

Child Care Fraud Is a False Narrative

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CONTEXT:

The controversy started in December 2025, when a YouTuber posted a video claiming that Minnesota child care centers receiving public funding were not providing services to children. Despite the fact that these claims were **not** substantiated, the federal government responded by freezing child care funding for five majority-Democratic states, including Minnesota. In the weeks that followed, [many voters exposed to high volumes of inaccurate and misleading news coverage came to believe that widespread fraud was occurring in the child care sector; others believed fraud existed, but was limited in scope.](#)

The federal government used the attention and traction of this information and, under an executive order, established a Task Force to Eliminate Fraud, including new measures that have increased the compliance burden on states and providers while narrowing the margin for unintentional error (Gary Romano, Civitas Strategies, March 18, 2026). Congress also created a new focus to address the allegations of fraud, and the House recently passed a damaging package of bills that will do harm child care programs by taking away funds with little to no proof of fraud.

General Talking Points:

- To date, the information presented in the videos are not rooted in evidence. They reflect a broader lack of understanding about how child care actually operates.
 - Doors of a child care center cannot be open to random visitors with cameras on
 - Many child care providers close for holidays, including the days between Christmas and New Year when this person attempted to enter the program
 - **Child care is intensively regulated and monitored.** State agencies and their designees spend enormous amounts of time and manpower performing unannounced inspections, auditing documents, and investigating allegations of fraud or misconduct. **Family child care providers run their businesses, comply with complex federal and state requirements, and rigorously account for the public funds that help families access subsidized child care.**
 - Home-based child care providers navigate complex systems and requirements in order to continue serving children and families. **From uploading documentation**

and completing administrative paperwork to participating in home visits and meeting licensing or regulatory requirements, providers regularly manage significant administrative responsibilities.

- Baseless actions to increase oversight are redundant, unwarranted, and wasteful, and they risk penalizing the providers who are working hardest to follow the rules, while doing little to address the real, root causes of administrative mistakes or isolated misuse.
- **Families expect that their care providers are focused on their children and ensuring they are safe and learning; actions that require more paperwork, more time with auditors and more time refuting spurious fraud claims, reduce the quality of care and undermine provider solvency.**

Talking Points focused on the child care system:

- Child care is essential infrastructure, not an expendable program. **When child care destabilizes, the ripple effects are immediate: parents can't work, children lose consistent care and early learning, and food access is disrupted.**
- Misinformation that undermines trust in providers directly threatens economic stability and family well-being. **We are in an era of unchecked flows of information and a viral video cannot be taken as proof of "widespread fraud."**
- Providers already operate under intense administrative and reporting requirements. **Many home-based providers spend 1–2 hours daily on documenting compliance across multiple systems of accountability.** High administrative burden increases the likelihood of clerical errors, but this does not mean fraud. Compliance requires significant unpaid labor and financial investment. Providers pay out-of-pocket for software, accounting, insurance, and training. It is irrational to assume providers would risk their livelihoods after investing so heavily in compliance.
- **Oversight of public child care funding is already extensive and ongoing.** Providers are subject to frequent unannounced inspections and must report to multiple agencies. Claims that the system lacks oversight are inaccurate; the issue is complexity, not the absence of accountability. There should be more guidance and training. When systems are difficult to navigate, errors are predictable and preventable, not criminal.
- **Providers serve as a critical support system for working families. Subsidies and food programs make it possible for families to work and for children to access nutritious meals. Over-policing these programs harms children and families first, not just providers.**

- As a field, we all need to combat fraud narratives that harm the entire sector. Isolated incidents are being used to justify broad suspicion. Generalizing from rare cases undermines a workforce that is already underfunded and stretched thin.
- **Smart policy solutions exist, and providers are offering them. They consistently recommend better training, streamlined reporting systems, and targeted enforcement. Effective oversight strengthens programs; blanket suspicion weakens them.**
- Intent matters: Fraud and error are not the same. Intentional fraud is rare and should be prosecuted. Conflating error with fraud leads to harmful policy decisions and misplaced enforcement.

Talking Points about Racial Profiling:

- **“Fraud” narratives often target sectors that are already undervalued. Child care, especially home-based care, has historically been underpaid, feminized labor, and usually these narratives feed into the idea that certain races are misusing funds and these need to be suspended or extremely scrutinized. The speed with which this sector is labeled “fraud-prone” reflects longstanding undervaluation, not evidence.**
- Racial and ethnic bias shape who is scrutinized. Home-based providers are disproportionately women of color, immigrants, and multilingual providers. Broad fraud accusations can reinforce harmful stereotypes about Black, Latino, and immigrant communities.
 - When an entire sector made up largely of women of color is labeled as suspicious, that raises serious concerns about bias.
 - We must ask who is being investigated, who is being trusted, and why.
- Fraud crackdowns can function as de facto racial profiling. Increased surveillance and enforcement often fall hardest on providers serving low-income and racially diverse communities. Policies like establishing task forces right after a video went viral are to target specific communities.
- Community-based care is built on trust, not anonymity. **Home-based providers operate in close relationships with families, built on trust with parents, an understanding of cultural differences, and accommodations for flexible schedules.** The idea of widespread fraud ignores the transparency and accountability built into these relationships and also built into the existing systems.

- **Over-enforcement can lead to shrinking supply in already underserved communities. When providers leave due to fear, burnout, or administrative burden, families lose care options. The real risk is not fraud, it's losing access to child care entirely.**
- Data transparency should go both ways: If fraud is being claimed at scale, evidence should be publicly available and contextualized. Policy decisions should be based on verified data, not in social media trends or in the virality of certain content.
- **Prevention is more effective than punishment: Investing in training, technology, and support reduces errors more effectively than punitive enforcement. If the goal is program integrity, support providers, don't police them.**

Resources:

EdCounsel Blog:

https://educationcounsel.com/our_work/publications/all/program-integrity-in-the-child-care-and-development-fund-distinguishing-between-and-addressing-fraud-and-improper-payments

Groundwork Collaborative Polling Data on Fraud

<https://docs.google.com/presentation/d/1djjbJ2m3PdVdSHnk8pgk2UkDMA3qgyWTOsouOAAyqww/edit?usp=sharing>

Home Grown: Improving Child Care Licensing Systems to include Home-based Child Care

<https://homegrownchildcare.org/wp-content/uploads/2024/06/HomeGrownlicensingRecs2024.pdf>

Opportunities Exchange Right Sizing Child Care Regulations

https://static1.squarespace.com/static/5f4d7a7ef6c82325c5ec80c0/t/672e3138d893cb6b3fbb4113/1731080505462/OppEx_2024_Issue+Brief_Licensing+Regs.pdf

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