



March 4, 2026

Chairman Tim Walberg
U.S. House Committee on Education
and Workforce
2176 Rayburn House Office Building
Washington, D.C. 20515

Ranking Member Bobby Scott
U.S. House Committee on Education
and Workforce
2328 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Walberg and Ranking Member Scott,

Federal child care programs, including the Child Care and Development Fund (CCDF), enable millions of parents in every state and Congressional district to access and afford quality child care. These programs support family stability, promote healthy child development, and strengthen the broader economy. They are essential to the nation's well-being, allowing parents to work while ensuring that their children are safe and well cared for. Congress plays a critical role in ensuring these funds reach eligible families efficiently, transparently, and with strong accountability safeguards.

Fraud or misuse of child care funds is unacceptable. It undermines public trust and diverts limited resources away from eligible families, many of whom remain on waiting lists and urgently need assistance. We appreciate the House Education and Workforce Committee's efforts to build upon the current oversight structures in CCDF to help ensure this funding is used as intended—to support working families.

At the same time, policy responses to recent fraud allegations should be targeted, data-driven, and carefully calibrated to prevent abuse without disrupting access for the families and providers who participate in good faith and represent the vast majority of participants. Broad disruptions to child care are harmful to the families, communities, and children who rely on these programs. With these considerations in mind, we appreciate the opportunity to provide feedback on the eight bills scheduled for markup before the committee.

We support **H.R. 7725, the Stop Child Care Fraud Act of 2026**, introduced by Rep. Michael Rulli (R-OH), which presents an opportunity to clarify and strengthen accountability measures. The bill would require states to provide additional information about the internal controls they use to ensure program integrity and adherence to their approved state plans. We believe this measure strikes an appropriate balance between strengthening oversight and maintaining stability for families and providers who rely on these resources, and we encourage its passage.

We appreciate the intent behind **H.R. 7721, the CRACKDOWN Act of 2026** (Combating Regulatory Abuse, Closing Known Deficiencies, and Overseeing Waste Nationwide Act),

introduced by Rep. Glenn Grothman (R-WI), and share the goal of safeguarding taxpayer dollars. To more effectively reduce improper payments, however, a targeted approach that addresses the root causes of error without disrupting access to care would better serve both fiscal accountability and families. The bill provides that a state with an improper payment rate exceeding 5 percent for two consecutive years would be ineligible to receive CCDF funds unless it demonstrates that, in the following fiscal year, it will reduce improper payments to 5 percent or less or make significant progress under a corrective action plan. It is important to clarify that improper payments are not synonymous with fraud. They include underpayments and often result from administrative or documentation errors rather than intentional misuse. According to the Office of Child Care, the national improper payment rate was 3.55 percent in 2024 (based on 2023 data).

State child care systems are complex, and implementing corrective reforms can take time. While states should demonstrate due diligence in correcting improper payments—including pursuing recoupment of funds and strengthening oversight—those acting in good faith should have a reasonable opportunity to come into compliance before facing a sanction as severe as funding ineligibility. Withholding CCDF funding from an entire state would ultimately harm the families and child care providers who rely on these critical resources. We respectfully recommend allowing additional time and flexibility for states making measurable progress toward compliance.

We support **H.R. 7720, the Child Care Payment Integrity and Fraud Accountability Act of 2026**, introduced by Rep. Mark Messmer (R-IN), which would require states to submit annual reports on improper payments, including information on suspected and verified fraudulent payments. We agree that program integrity and accountability are essential to the effective administration of the CCDF program. As a condition of receiving federal grant funds, Lead Agencies must maintain strong internal controls to prevent fraud while ensuring continuity of services for children and families. To sustain a strong and effective CCDF program, annual evaluations of program integrity should focus on reducing fraud, overpayments, underpayments, and administrative errors. We believe this reporting requirement supports transparency and responsible stewardship of federal funds while preserving the stability families depend upon.

We have significant concerns about **H.R. 7723, the Safeguarding Taxpayer Dollars in Child Care Act of 2026**, introduced by Rep. Virginia Foxx (R-NC). The bill would permanently debar a child care provider from receiving CCDF funds upon a final determination of fraud and would require reciprocal debarment between CCDF and the Child and Adult Care Food Program (CACFP). Ensuring that providers who intentionally commit fraud are held accountable is essential to maintaining program integrity and public trust. However, the bill's definition of a "final determination of fraud" could encompass conduct that does not involve intentional wrongdoing. To ensure the policy is effective and appropriately targeted, this definition should be clearly and explicitly limited to intentional misrepresentation or willful misconduct.

Additionally, as Congress considers this and related proposals, it is important to clarify the respective roles of the Secretary and the states in implementation and enforcement. The U.S. Department of Health and Human Services does not currently monitor individual providers; therefore, responsibility for enforcement would either fall to the states or require significant new federal administrative capacity. Clear guidance regarding oversight authority and resource implications will be critical to effective implementation. We respectfully urge careful refinement of the bill to ensure that enforcement mechanisms are precise, administratively feasible, and focused on intentional fraud, while avoiding unintended consequences for providers operating in good faith.

We recognize the rationale behind **H.R. 7722, the Child Care Integrity Monitoring Act of 2026**, introduced by Rep. Bob Onder (R-MO); however, we are concerned that the bill lacks clear definitions. The bill codifies three-year comprehensive performance monitoring reviews and requires HHS to designate any state as high-risk if it has a high level of unresolved or repeated adverse audit findings, unresolved issues or repeated failures to carry out corrective action plans, or unresolved or repeated findings of noncompliance in the State Plan. States designated as high-risk would be subject to additional monitoring. Without clear metrics for determining what constitutes a “high level,” there is a risk that states could be classified as high-risk for relatively minor or technical issues. We recommend that the bill include specific criteria and thresholds to ensure that high-risk designation is applied consistently and appropriately, targeting significant compliance concerns while avoiding undue penalties for minor errors.

We support a GAO study similar to what is proposed in **H.R. 7677, the Closing the Provider Fraud Gap Act of 2026**, introduced by Rep. Burgess Owens (R-UT), and recommend that the Committee consider a more focused approach that allows states and grantees adequate time to implement proposed measures. While the study appears straightforward, its scope is broad: each program is administered under different federal laws and regulations, by different agencies, and through local grantees. Adding to this complexity, federal and state prevention measures are already in place, and many states are actively reevaluating their protections. Changes are likely over the next two years, coinciding with the proposed study period. We recommend that the study be designed to account for these existing measures and evolving state practices to ensure findings are accurate, actionable, and reflective of the operational realities at both the federal and state levels.

We are unable to support **H.R. 7726, the No Funds for Repeat Child Care Violations Act of 2026**, introduced by Rep. Mary Miller (R-IL), which would require the Secretary to impose additional “appropriate sanctions” for a state’s noncompliance with the CCDBG Act, including potential disqualification from financial assistance. Under current law, mandatory sanctions include reimbursing funds improperly expended, deducting an amount less than or equal to the improperly expended funds from a state’s administrative allotment, or a combination of the two. While the bill proposes additional sanctions, it does not provide guidance to ensure that such sanctions are proportional to the degree of noncompliance. To maintain fairness and

program stability, sanctions should be structured incrementally, with clearly defined milestones that determine when more severe actions are warranted. We recommend that any additional sanctions be explicitly tied to the severity and persistence of noncompliance to avoid unintended consequences for states working in good faith.

Finally, we have concerns with **H.R. 7724, the No Waivers for Fraud Act of 2026**, introduced by Rep. Joe Wilson (R-SC), which would eliminate HHS's ability to grant waivers for sanctions imposed on a state for noncompliance with its State Plan or the CCDBG Act. Waivers serve an important role in federal-state partnerships, providing flexibility to address unforeseen circumstances or implementation challenges. We encourage careful consideration of whether removing waiver authority is the most effective approach to federal oversight and recommend that any changes preserve flexibility for states acting in good faith.

Again, we thank the Committee for its ongoing work to examine the child care realities and challenges families face in this country. We look forward to continuing our work together to address these challenges and expand access to quality, affordable child care options for working families.

Sincerely,

First Five Years Fund