



# FFYF Briefing Room: Accountability and Oversight, Essential To Affordable Child Care

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## Prevent Fraud - Protect Children

The Child Care and Development Block Grant (CCDBG) is the primary federal child care program that makes it possible for hundreds of thousands of families to afford the safe, quality care their children need while parents work or go to school. This program, which has a long history of bipartisan support, helps make child care more affordable for families and children in [every state and Congressional district](#).

Concerning reports of fraud in Minnesota have given cause for a broader understanding of how the federal child care program works. Fraud at any level is unacceptable and must be investigated and rooted out. This explainer outlines the program and gives context to current reports. Additionally, here is First Five Years Fund's [Statement on Safeguarding Program Integrity](#).

## KEY TAKEAWAYS

- The Child Care and Development Block Grant Act (CCDBG) makes it possible for **hundreds of thousands families** – in [every state and Congressional district](#) – **to afford the safe, quality care their children need** while parents work or go to school. Without it, child care would be unaffordable, causing increased financial strain, disruption, and instability for families across the country.
- **Fraud at any level is completely unacceptable** and takes valuable child care away from families who need it. Every federal child care dollar must be used properly and effectively to support the hundreds of thousands of eligible families who rely on child care so they can work or go to school.
- **Strong state oversight** is critical to ensure young children have trusted, safe, quality care. This must be coupled with necessary **guardrails at all levels** – federal, state, and provider – to safeguard the integrity of the program.
- **Broad freezes of child care funds risk harming working families and children** who rely on these resources to afford safe, reliable child care. The federal government should work with states to ensure funding continues to reach eligible children and hard-working families.

## Overview: Federal Child Care Program

The Child Care and Development Fund (CCDF) is a block grant that allows states, territories, and tribes to help low-income families afford child care. It serves children in every state and district, giving parents peace of mind while they work, attend a job training program, and/or go to school. CCDF consists of two funding streams:

- **Child Care and Development Block Grant (CCDBG):** Discretionary funds set during the appropriations process.

- **Child Care Entitlement to States (CCES):** Mandatory and matching funds determined by law.

The Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services (HHS) awards these funds to states, territories, and Tribes which administer the program.

This program is overwhelmingly popular among Americans, who strongly recognize the need for help making child care more affordable for families with young children.

- In recent polling, a [wide majority of Americans](#) say increasing federal funding for child care is an important priority and a good use of tax dollars, including 72% of Republicans, 70% of Independents and 90% of Democrats.
- Fully two-thirds (69%) of [Rural Americans](#) say federal funding for child care and early learning programs is a good investment of taxpayer money. And a strong majority (55%) of Rural Americans would like to see that funding increase.
- And [CCDBG is an exceedingly popular program](#) with voters wanting to support it and see it expanded to reach even more eligible families and children. According to polling, an overwhelming majority (85%) were in favor of increasing funding for CCDBG, including 74% of Republicans, 86% of Independents, and 96% of Democrats.

## What's Happening Now

CCCDF funding is generally awarded to states at the start of each federal fiscal year on October 1. Although awarded annually, the federal government typically distributes these grants in quarterly installments.

According to law, CCDF is designed to include multiple layers of oversight to reduce payment errors, ensure funds are distributed to eligible families and child care providers, and minimize waste, fraud, and abuse. This multi-faceted approach involves federal and state regulations, state-level internal controls, inspections, and ongoing oversight and reporting.

Reports of fraudulent activity in social services programs, including child care, have persisted in Minnesota, as was recently acknowledged by the governor. Just this year, a May 2025 audit by the federal Office of the Inspector General found an error rate of 11% related to attendance and payment for services to child care centers; an earlier 2019 report by the Minnesota Office of the Legislative Auditor addressed fraudulent payments going back even further.

It has also been confirmed that HHS is freezing funding for social services programs – Child Care and Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), and Social Services Block Grant (SSBG) in New York, California, Illinois and Colorado, citing concerns of potential fraud.

There currently is no nationwide suspension of CCDF funding, but stricter rules tied to additional documentation and verification are now in place in order for states to draw down funds.

Other states have received guidance on receiving their CCDF funding through the official Payment Management System detailing additional documentation and verification required to draw down funds.

## Federal and State Oversight Mechanisms

The design of the CCDF program gives states flexibility and discretion on how they use the funding, which allows them to best meet the needs of their families. This means it is important to have safeguards that

protect these programs and ensure our youngest learners have safe, affordable places to receive care while their parents are working.

It is critical that states apply these guardrails consistently and address suspected problems quickly. Front-end accountability should also be strengthened to proactively safeguard the integrity of the program.

By law, the following federal and state oversight mechanisms are required:

#### **Current Federal Oversight Mechanisms (HHS / ACF)**

- Payment Management Review
- CCDF State Plan Approval
- Program Reviews and Monitoring
- Audit Resolution
- Targeted Conditions or Restrictions

#### **Current State Oversight Mechanisms**

- Internal Controls
- State Audits and Inspector General Reviews
- Fraud Detection and Investigations
- Provider Monitoring

### **Governors Move to Protect Child Care Against Fraud**

**Gov. Mike DeWine (R-OH)**: "Ohio takes allegations of fraud in our child care system seriously. We have built multiple layers of accountability into our system, and we actively encourage Ohioans to report concerns so we can investigate and take action."

**Gov. Cox (R-UT)**: "Fraud is unacceptable. Accountability matters. Utah's GRIT operating principles mean zero tolerance for fraud, waste, or abuse. Unlike some other states, our child care providers are regulated, eligibility is verified, benefits are limited to citizens and legal residents, payments go directly to providers, attendance is electronically tracked, and agencies conduct in-person monitoring and regular audits. We've initiated a full review to confirm these safeguards are working as intended. Stewardship of taxpayer dollars is fundamental to good government."

**Gov. Greg Abbott (R-TX)**: "Today, I directed Texas state agencies to take proactive steps to prevent, detect, and eliminate misuse of taxpayer funds to protect the integrity of Texas' Child Care Services Program."

**Gov. Josh Stein (D-NC)**: "We must protect taxpayers to make sure their hard-earned money goes to provide important services like child care, not to line some crook's pockets...We will continue to partner with the federal government to fight fraud and preserve child care funding."

#### **About First Five Years Fund**

The first five years last forever. At First Five Years Fund, we work to protect, prioritize, and build bipartisan support for quality child care and early learning programs at the federal level. Reliable, affordable, and high-quality early learning and child care can be transformative, not only enhancing a child's prospects for a brighter future but also bolstering working parents and fostering economic stability nationwide. Join us at [www.ffyf.org](http://www.ffyf.org).