

CHILD CARE PAYMENT INTEGRITY AND FRAUD
ACCOUNTABILITY ACT OF 2026

APRIL 6, 2026.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. WALBERG, from the Committee on Education and Workforce,
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 7720]

The Committee on Education and Workforce, to whom was referred the bill (H.R. 7720) to amend the Child Care and Development Block Grant Act of 1990 to require States to account for fraudulent payments made under such Act, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Child Care Payment Integrity and Fraud Accountability Act of 2026”.

SEC. 2. FRAUDULENT PAYMENTS.

Section 658J(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h(b)) is amended—

(1) in paragraph (1) by inserting “(including fraudulent payments)” after “overpayments”, and

(2) by adding at the end the following:

“(3) REPORT.—The State shall submit to the Secretary an annual report that identifies the dollar and percentage amount of improper payments made by the State, disaggregated as specified by the Secretary by standardized payment categories (including suspected and verified fraudulent payments, non-fraudulent overpayments, underpayments, and technically improper payments (e.g., system error payments)).”.

PURPOSE

The purpose of H.R. 7720, the *Child Care Payment Integrity and Fraud Accountability Act of 2026*, is to ensure states are responsible for reporting fraudulent payments made under their administration of the Child Care and Development Block Grant (CCDBG) program. Under current law, states are required to report “improper payments,” including overpayments, underpayments, and erroneous payments due to system errors, but fraudulent payments are not a distinct subset of improper payments. The *Child Care Payment Integrity and Fraud Accountability Act of 2026* adds “fraudulent payments” to the list of improper payment types named in statute and requires states to annually report to the Secretary of Health and Human Services (HHS) the dollar and percentage amounts of improper payments made by the state.

COMMITTEE ACTION

119TH CONGRESS

First Session—Hearing

On June 24, 2025, the Committee on Education and Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education held a hearing titled “Child Care and the American Workforce: Removing Barriers to Economic Growth.” The purpose of the hearing was to examine the CCDBG program as a worker support program and consider reforms that will support existing child care providers, continue to provide high-quality care to children, uphold the value and dignity of work to parents, and make fiscally responsible choices, including public-private partnerships. Testifying before the Subcommittee were Mrs. Caitlin Codella Low, Managing Director of Human Capital, Bipartisan Policy Center, Washington, D.C.; The Honorable Todd D. Barton, Mayor, City of Crawfordsville, Crawfordsville, Indiana; Dr. Ruth Friedman, Senior Fellow, The Century Foundation, Washington, D.C.; and Ms. Celia Hartman Sims, President and Founder, The Abecedarian Group, Houston, Texas.

Second Session—Hearing

On January 13, 2026, the Committee on Education and Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education held a hearing titled “Who’s Watching the Kids? How Employers, Innovators, and Parents Are Solving America’s Child Care Crunch.” The purpose of the hearing was to examine the national child care landscape, including those aspects governed by CCDBG, and consider fiscally responsible ways to meet the American workforce’s child care needs. At the hearing, Representative Kevin Kiley (R-CA) stated, “Protecting the integrity of child care funding is essential. When bad actors exploit the system, they divert resources from the families these programs are meant to serve. Recent events underscore the need for strong oversight and accountability at every level.” Testifying before the Subcommittee were Mr. Haden Polseno-Hensley, President and Co-Founder, Red Rooster Coffee Company, LLC, Floyd, Virginia; Ms. Alex Grover, Chief Executive Officer, i2M, Mountain Top, Pennsylvania; Ms. Amy K. Matsui, Vice President for Child Care and Income Security,

National Women’s Law Center, Washington, D.C.; and Ms. Mary Lou Burke Afonso, Chief Operating Officer, Bright Horizons, Newton, Massachusetts.

Legislative Action

On February 26, 2026, Representative Mark Messmer (R-IN) introduced H.R. 7720, the *Child Care Payment Integrity and Fraud Accountability Act*. On March 5, 2026, the Committee on Education and Workforce considered H.R. 7720 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 19–15. The Committee considered the following amendments to H.R. 7720:

1. Representative Messmer offered an amendment in the nature of a substitute to make a technical change to the bill. The amendment passed by voice vote.
2. Ranking Member Robert C. “Bobby” Scott (D-VA) offered an amendment to remove the fraudulent payment reporting requirement. The amendment failed by a recorded vote of 15–19.

COMMITTEE VIEWS

INTRODUCTION

Child care is essential to helping working parents thrive and to supporting the growth of local economies. CCDBG exists to help working families access affordable child care, giving them the freedom to remain in the workforce, increase their economic opportunity, realize financial freedom, and move beyond the need for a federal safety net—thriving independent of government support. According to the National Center for Education Statistics, there are approximately 12.6 million children nationally who have non-parental care arrangements during the week.¹ Because CCDBG serves approximately 10 percent of children in that private-sector child care market, all of whom come from low-income families, any waste, fraud, and abuse in the program is untenable. The Committee considered H.R. 7720 to deliver accountability and transparency in our federal child care assistance program.

Waste, Fraud, and Abuse Unchecked at the State Level

On December 26, 2025, an independent journalist reported a number of child care centers licensed by Minnesota were taking federal funds through CCDBG without serving any children or families. Certain administrative mismanagement of Minnesota’s child care program had been documented in an HHS Inspector General report months prior² and in an internal controls review made by the Minnesota Office of the Legislative Auditor in 2019.³ Essentially admitting responsibility, on February 26, 2026, Minnesota Governor Tim Walz announced a “comprehensive anti-fraud package to fight fraud in state programs”⁴ and the Minnesota Office of

¹ <https://nces.ed.gov/fastfacts/display.asp?id=4>.

² <https://oig.hhs.gov/reports/all/2025/minnesota-could-better-ensure-that-childcare-assistance-providers-comply-with-attendance-requirements/>.

³ <https://www.auditor.leg.state.mn.us/sreview/ccpic.pdf>.

⁴ <https://mn.gov/governor/newsroom/press-releases/?id=1055-727986>.

Program Integrity released a related “roadmap” days earlier.⁵ In fact, testifying at a House Committee on Oversight hearing on March 4, 2026, Governor Walz admitted that Minnesota had been aware of fraud in its child care assistance program since 2012.

Since 2002, CCDBG has been identified as a program at risk of significant improper payments. The Office of Management and Budget first identified CCDBG as such following enactment of the *Improper Payment Act of 2002* (P.L. 107–300).⁶ A series of subsequent measures aimed at waste, fraud, and abuse prevention in programs across the federal government have failed to eliminate improper payments in CCDBG.⁷ A 2020 report by the Government Accountability Office estimated that improper payments in CCDBG during the previous fiscal year (FY 2019) totaled approximately \$325 million.⁸ Extrapolating that number out to include the current funding level and average improper payment rates, CCDBG could be losing nearly \$600 million each year to improper payments. Most recently, HHS continued to include CCDBG on its list of “risk susceptible” programs in the agency’s FY 2025 financial report.⁹

The Need for Sensible Reforms to Protect Taxpayer Dollars

The federal government is right to scrutinize state CCDBG funds because of the risk that those dollars are being fraudulently diverted from American families. States’ failures to ensure their programs are complying with statutory requirements are harming our nation’s families. We owe it to our working families to exercise sufficient oversight and hold fraudsters accountable.

H.R. 7720 accomplishes this by ensuring states are responsible for reporting fraudulent payments made under the CCDBG program. Codifying existing improper payment reporting requirements is a sensible approach that does not put undue burden on block grant recipients. Improper payments are an important warning sign. They can reveal weaknesses in oversight controls that allow waste or fraud to occur. But states are not always required to identify or report potentially fraudulent payments, which can allow questionable payments to go unexamined. H.R. 7720 corrects this by adding the category of “fraudulent payments” to improper payments, calling on states to proactively assess their program’s own financial health to provide a full picture of how taxpayer dollars are being managed and where improvements are needed.

CONCLUSION

No amount of fraud in public programs is acceptable. When states administer federal programs, we expect a diligent effort to execute what the law requires. Americans should have confidence that their taxpayer dollars are funding critical child care assistance for families in need, not enriching those seeking to loot public pro-

⁵ <https://kstp.com/wp-content/uploads/2026/02/Roadmap-to-Program-Integrity-and-Fraud-Prevention-2-23-2026.pdf>.

⁶ <https://georgewbush-whitehouse.archives.gov/omb/circulars/a11/2002/part2.pdf>.

⁷ Those include the *Improper Payment Information Act of 2002* (P.L. 112–248), the *Improper Payments Elimination and Recovery Act of 2010* (P.L. 111–204), the *Improper Payments Elimination and Recovery Improvement Act of 2012* (112–248), and the *Payment Integrity Information Act of 2019* (P.L. 116–117).

⁸ <https://www.gao.gov/assets/gao-20-227.pdf>.

⁹ <https://www.hhs.gov/sites/default/files/fy-2025-hhs-agency-financial-report.pdf>.

grams for private gain. H.R. 7720 accomplishes this by ensuring the federal government has the improper payments data from states needed to address potential fraud more effectively.

Weeding out waste, fraud, and abuse in federal child care assistance will ensure public trust in CCDBG and allow for more dollars, economic opportunity, and workforce participation among America's families.

SUMMARY

H.R. 7720 SECTION-BY-SECTION SUMMARY

Section 1. Short title

- States that this Act may be cited as the *Child Care Payment Integrity and Fraud Accountability Act of 2026*.

Section 2. Fraudulent payments

- Amends section 658J(b) of the *Child Care and Development Block Grant Act of 1990* to add “fraudulent payments” as a category of improper payments states are required to report.
- Amends section 658J(b) of the *Child Care and Development Block Grant Act of 1990* to add a requirement that states submit an annual report to the Secretary of HHS including the dollar and percentage amount of improper payments made, disaggregated by type of improper payment.

EXPLANATION OF AMENDMENTS

The amendments, including the amendment in the nature of a substitute, are explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 7720 adds “fraudulent payments” to the list of improper payment types named in statute and requires states to annually report to the Secretary of HHS the dollar and percentage amount of improper payments made by the state. H.R. 7720 applies only to states and does not apply to the Legislative Branch.

UNFUNDED MANDATE STATEMENT

Pursuant to section 423 of the *Congressional Budget and Impoundment Control Act of 1974*, Pub. L. No. 93–344 (as amended by section 101(a)(2) of the *Unfunded Mandates Reform Act of 1995*, Pub. L. No. 104–4), the Committee traditionally adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office (CBO) pursuant to section 402 of the *Congressional Budget and Impoundment Control Act of 1974*. The Committee reports that because this cost estimate was not timely submitted to the Committee before the filing of this report, the Committee is not in a position to make a cost estimate for H.R. 7720.

EARMARK STATEMENT

H.R. 7720 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House rule XXI.

ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

Date: 3/5/2026

COMMITTEE ON EDUCATION AND WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 2 Bill: H.R. 7720 Amendment Number: N/A

Disposition: Adopted by a Full Committee Roll Call Vote

Sponsor/Amendment: Motion to report bill; as amended

Rep. Messmer (IN)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. WALBERG (MI) (Chairman)	X			Mr. SCOTT (VA) (Ranking)		X	
Mr. WILSON (SC)	X			Mr. COURTNEY (CT)		X	
Mrs. FOXX (NC)	X			Ms. WILSON (FL)		X	
Mr. THOMPSON (PA)	X			Ms. BONAMICI (OR)			X
Mr. GROTHMAN (WI)	X			Mr. TAKANO (CA)		X	
Ms. STEFANIK (NY)			X	Ms. ADAMS (NC)		X	
Mr. ALLEN (GA)			X	Mr. DESAULNIER (CA)		X	
Mr. COMER (KY)	X			Mr. NORCROSS (NJ)		X	
Mr. OWENS (UT)	X			Ms. MCBATH (GA)		X	
Ms. MCCLAIN (MI)	X			Ms. HAYES (CT)		X	
Mrs. MILLER (IL)	X			Ms. OMAR (MN)		X	
Ms. LETLOW (LA)	X			Ms. STEVENS (MI)		X	
Mr. KILEY (CA)	X			Mr. CASAR (TX)		X	
Mr. RULLI (OH)	X			Ms. LEE (PA)		X	
Mr. MOYLAN (GU)	X			Mr. MANNION (NY)		X	
Mr. ONDER (MO)	X			Ms. GRUJALVA (AZ)		X	
Mr. MACKENZIE (PA)	X						
Mr. BAUMGARTNER (WA)	X						
Mr. HARRIS (NC)	X						
Mr. MESSMER (IN)	X						
Mr. FINE (FL)	X						

TOTALS: Ayes: 19

Nos: 15

Not Voting: 3

Total: 37/ Quorum: 34/ Report: Passed

(21 R - 16 D)

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 7720 is to ensure states are responsible for reporting fraudulent payments made under their administration of the Child Care and Development Block Grant (CCDBG) program.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 7720 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

REQUIRED COMMITTEE HEARING

In compliance with clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearing held during the 119th Congress was used to develop or consider H.R. 7720: On June 24, 2025, the Committee on Education and Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education held a hearing titled "Child Care and the American Workforce: Removing Barriers to Economic Growth."

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 7720. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when, as with the present report, the Committee has requested a cost estimate for the bill from the Director of the Congressional Budget Office.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

* * * * *

TITLE VI—HUMAN SERVICES PROGRAMS

Subtitle A—Authorizations Savings for Fiscal Years 1982, 1983, and 1984

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CHAPTER 8—COMMUNITY SERVICES PROGRAMS

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Subchapter C—Child Care and Development Block Grant

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SEC. 658J. PAYMENTS.

(a) **IN GENERAL.**—Subject to the availability of appropriations, a State that has an application approved by the Secretary under section 658E(d) shall be entitled to a payment under this section for each fiscal year in an amount equal to its allotment under section 658O for such fiscal year.

(b) **METHOD OF PAYMENT.**—

(1) **IN GENERAL.**—Subject to paragraph (2), the Secretary may make payments to a State in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments (*including fraudulent payments*) or underpayments, as the Secretary may determine.

(2) **LIMITATION.**—The Secretary may not make such payments in a manner that prevents the State from complying with the requirement specified in section 658E(c)(3).

(3) **REPORT.**—*The State shall submit to the Secretary an annual report that identifies the dollar and percentage amount of improper payments made by the State, disaggregated as specified by the Secretary by standardized payment categories (including suspected and verified fraudulent payments, non-fraudulent overpayments, underpayments, and technically improper payments (e.g., system error payments)).*

(c) **SPENDING OF FUNDS BY STATE.**—Payments to a State from the allotment under section 658O for any fiscal year may be obligated by the State in that fiscal year or in the succeeding fiscal year.

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MINORITY VIEWS

INTRODUCTION

H.R. 7720, the *Child Care Payment Integrity and Fraud Accountability Act*, introduced by Rep. Mark Messmer (R-IN), would require states to calculate and submit improper payment information for certain child care programs annually. The bill would also require states to use novel accounting definitions and categories in these annual submissions. States already submit improper payment data to the federal government every three years. While the changes in H.R. 7720 may seem innocuous, the requirements will increase paperwork burdens on states as much as threefold.¹ States will be forced to spend more money on administrative and oversight costs and less money on supporting families in need of child care, with little evidence fraud will be reduced. Safeguarding the integrity of the Child Care and Development Fund (CCDF) is critical but making arbitrary changes to current program reporting requirements under the guise of allegedly fighting fraud while in reality exacerbating the current child care crisis is unacceptable.

REPUBLICANS REFUSE TO FOCUS ON THE CHILD CARE CRISIS ACTUALLY AFFECTING AMERICAN FAMILIES

Child care is a necessity for millions of American families.² In many parts of the country, the cost of child care, when families can find it, can be as much as, or more than their rent or mortgage payments.³ In many communities, child care simply does not exist in sufficient supply to meet demand.⁴ As a direct result, our economy loses an estimated \$122 billion in earnings, productivity, and revenue every year.⁵ This is not a personal failure on the part of parents or providers—it is a market failure that demands a policy response. The Child Care and Development Block Grant (CCDBG) is a federal program designed to provide child care assistance to low-income families and is administered through block grants to states.⁶ CCDBG funds, along with other federal funds not under the jurisdiction of this Committee, make up the Child Care Development Fund (CCDF), the largest federal source of child care fund-

¹See *infra* notes 42–44 and accompanying text.

²*Fact Sheet: Child Care and the Economy*, First Five Years Fund (Mar. 6, 2026), <https://www.ffyf.org/2024/03/06/fact-sheet-child-care-and-the-economy/>.

³Child Care Aware of America, “Annual Child Care Landscape Analysis”, <https://www.childcareaware.org/price-landscape24/> (last visited Jan. 28, 2026).

⁴See *U.S. Child Care Deserts*, Ctr. for Am. Prog., <https://childcaredeserts.org/> (last visited Mar. 13, 2026).

⁵*How a Lack of Affordable Child Care Impacts the Economy*, First Five Years Fund (Mar. 13, 2025), <https://www.ffyf.org/resources/2025/03/how-a-lack-of-affordable-child-care-impacts-the-economy/>.

⁶Nina Chien, *Estimates of Child Care Subsidy Eligibility & Receipt for Fiscal Year 2021*, Off. of Hum. Svcs. Poly (Sep. 11, 2024), <https://aspe.hhs.gov/sites/default/files/documents/a91fd97aa80b53fa52a52d38cd323509/cy2021-child-care-subsidy-eligibility.pdf>.

ing.⁷ Yet, according to the most recent publicly available information, federal child care funds cover only about 15 percent of federally eligible children.⁸ Assuming that Congress provided sufficient resources cover the remaining 85% of eligible children, that would still leave many families—who are not eligible for the program—with the burden of unaffordable or unavailable child care.

In response to this reality, Committee Democrats have championed legislation focused on increasing the federal investment in child care. Specifically, this Congress, Ranking Member Robert C. “Bobby” Scott (D–VA) re-introduced H.R. 4418, the *Child Care for Working Families Act*.⁹ The *Child Care for Working Families Act* would tackle the child care crisis head-on: ensuring families can afford the child care they need, expanding access to more high-quality options, stabilizing the child care sector, and helping ensure child care workers taking care of our nation’s kids are paid livable wages. The bill provides grants to states to help expand the supply and capacity of eligible child care providers and aims to provide working families a range of high-quality, affordable child care options, in a variety of settings, that meet their unique needs, with no family paying more than seven percent of their income for child care costs.

H.R. 4418 would promote the stability of the child care sector by providing a source of stable funding to eligible child care providers to help offset their operating expenses. It would support sustained and increased wages for early childhood educators or other staff eligible providers, in order to stabilize and grow the child care workforce. It would support access to child care services for communities facing a particular shortage of child care options, including child care services for infants and toddlers, child care services during nontraditional or extended hours, and inclusive child care services for children with disabilities. Language similar to H.R. 4418 was included in the *Build Back Better Act*, which passed the House in November 2021.¹⁰

Instead of working to fix the child care supply and demand issue, the Trump Administration’s actions have only created additional uncertainty for the child care sector, parents, and children.¹¹ Almost immediately after President Trump took office in January 2025, the Office of Management and Budget announced that it was directing federal agencies to “temporarily pause all activities related to obligation or disbursement of all Federal financial assistance”¹² This funding pause was later rescinded,¹³ but it initially caused significant confusion and consternation among federal

⁷ Rebecca Daugherty, *Child Care and Development Fund: CCDBG and CCES, Explained*, Bipartisan Pol’y Ctr. (Feb. 24, 2025) <https://bipartisanpolicy.org/explainer/child-care-and-development-fund-ccdbg-cces/>.

⁸ Chien, *supra* note 6, at 1.

⁹ H.R. 4418, 119th Cong. (2025).

¹⁰ H.R. 5376 § 23001, 117th Cong. (as passed by House, Nov. 19, 2021).

¹¹ Hailey Gibbs & Casey Peeks, *Trump’s Attack on Child Care Funding Undermines Early Educators, Shortchanges Children, and Increases Costs for Families*, Ctr. for Am. Prog. (Jan. 12, 2026), <https://www.americanprogress.org/article/trumps-attack-on-child-care-funding-undermines-early-educators-shortchanges-children-and-increases-costs-for-families/>.

¹² *Read the Memo Pausing Federal Grants and Loans*, N.Y. Times (Jan. 27, 2026), <https://www.nytimes.com/interactive/2025/01/27/us/omb-memo.html>.

¹³ *New Administration Highlights: Freeze on Federal Funds Rescinded, and Trump Signs Law to Ease Path to Deportations*, N.Y. Times, <https://www.nytimes.com/live/2025/01/29/us/trump-federal-freeze-funding-news?smid=url-share#federal-freeze-grants> (last updated Nov. 18, 2025).

fund recipients in the child care community. These recipients are overwhelmingly non-profit organizations which generally operate with no more than a few days of reserve funds.¹⁴

Further, the Trump Administration has undermined Department of Health and Human Services staff, specifically those responsible for administering CCDF and providing support to states administering CCDBG and related programs. As the Center for Law and Social Policy summarized the issue,

[p]robatory staff at the Office of Head Start (OHS) and the Office of Child Care (OCC) were laid off in February, resulting in a reduction of approximately 20 percent of staff. This was followed by the mass layoffs announced on April 1, resulting in an overall reduction of 40–50 percent of staff in OHS and OCC and the closure of five regional offices, which provided training and technical assistance, administrative support in ensuring grants reached facilities, and served as a liaison between program administrators and the federal government. These offices in Boston, Chicago, New York, San Francisco, and Seattle oversaw grantees in 23 states and five territories, and comprised half of the total regional offices across the country.¹⁵

Regrettably, the Majority has followed this Administration’s lead. Instead of considering bills to help address the crisis by increasing the supply of child care, making child care more affordable, or increasing the wages of child care workers, the Committee considered H.R. 7720 and seven other bills to address alleged and unproven widespread fraud in the child care sector.¹⁶ None of these bills will create one more additional child care slot. Instead, these bills complement each other by throwing sand into the gears of CCDF, increasing the chances that states will be capriciously disqualified from federal child care assistance not due to widespread fraud, but non-compliance with red tape.

THE MAJORITY SEEKS TO UPEND THE EXISTING CHILD CARE SYSTEM
OVER UNPROVEN ALLEGATIONS OF WIDESPREAD FRAUD

National Attention on Alleged Widespread Fraud in Child Care

In late December 2025, a publicly posted video surfaced that purported to show “proof” that several day care centers in Minnesota were committing fraud. The video alleged these centers were taking federal child care funds, administered through the state, without

¹⁴ Press Release, Child Care Aware of America, *Child Care Aware of America Reacts to Federal Funding Pause* (Jan. 28, 2026), <https://info.childcareaware.org/media/child-care-aware-of-america-reacts-to-federal-funding-freeze>.

¹⁵ Shira Small, *Federal Cuts to Child Care and Head Start are an Attack on Families with Low Incomes*, Ctr. on L. & Soc. Pol’y (Apr. 23, 2025), <https://www.clasp.org/blog/federal-cuts-child-care-head-start/>.

¹⁶ H.R. 7720, *the Child Care Payment Integrity and Fraud Accountability Act*, H.R. 7721, *Combating Regulatory Abuse, Closing Known Deficiencies, and Overseeing Waste Nationwide (CRACKDOWN) Act*, H.R. 7722, *Child Care Integrity Monitoring Act*, H.R. 7723, *Safeguarding Taxpayer Dollars in Child Care Act*, H.R. 7724, *No Waivers for Fraud Act*, H.R. 7725, *Stop Child Care Fraud Act*, H.R. 7677, *Closing the Provider Fraud Gap Act*, and H.R. 7726, *No Funds for Repeat Child Care Violation Act* Before the H. Comm. on Educ. & Workforce, 119th Cong. (Mar. 5, 2026).

actually caring for children.¹⁷ Despite the fact that the Minnesota agency administering CCDF found that the child care centers were operating as expected at the time of the video,¹⁸ some media outlets and Republican officials brought national attention to the story.¹⁹ The Trump Administration then announced an immediate freeze on all child care funds to Minnesota²⁰ and engaged its “Defend the Spend” system nationwide—requiring grantees to provide detailed documentation and proof of payment before receiving reimbursement for all funds distributed through the Administration for Children and Families at the Department of Health and Human Services (HHS).²¹ Soon thereafter, HHS announced suspension of five states’ access to nearly \$10 million through CCDF, the Temporary Assistance for Needy Families, and the Social Services Block Grant.²² HHS provided no evidence of fraud in these five states—California, Colorado, Illinois, Minnesota, and New York—beyond the fact they are led by Democratic Governors. HHS claims this action was taken due to “concerns about widespread fraud and misuse of taxpayer dollars in state-administered programs” and concerns that these funds may have gone to those not eligible due to their immigration status.²³ Thankfully, courts have blocked this funding freeze²⁴ but it is extremely concerning that the Administration sought to punish states without proof of such allegations.

Unfortunately, it is under the same unproven allegations and general theories of “widespread fraud” that the Majority chose to consider eight bills purporting to address fraud in CCDBG.²⁵ Like the Administration, the Majority did not produce any evidence of widespread fraud in the program, presenting only vague and unfounded allegations. Similarly, the Majority has chosen not to engage with (or even meaningfully acknowledge) the processes HHS already has in place, as required by law, charging states to prevent and catch fraud.

Existing Program Integrity Requirements

Generally, federal agencies must protect against improper payments in grant programs. The *Payment Integrity Information Act of 2019* (PIIA) requires Executive Branch agencies to determine if improper payment rates for programs have exceeded significant

¹⁷ Ken Bensinger & Ernesto Londoño, *An Intense White House Response From a Single Viral Video*, N.Y. Times (Dec. 31, 2025), <https://www.nytimes.com/2025/12/31/business/media/trump-conservatives-videos-viral-loop.html>.

¹⁸ Phil Helsel & Julia Ainsley, *Minnesota department finds child care centers targeted in viral video operating normally*, NBC News (Jan. 2, 2026), <https://www.nbcnews.com/news/us-news/minnesota-department-finds-child-care-centers-targeted-viral-video-ope-rcna252013>.

¹⁹ Bensinger & Londoño, *supra* note 17.

²⁰ *Id.*

²¹ Sakshi Venkatraman & Max Matza, *Trump administration says it’s withholding childcare funds from Minnesota amid fraud allegations*, BBC (Dec. 30, 2025), <https://www.bbc.com/news/articles/c75xndvlyko>.

²² Press Release, U.S. Dep’t of Health & Hum. Svcs., *HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns* (Jan. 6, 2026), <https://www.hhs.gov/press-room/hhs-freezes-child-care-family-assistance-grants-five-states-fraud-concerns.html>.

²³ *Id.* (emphasis added).

²⁴ Minho Kim & Zach Montague, *Judge Extends Block on Trump Officials Slashing Funds to Democratic States*, N.Y. Times (Feb. 6, 2026), <https://www.nytimes.com/2026/02/06/us/politics/blue-states-trump-funding-lawsuit.html>.

²⁵ Press Release, Committee on Education & Workforce Republicans, *Chairman Walberg Delivers Opening Statement at Markup to Crackdown on Child Care Fraud* (Mar. 5, 2026), <https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=413157>.

thresholds.²⁶ Agencies are considered noncompliant if any relevant program has an “improper payment rate” of more than 10 percent.²⁷ Improper payments include any payment made for an incorrect amount, to an ineligible recipient, or for an ineligible service. In the context of federal child care funds, an example of an improper payment would be a payment to a provider that was made in an incorrect amount (overpayment or underpayment) or that should not have been made at all.²⁸ However, the term “improper payments” does not automatically denote “fraud”. As stated in a Government Accountability Office Q&A report to the House Appropriations Committee, “[w]hile all fraudulent payments are considered improper, not all improper payments are due to fraud.”²⁹ PIIA directs federal agencies to, at least every three years, assess their programs to consider factors that may increase the risk of improper payments, including their susceptibility to fraud.³⁰

HHS generally assesses states’ compliance with law and regulations through its review and approval of a state’s CCDF plan, which “serves as the Lead Agency’s [the agency in a state or territory that administers the CCDF program] application for a three-year cycle of CCDF funds and is the primary mechanism OCC uses to determine Lead Agency compliance with the requirements of CCDBG and its regulations”.³¹ In its review of the plan, HHS can identify places where a state is out of compliance and provides a state with the opportunity to address the particular issue or face penalties.³²

More specifically, the CCDBG Act and its regulations already provide HHS with enforcement authority to ensure that states are complying with the program’s requirements. For example, the law gives HHS the authority to ensure states “comply substantially” with the law.³³ Further, “after reasonable notice to a State and opportunity for a hearing”, HHS may disallow improperly spent funds, deduct improperly spent funds from subsequent allotments, take some combination of the those actions, or impose other sanctions.³⁴ Regulations make clear HHS ability to monitor these programs for compliance with law and addresses the process HHS and states may take when a “review or investigation reveals evidence” that a state’s child care agency or “an entity providing services under contract or agreement with” a lead agency has “failed to substantially comply” with the law, regulations, or provisions and requirements set out in the state’s plan.³⁵ It is also worth noting that law and regulation require states to arrange independent audits of their programs and require states to repay the federal government

²⁶ 31 U.S.C. § 3352. The statute defines significant as either \$10 million and 1.5 percent of total program outlays or \$100 million overall. *Id.*

²⁷ 31 U.S.C. § 3351.

²⁸ *See, e.g.*, 45 C.F.R. § 98.100(d).

²⁹ U.S. Gov’t Accountability Off., GAO–24–107482, Improper Payments: Key Concepts and Information on Programs with High Rates or Lacking Estimates 5 (2024), <https://www.gao.gov/assets/gao-24-107482.pdf>.

³⁰ 31 U.S.C. § 3352.

³¹ *FY 2025-2027 Child Care and Development Fund (CCDF) Plan for States and Territories*, Off. of Child Care, <https://acf.gov/occ/policy-guidance/fy-2025-2027-ccdf-plan-states-and-territories-ccdf-acf-pi-2024-01> (last updated July 15, 2024).

³² *Id.*

³³ *E.g.*, 42 U.S.C. § 9858g(b)(2).

³⁴ *Id.*

³⁵ 45 C.F.R. § 98.90.

for funds that are found to be misspent or HHS can deduct these amounts from future payments to the state.³⁶ These are examples of ways the law and regulation aim to provide for program integrity.

Additionally, as the Government Accountability Office (GAO) noted in 2020, “[the Office of Child Care (OCC) at HHS] oversees states” improper payment risks through a process that includes a requirement for states to submit corrective action plans (CAP) when they estimate their annual payment error [or improper] rates are at or above 10 percent.”³⁷ Additionally, OCC conducts on-site monitoring reviews of each state for each three-year period.³⁸ HHS recently began the practice of posting oversight reports resulting from these visits.³⁹

Changes have been made over the years to improve program integrity. For example, in 2020, GAO published a report entitled “Child Care and Development Fund: Office of Child Care Should Strengthen Its Oversight and Monitoring of Program-Integrity Risks” that explained the need for HHS to assess fraud risks to the fund and highlighted nine recommendations to better protect the integrity of the fund.⁴⁰ GAO later indicated that HHS had addressed all nine of these recommendations.⁴¹ However, regardless of any recent improvements that have been made, the Trump Administration’s reductions-in-force in 2025 did nothing to improve program integrity as fewer staff were now available to help monitor the program.

Cases of Actual Fraud Should Be Addressed, Not Politicized

Fraud in child care should be taken seriously, not politicized. The Majority have proposed bills—including H.R. 7720, the *Child Care Payment Integrity and Fraud Accountability Act*—that could have the overall effect of upending the child care system to address a problem that has not been proven to exist. These changes could cause states to spend more of their child care funds on administrative and oversight costs, reducing the supply of child care available to families, and punishing states and child care providers for unintentional administrative and human errors.

H.R. 7720 WILL REDUCE STATES ABILITY TO USE CCDF FUNDING FOR FAMILIES

H.R. 7720, the *Child Care Payment Integrity and Fraud Accountability Act*, requires states to submit an annual report to the Secretary of HHS including the “dollar and percentage amount of improper payments made by the State, disaggregated as specified by the Secretary by standardized payment categories (including suspected and verified fraudulent payments, nonfraudulent overpay-

³⁶ CCDBG Act § 658K(b), 42 U.S.C. § 9858i; 45 C.F.R. § 98.65.

³⁷ U.S. Gov’t Accountability Off., GAO-20-227, Office of Child Care Should Strengthen Its Oversight and Monitoring of Program-Integrity Risks, (2020), <https://www.gao.gov/assets/gao-20-227-highlights.pdf>.

³⁸ *FFY 2025-2027 CCDF Federal Onsite Monitoring & Oversight Visits*, Off. of Child Care, <https://acf.gov/occ/report/ffy-2025-2027-monitoring-reports-oversight-visits> (last updated Mar. 2, 2026).

³⁹ *Id.*

⁴⁰ U.S. Gov’t Accountability Off., *supra* note 37.

⁴¹ *Id.*

ments, underpayments, and technically improper payments (e.g., system error payments).”⁴²

Currently, states are subject to multiple types of monitoring, including (but not limited to) reviews of state plans, error rate reviews, and on-site monitoring reviews.⁴³ While those three types of review occur at least once every three years, there are other types of review or oversight that the law requires on a more frequent or ad hoc basis. These include reviews of state plan amendments, reviews of expenditure data, oversight of lead agencies placed on corrective action plans, and investigations conducted in response to complaints that a lead agency has failed to comply with program requirements.⁴⁴

The current system has strong deterrents for states and providers to act counter to the law. Regulations already require states to discontinue assistance in the event of substantiated fraud or intentional program violations.⁴⁵ Similarly, states are already required to recover child care payments resulting from fraud, and state plans already must describe the internal controls in place to ensure integrity and accountability, as well as the processes in place to investigate and recover fraudulent payments.⁴⁶

Across these review and oversight processes, categories and definitions for how error rates are to be calculated and reported are established in regulation, including but not limited to, percentage of improper payments, average amount of improper payments, and estimated annual amount of improper payments.⁴⁷ These requirements are aligned with other federal programs as required by the *Payment Integrity Information Act of 2019*.⁴⁸ H.R. 7720’s new reporting categories (suspected and verified fraudulent payments, nonfraudulent overpayments, underpayments, and technically improper payments (e.g., system error payments)) may seem innocuous, but requiring states to deviate from existing CCDBG reporting requirements would essentially force states to create a separate accounting system for this program inconsistent with other grant programs.

Ensuring the integrity of the CCDBG program is certainly essential, but adding time-consuming, burdensome, and unnecessary requirements for states would take away funds from the main purpose of the program—to provide for families in need of child care

⁴²H.R. 7720, 119th Cong. § 2 (2026).

⁴³See 42 U.S.C. § 9858c; 45 C.F.R. § 98.18 (regarding contents and approval of state plans); 45 C.F.R. §§ 98.90–93 (Monitoring, Non-compliance and Complaints); 45 C.F.R. §§ 98.100–102 (Error Rate Reporting).

⁴⁴See, e.g., 45 C.F.R. § 98.65 (“Audits and financial reporting”) 45 C.F.R. §§ 98.90–93; 98.102(c). These regulations have already been operationalized by the HHS Administration for Children and Families. See U.S. Dep’t of Health & Hum. Svcs., Admin. for Child. & Fams., *Instructions for Completion of Form ACF-696 Financial Reporting Form for the Child Care and Development Fund (CCDF) State & Territory Lead Agencies*, OMB #0970–0510 <https://acf.gov/sites/default/files/documents/occ/Attachment-C-Instructions-for-Completion-Form-ACF-696-ACF-OCC-PI-2025-07.pdf>.

⁴⁵45 C.F.R. § 98.60(i) (“Lead Agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud.”); 45 C.F.R. § 98.68(b) (“Lead Agencies are required to describe in the Plan the processes that are in place to identify fraud or other program violations . . .”).

⁴⁶*Id.*; 45 C.F.R. § 98.16(ff) (requiring state plans to include “A description of internal controls to ensure integrity and accountability, processes in place to investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud, and procedures in place to document and verify eligibility . . .”);

⁴⁷45 C.F.R. § 98.102.

⁴⁸Pub. L. No. 116–117 (2020); 31 U.S.C. § 3351–53.

payment assistance—and require states to spend more on administrative and oversight costs.

DEMOCRATIC AMENDMENTS OFFERED DURING MARKUP OF H.R. 7720

Recognizing that H.R. 7720’s reporting inconsistency could make CCDBG harder to administer, Ranking Member Scott put forward an amendment to maintain the reporting requirements on states in current law, but to require the Secretary to take the information in those reports and provide details to Congress to ensure our efforts to reduce fraud are based on empirical data. The amendment was rejected by the Committee Republicans on a party line vote.

CONCLUSION

There has been no evidence presented of the Majority’s allegations of widespread fraud in CCDBG. There is no evidence that the current system fails to ensure program integrity and provide accountability mechanisms to address bad actors. As such, H.R. 7720 overly complicates state administration of CCDBG, and creates uncertainty for well-meaning providers. While it is important to address any instance of fraud with federal funds designed to support child care programs, this bill would hurt the program more than it would help. For the reasons stated above, Committee Democrats unanimously opposed H.R. 7720 when the Committee on Education and Workforce considered it on March 5, 2026. We urge the House of Representatives to do the same.

ROBERT C. “BOBBY” SCOTT,
Ranking Member.
 FREDERICA S. WILSON,
 MARK DESAULNIER,
 JOE COURTNEY,
 SUZANNE BONAMICI,
 JAHANA HAYES,
 ILHAN OMAR,
 SUMMER LEE,
 ADELITA GRIJALVA,
Members of Congress.

