

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7794

To amend the Child Care and Development Block Grant Act of 1990 to provide transparency and accountability in the administration of Federal child care funds expended by the States.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2026

Mr. KENNEDY of Utah introduced the following bill; which was referred to the Committee on Education and Workforce

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## A BILL

To amend the Child Care and Development Block Grant Act of 1990 to provide transparency and accountability in the administration of Federal child care funds expended by the States.

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 “Stop Child Care Fund-  
5       ing Fraud Act of 2026”.

6       **SEC. 2. AMENDMENTS.**

7       (a) STATE REPORTS AND AUDITS.—Section 658K of  
8       the Child Care and Development Block Grant Act of 1990

1 (42 U.S.C. 9858i) is amended by adding at the end the  
2 following:

3 “(c) STATE IMPROPER PAYMENTS.—

4 “(1) STATE REPORTS OF IMPROPER PAY-  
5 MENTS.—Not later than June 30 of the each pro-  
6 gram period referred to in section 658E(d), a State  
7 shall submit to the Secretary a report on the rate of  
8 the improper payments made by such State with  
9 funds received under this subchapter during such  
10 period and the a breakdown of actions the State will  
11 take to lower such rate in subsequent program peri-  
12 ods.

13 “(2) INCENTIVE PENALTIES TO REDUCE IM-  
14 PROPER PAYMENTS.—If a State report submitted  
15 under paragraph (1) identifies a rate of improper  
16 payments for program period referred to in section  
17 658E(d) that—

18 “(A) exceeds 6 percent but is less than 8  
19 percent, then the Secretary shall reduce by 5  
20 percent the aggregate amount of funds such  
21 State would otherwise receive under this sub-  
22 chapter for each subsequent program period;

23 “(B) is at least 8 percent but is less than  
24 10 percent, then the Secretary shall reduce by  
25 10 percent the aggregate amount of funds such

1 State would otherwise receive under this sub-  
2 chapter each subsequent program period; and

3 “(C) equals or exceeds 10 percent, then  
4 the Secretary shall reduce by 15 percent the ag-  
5 gregate amount of funds such State would oth-  
6 erwise receive under this subchapter for each  
7 subsequent program period;

8 until the Secretary certifies that such State has im-  
9 plemented a corrective action plan submitted under  
10 paragraph (3) and submitted to the Secretary all  
11 data required under such plan.

12 “(3) STATE CORRECTIVE ACTION PLANS.—If  
13 for any such period the State report submitted  
14 under paragraph (1) identifies a rate of improper  
15 payments that exceeds 6 percent, such State shall  
16 complete, and submit to the Secretary not later than  
17 60 days after submission of such report, a payment  
18 corrective action plan to reduce the report such rate  
19 to not more than 6 percent. Such plan shall contain  
20 verified child attendance documentation for sub-  
21 sidized child care services provided with funds re-  
22 ceived under this subchapter, in an aggregated for-  
23 mat that does not contain personally identifiable in-  
24 formation and that does not disclose identifiable  
25 child-level data.

1           “(4) DEFINITION.—For purposes of this sub-  
2           section, the term ‘improper payment’ means a pay-  
3           ment made under this subchapter for child care  
4           services provided to a child, that does not comply  
5           with this subchapter because—

6                   “(A) such payment exceeds the amount  
7                   that should have been paid to provide such  
8                   services to such child;

9                   “(B) such payment is less than the amount  
10                  that should have been paid to provide such  
11                  services to such child;

12                  “(C) such payment is made to provide such  
13                  services to such child who is not eligible to re-  
14                  ceive such services; or

15                  “(D) such payment is made for such serv-  
16                  ices in an amount that cannot be verified to be  
17                  in compliance with this subchapter.

18           “(5) RULE OF CONSTRUCTION.—Nothing in  
19           this subsection shall be construed to prevent the  
20           Secretary from withholding from a State funds such  
21           State would otherwise receive under this subchapter  
22           if the Secretary determines such State has violated  
23           a provision of this subchapter or a regulation issued  
24           to carry out this subchapter.”.

1 (b) REPORT BY SECRETARY.—The 1st sentence of  
2 section 658L(a) of the Child Care and Development Block  
3 Grant Act of 1990 (42 U.S.C. 9858j) is amended—

4 (1) by inserting “disaggregated by State” after  
5 “report”; and

6 (2) by inserting “(including a State-by-State  
7 breakdown showing the improper payment rate of  
8 each State and the actions taken by each State to  
9 lower its improper payment rates)” after “analysis”.

10 **SEC. 3. EFFECTIVE DATE.**

11 This Act and the amendments made by this Act shall  
12 take effect 1 year after the date of the enactment of this  
13 Act.

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