

119TH CONGRESS
1ST SESSION

S. 273

To allow nonprofit child care providers to participate in certain loan programs of the Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 28, 2025

Ms. ROSEN (for herself, Ms. ERNST, Mr. RISCH, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To allow nonprofit child care providers to participate in certain loan programs of the Small Business Administration, and for other purposes.

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.**

4 This Act may be cited as the “Small Business Child
5 Care Investment Act”.

1 **SEC. 2. SMALL BUSINESS LOANS FOR NONPROFIT CHILD**
 2 **CARE PROVIDERS.**

3 (a) BUSINESS LOAN PROGRAM.—Section 3(a) of the
 4 Small Business Act (15 U.S.C. 632(a)) is amended by
 5 adding at the end the following:

6 “(10) NONPROFIT CHILD CARE PROVIDERS.—

7 “(A) DEFINITION.—In this paragraph, the
 8 term ‘covered nonprofit child care provider’
 9 means an organization—

10 “(i) that—

11 “(I) is in compliance with licens-
 12 ing requirements for child care pro-
 13 viders of the State in which the orga-
 14 nization is located;

15 “(II) is described in section
 16 501(c)(3) of the Internal Revenue
 17 Code of 1986 and exempt from tax
 18 under section 501(a) of such Code;

19 “(III) is primarily engaged in
 20 providing child care for children from
 21 birth to compulsory school age; and

22 “(IV) is in compliance with the
 23 size standards established under this
 24 subsection for business concerns in
 25 the applicable industry;

1 “(ii) for which each employee and reg-
2 ular volunteer complies with the criminal
3 background check requirements under sec-
4 tion 658H(b) of the Child Care and Devel-
5 opment Block Grant Act of 1990 (42
6 U.S.C. 9858f(b));

7 “(iii) that may—

8 “(I) provide care for school-age
9 children outside of school hours or
10 outside of the school year; or

11 “(II) offer preschool or pre-
12 kindergarten educational programs;
13 and

14 “(iv) subject to any exemption under
15 Federal law applicable to the organization,
16 that certifies to the Administrator that the
17 organization will not discriminate in any
18 business practice, including providing serv-
19 ices to the public, on the basis of race,
20 color, religion, sex, sexual orientation, mar-
21 ital status, age, disability, or national ori-
22 gin.

23 “(B) ELIGIBILITY FOR CERTAIN LOAN
24 PROGRAMS.—

1 “(i) IN GENERAL.—Notwithstanding
2 any other provision of this subsection, a
3 covered nonprofit child care provider shall
4 be deemed to be a small business concern
5 for purposes of loans and financings under
6 section 7(a).

7 “(ii) PROHIBITION ON DIRECT LEND-
8 ING.—A loan or financing to a covered
9 nonprofit child care provider made under
10 the authority under clause (i) shall be
11 made in cooperation with banks, certified
12 development companies, or other financial
13 institutions through agreements to partici-
14 pate on a deferred (guaranteed) basis. The
15 Administrator is prohibited from making a
16 direct loan or financing or entering an
17 agreement to participate on an immediate
18 basis for a loan or financing made to a
19 covered nonprofit child care provider under
20 the authority under clause (i).

21 “(iii) LOAN GUARANTEE.—A covered
22 nonprofit child care provider—

23 “(I) shall obtain a guarantee of
24 timely payment of the loan or financ-
25 ing from another person or entity to

1 be eligible for such loan or financing
2 of more than \$500,000 under the au-
3 thority under clause (i); and

4 “(II) may not be required to ob-
5 tain a guarantee of timely payment of
6 the loan or financing to be eligible for
7 such loan or financing that is not
8 more than \$500,000 under the au-
9 thority under clause (i).

10 “(C) LIMITATIONS.—

11 “(i) BASIS FOR INELIGIBILITY.—The
12 Administrator may not determine that a
13 covered nonprofit child care provider is not
14 eligible for a loan or financing described in
15 subparagraph (B)(i) on the basis that the
16 covered nonprofit child care provider is as-
17 sociated with an entity whose activities are
18 protected under the First Amendment to
19 the Constitution of the United States, as
20 interpreted by the courts of the United
21 States.

22 “(ii) USE OF FUNDS.—A covered non-
23 profit child care provider receiving a loan
24 or financing described in subparagraph
25 (B)(i) may not use the proceeds of the loan

1 or financing for a religious activity pro-
 2 tected under the First Amendment to the
 3 Constitution of the United States, as inter-
 4 preted by the courts of the United
 5 States.”.

6 (b) 504 PROGRAM.—Section 502 of the Small Busi-
 7 ness Investment Act of 1958 (15 U.S.C. 696) is amend-
 8 ed—

9 (1) in the matter preceding paragraph (1), by
 10 striking “The Administration” and inserting the fol-
 11 lowing:

12 “(a) IN GENERAL.—The Administration”; and

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

14 “(b) NONPROFIT CHILD CARE PROVIDERS.—

15 “(1) DEFINITION.—In this subsection, the term
 16 ‘covered nonprofit child care provider’ has the mean-
 17 ing given that term in section 3(a)(10) of the Small
 18 Business Act (15 U.S.C. 636(a)(10)).

19 “(2) ELIGIBILITY FOR CERTAIN LOAN PRO-
 20 GRAMS.—

21 “(A) IN GENERAL.—Notwithstanding any
 22 other provision of this title, a covered nonprofit
 23 child care provider shall be deemed to be a
 24 small business concern for purposes of loans
 25 and financings under this title.

1 “(B) PROHIBITION ON DIRECT LEND-
2 ING.—A loan or financing to a covered non-
3 profit child care provider made under the au-
4 thority under subparagraph (A) shall be made
5 in cooperation with banks, certified development
6 companies, or other financial institutions
7 through agreements to participate on a deferred
8 (guaranteed) basis. The Administrator is pro-
9 hibited from making a direct loan or financing
10 or entering an agreement to participate on an
11 immediate basis for a loan or financing made to
12 a covered nonprofit child care provider under
13 the authority under subparagraph (A).

14 “(C) LOAN GUARANTEE.—A covered non-
15 profit child care provider—

16 “(i) shall obtain a guarantee of timely
17 payment of the loan or financing from an-
18 other person or entity to be eligible for
19 such loan or financing of more than
20 \$500,000 under the authority under sub-
21 paragraph (A); and

22 “(ii) may not be required to obtain a
23 guarantee of timely payment of the loan or
24 financing to be eligible for such loan or fi-
25 nancing that is not more than \$500,000

1 under the authority under subparagraph
2 (A).

3 “(3) LIMITATIONS.—

4 “(A) BASIS FOR INELIGIBILITY.—The Ad-
5 ministrators may not determine that a covered
6 nonprofit child care provider is not eligible for
7 a loan or financing described in paragraph
8 (2)(A) on the basis that the covered nonprofit
9 child care provider is associated with an entity
10 whose activities are protected under the First
11 Amendment to the Constitution of the United
12 States, as interpreted by the courts of the
13 United States.

14 “(B) USE OF FUNDS.—A covered nonprofit
15 child care provider receiving a loan or financing
16 described in paragraph (2)(A) may not use the
17 proceeds of the loan or financing for a religious
18 activity protected under the First Amendment
19 to the Constitution of the United States, as in-
20 terpreted by the courts of the United States.”.

21 (c) REPORTING.—

22 (1) DEFINITION.—In this subsection, the term
23 “covered nonprofit child care provider” has the
24 meaning given the term in paragraph (10) of section

1 3(a) of the Small Business Act (15 U.S.C. 632(a)),
2 as added by subsection (a).

3 (2) REQUIREMENT.—Not later than 1 year
4 after the date of enactment of this Act, and annually
5 thereafter, the Administrator of the Small Business
6 Administration shall submit to Congress a report
7 that contains—

8 (A) for the year covered by the report—

9 (i) the number of loans and financings
10 made under section 7(a) of the Small Busi-
11 ness Act (15 U.S.C. 636(a)) to covered
12 nonprofit child care providers;

13 (ii) the amount of the loans and
14 financings described in clause (i);

15 (iii) the number of loans and
16 financings provided under title V of the
17 Small Business Investment Act of 1958
18 (15 U.S.C. 695 et seq.) to covered non-
19 profit child care providers; and

20 (iv) the amount of the loans and
21 financings described in clause (iii); and

22 (B) any other information determined rel-
23 evant by the Administrator.

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