

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7723
OFFERED BY MS. FOXX OF NORTH CAROLINA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Safeguarding Taxpayer
3 Dollars in Child Care Act of 2026”.

**4 SEC. 2. PREVENTING FRAUD IN THE CHILD CARE AND DE-
5 VELOPMENT BLOCK GRANT PROGRAM.**

6 Section 658I(b) of the Child Care and Development
7 Block Grant Act of 1990 (42 U.S.C. 9858g(b)) is amend-
8 ed—

9 (1) by redesignating paragraph (3) as para-
10 graph (4); and

11 (2) by inserting after paragraph (2) the fol-
12 lowing:

13 “(3) DETERMINATION OF FRAUD.—

14 “(A) INVESTIGATION.—The Secretary shall
15 investigate fraud with respect to financial as-
16 sistance available under this subchapter.

17 “(B) DEBARMENT.—In the case that the
18 Secretary makes, or finds that there has been,

1 a final determination of fraud against a child
2 care provider that received financial assistance
3 available under this subchapter, the Secretary
4 shall permanently debar such child care pro-
5 vider from receiving such financial assistance.

6 “(C) PROVIDERS DEBARRED FROM CHILD
7 AND ADULT CARE FOOD PROGRAM.—In the case
8 that a child care provider has been debarred
9 from participating in the Child and Adult Care
10 Food Program under section 17 of the Richard
11 B. Russell National School Lunch Act (42
12 U.S.C. 1766) in accordance with subsection
13 (d)(5)(E)(i) of such section, the Secretary shall
14 permanently debar such child care provider
15 from receiving financial assistance under this
16 subchapter.

17 “(D) FINAL DETERMINATION OF FRAUD
18 DEFINITION.—In this paragraph, the term
19 ‘final determination of fraud’ means a deter-
20 mination reached in an administrative order or
21 as part of a judicial decision, for which any
22 rights to review or appeal have been exhausted
23 or waived, that a child care provider—

1 “(i) knowingly submitted a false state-
2 ment or documentation to obtain financial
3 assistance available under this subchapter;

4 “(ii) misrepresented ownership of, en-
5 rollment at, attendance at, or services pro-
6 vided through a program of child care
7 services, or the eligibility of the provider to
8 provide such services, to obtain such finan-
9 cial assistance;

10 “(iii) to obtain such financial assist-
11 ance, operated without the State licensing
12 described in section 658E(c)(2)(F) and
13 without receiving an exception to such li-
14 censing;

15 “(iv) made a knowing and improper
16 expenditure of such financial assistance; or

17 “(v) engaged in any other conduct re-
18 lated to such financial assistance that con-
19 stituted fraud under Federal or State
20 law.”.

21 **SEC. 3. PREVENTING FRAUD IN THE CHILD AND ADULT**
22 **CARE FOOD PROGRAM.**

23 Section 17(d)(5) of the Richard B. Russell National
24 School Lunch Act (42 U.S.C. 1766(d)(5)(E)) is amend-
25 ed—

1 (1) by redesignating subparagraph (E) as sub-
2 paragraph (F); and

3 (2) by inserting after subparagraph (D) the fol-
4 lowing:

5 “(E) TERMINATION DUE TO FRAUD.—

6 “(i) DEBARMENT.—In the case that
7 the participation of an institution or family
8 or group day care home under the program
9 is terminated due to a final determination
10 of fraud, the Secretary shall permanently
11 debar such institution or family or group
12 day care home from participating in the
13 program.

14 “(ii) PROVIDERS DEBARRED FROM
15 CHILD CARE AND DEVELOPMENT BLOCK
16 GRANT PROGRAM.—In the case that an in-
17 stitution or family or group day care home
18 has been debarred from receiving financial
19 assistance under the Child Care and Devel-
20 opment Block Grant Act of 1990 (42
21 U.S.C. 9857 et seq.) in accordance with
22 section 658I(b)(3)(B) of such Act, the Sec-
23 retary shall permanently debar such insti-
24 tution or family or group day care home
25 from participating in the program.

1 “(iii) FINAL DETERMINATION OF
2 FRAUD DEFINITION.—In this subpara-
3 graph, the term ‘final determination of
4 fraud’ means a determination reached in
5 accordance with the procedures and re-
6 quirements of this section, for which any
7 rights to review or appeal have been ex-
8 hausted or waived, that an institution or
9 family or group day care home—

10 “(I) knowingly submitted a false
11 statement or documentation to obtain
12 funds disbursed under subsection
13 (f)(1)(A);

14 “(II) misrepresented ownership,
15 enrollment, attendance, or services in
16 connection with the operation of the
17 program by such institution or family
18 or group day care home, or the eligi-
19 bility of such institution or family or
20 group day care home to operate the
21 program, to obtain such funds;

22 “(III) made a knowing and im-
23 proper expenditure of such funds; or

24 “(IV) engaged in any other con-
25 duct related to such funds that con-

1 stituted fraud under Federal or State
2 law.”.

