

**S.XXX, The Strengthening Transparency and Oversight to Prevent (STOP) Child Care
Fraud Act**

Section 1. Short Title

Denotes the short title of the bill as the “Strengthening Transparency and Oversight to Prevent (STOP) Child Care Fraud Act” for citation.

Section 2. Payment Practices and Verification

Requires on-site state child care licensing visits to include a brief review of child care subsidy enrollment. Tightens eligibility verification requirements by eliminating reliance on parent self-attestation without verification of key eligibility factors such as income, household composition, address, and citizenship status. Requires Child Care and Development Block Grant (CCDBG) reimbursement to be based on attendance, not enrollment, and caps absent attendance payments at 6 days per month.

Section 3. Activities to Improve Quality

Requires the Secretary of the Department of Health and Human Services (HHS) to set aside 3 percent of funds for quality and compliance activities. And requires the Secretary to fulfill requirements for inspection, monitoring, and licensing of child care providers that receive CCDBG funding.

Section 4. Review of Compliance

Requires the Secretary of HHS to review and monitor State efforts to comply with the requirements laid out in this bill no less than every three years. States that have unresolved or repeated negative audit findings or an improper payment rate that exceeds 6 percent are designated as high-risk and subject to more frequent compliance monitoring. Additionally, if a State is found to have made improper payments, the Secretary shall require the State to submit a corrective action plan no later than 60 days after the finding. States that fail to implement their corrective action plans by their implementation date are subject to withheld funds.

Section 5. Reports and Audits

Requires the Secretary of HHS to issue regulations ensuring States include suspected and verified cases of fraud in their error reports. Requires States to report barred providers to HHS, which shall maintain a publicly available list of barred providers to prevent those providers from enrolling in other states.

Section 6. Eligibility

Amends the CCDBG to lower the family asset threshold that determines eligibility for participation in subsidized child care from \$1 million to \$500,000, with a carveout for family farm and commercial fishing businesses.