Section 7(a)(9)(A) of the Child Nutrition Act of 1966
15 (42 U.S.C. 1776(a)(9)(A)) is amended by inserting after
16 “the Richard B. Russell National School Lunch Act (42
17 U.S.C. 1751 et seq.)” the following: “(including the re-
18 quirement to provide sufficient training, technical assist-
19 ance, and monitoring of the child and adult care food pro-
20 gram under section 17(k) of the Richard B. Russell Na-
21 tional School Lunch Act)”.

○