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FOR IMMEDIATE RELEASE

January 6, 2026

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HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns

WASHINGTON — January 6, 2026 — The U.S. Department of Health and Human Services today froze access to certain federal child care and family assistance funds for California, Colorado, Illinois, Minnesota and New York following serious concerns about widespread fraud and misuse of taxpayer dollars in state-administered programs.

“Families who rely on child care and family assistance programs deserve confidence that these resources are used lawfully and for their intended purpose,” **said Deputy Secretary Jim O’Neill.** “This action reflects our commitment to program integrity, fiscal responsibility, and compliance with federal requirements.”

The action applies to three programs overseen by HHS's Administration for Children and Families (ACF) — Child Care and Development Fund, Temporary Assistance for Needy Families, and Social Services Block Grant. In letters sent to the governors of the five states, ACF notified them that access to these funding streams is now restricted pending further review, which impacts the following totals:

- **Child Care and Development Fund (CCDF):** nearly \$2.4 billion
- **Temporary Assistance for Needy Families (TANF):** \$7.35 billion
- **Social Services Block Grant (SSBG):** \$869 million

TANF and SSBG are meant to be used by states to support families with children, including assistance with child care costs and other essential services. ACF has also identified concerns that these benefits intended for American citizens and lawful residents may have been improperly provided to individuals who are not eligible under federal law.

The funding freeze amplifies ACF's recent nationwide activation of its Defend the Spend system, and will now require these five states to submit a justification and receipt documentation before any federal payment is released. ACF has also launched a dedicated fraud reporting portal at childcare.gov to allow parents, providers and community members to report suspected fraud and program misuse.

“We have a responsibility to protect taxpayer dollars and ensure these programs serve the families they were created to help,” **said Assistant Secretary for Children and Families Alex J. Adams.** “When there are credible concerns about fraud or misuse, we will act.”

Funds will remain frozen in this fashion until ACF completes a review and determines that states are in compliance with federal requirements.

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