

# A Window of Opportunity on Child Care Fraud—If We Don't Waste It

Dr. Allison Comport

Child care fraud didn't suddenly become a national issue because of a long-planned investigation or a sweeping government report. Instead, it became a national issue when on [December 26, 2025](#), a YouTube influencer posted a video alleging fraud in child care centers in Minnesota. The video spread quickly across social media, picked up by podcasts and online shows, and soon landed squarely in the national news cycle. Within days, child care subsidies, a topic usually buried in state budgets and bureaucratic rulebooks, were suddenly front-page news.

Five days later, on [December 31](#), the federal government froze all child care subsidy payments to Minnesota. Officials from the Department of Health and Human Services said the move was based on fraud allegations and by January, funding in several other large states was also paused or restricted.

What made this moment a true opportunity for key policy change wasn't just the video alone. For years, [audits had already flagged weaknesses](#) in how Minnesota tracked attendance in its child care subsidy program. Missing sign-in sheets, incomplete records, and payment errors were well documented. Auditors repeatedly warned that attendance, not eligibility, was the weakest link in the system and recommended moving toward real-time electronic attendance systems.

Those warnings may not have sparked headlines at the time, but when the allegations of fraud were made, the groundwork was already set. According to a long-used policy framework, the [Multiple Streams Framework \(MSF\)](#) key factors in policy change include pressure, politics, and available solutions which collide to create a policy window. This policy analysis model explains why certain issues arise on the policy agenda and how major policy change happens. It argues that change occurs when three streams converge:

1. **Problem Stream:** When conditions are recognized as problems requiring public action
2. **Policy Stream:** When feasible solutions are available
3. **Politics Stream:** When political forces align in favor of action

By January 2026, federal child care subsidy funding to Minnesota, California, New York, Illinois, and Colorado was paused or restricted. Yet in most of those states, there was [no completed audit](#) showing widespread fraud. The response was driven less by confirmed evidence and more by efforts to manage potential risk: the risk of missing fraud, the risk of inaccurate or incomplete records, and the risk of potential public backlash. Typically, once an issue is framed as a "crisis," failure to take action becomes politically risky, further widening the window of opportunity for policy change.

## Newly Proposed State Legislation

Across the country, [lawmakers rushed to respond](#). Ohio introduced two bills, [House Bill 647](#) and [House Bill 649](#), to [tighten oversight](#) and even [require video surveillance](#) in child care centers. House Bill 647 revises Ohio's publicly funded child care laws by updating the Publicly Funded Child Care Child Program, strengthening provider standards and oversight, and aligning state budget provisions with those policy changes. HB 649 would require licensed child care centers to install and maintain video surveillance systems in specified areas of their facilities in order to verify attendance claims, deter fraudulent billing, and support investigations when misconduct is alleged.

[Alabama](#) launched a task force and proposed federal legislation aimed at permanently banning providers accused of fraud. [Washington State](#) Senator Lisa Wellman introduced SB 6029, which aims to limit public access to records related to child care investigations after increasing scrutiny of the Working Connections Child Care (WCCC) subsidy program. This bill has brought up significant debate over how fraud investigations and audits are handled within states as well as public funding transparency concerns.

[Michigan](#) ordered audits of its child care subsidy program following national fraud allegations. The audit comes at the request of Senate Republican Leader Aric Nesbitt, who would like these findings to build on a review conducted November 2025 around efficiency and effectiveness of program operations, and focuses on whether current controls are sufficient to prevent billing for children not in care.

In response to the federal funding freeze, [New York](#) began conducting internal reviews of its subsidy controls.

## What Can We All Learn from These States?

While fraud is a real concern in every public benefit system, it is not new and caution should be used before making broad assumptions or sweeping changes. The reality is most child care providers operate with low wages, staffing shortages and buried under administrative paperwork. Many payment errors come from confusing rules, outdated systems, and high staff turnover, and not bad intent.

Right now, states have an opportunity to fix what's actually broken and truly impact change by making lasting improvements. Some states have already shown what that looks like. [Alaska](#), for example, has spent years modernizing its child care systems, investing in digital records, streamlined licensing, and better background checks. [Washington State](#) required electronic attendance tracking years ago, eliminating one of the biggest sources of payment error.

The key lesson here is that [fraud prevention](#) works best when it's built into systems. Real time electronic attendance, automatic system checks that block impossible payments, secure identity verification, and better training for staff are known solutions that help stop fraudulent payments before they happen and reduce errors.

Policy windows are typically only open for a short time, so this [policy window](#) may soon close. Headlines will move on and public pressures will ease. However, states have a rare window to examine their child care system funding, oversight, and modernization approaches. They can use that window to assess the local need and invest in improvements that strengthen accuracy while also supporting child care providers.

Freezing funds might immediately mitigate potential fraud, but it doesn't fix the systemic problems. If we truly care about protecting children, families, and taxpayers, the solution is not to make child care programs more burdened or regulated, but rather to support them with stronger business practices and systems that make the requirements clearer and harder to misuse. One new resource which may be helpful to states as they consider actions inspired

by these events is the recently published TCC Solutions white paper [Strengthening CCDF Program Integrity: A Practical Framework for States](#). It offers technically feasible and politically acceptable solutions to child care subsidy fraud.

## Conclusion

Child care fraud rose to the national agenda not because something suddenly went wrong, but because policy streams converged. A focusing event, the viral video, existing audit findings, feasible technological reforms, and a receptive federal administration created the perfect conditions for major regulatory action and process improvements. Long standing, systemic weaknesses collided with modern media and political pressures, and we have an opportunity to focus on long-term solutions.

## About the Author

**Dr. Allison Comport** is Senior Consultant at PCG, she brings 20 years of experience working in early care and education and over 10 years of experience working in public administration, policy, national training and technical assistance. Allison has worked as the State of Rhode Island CCDBBG Co-Administrator and Head Start Collaboration Director, where she served more than 10,000 children, managed \$95 million in funding, and served over 900 providers. As a state Early Learning Specialist for the State of Rhode Island, Allison served as a key architect of Rhode Island's State Pre-K program, managing at the time one of only two programs in the nation which received all 10 National Institute for Early Education Research (NIEER) benchmarks. Allison has also worked as an Educational Specialist for the Commonwealth of Massachusetts, supporting 4,000 members of the early care and education workforce on their professional pathways and credentialing. Allison brings a depth of experience having worked on numerous early care and education systems change initiatives, such as supporting a Race to the Top-Early Learning Challenge, Preschool Development Grant 3-5, Preschool Development Grant B-5 initiatives, and COVID-19 pandemic recovery efforts. Allison has doctorate in Education Leadership and Policy from American University in Washington, D.C. Her dissertation was on early care and education system financing and cost modeling. She is also a graduate of Harvard University's Graduate School of Education, holding a degree in Policy Analysis, and two other master's degrees in childhood education and counseling. She is an endorsed early childhood mental health practitioner through the Michigan Association for Infant Mental Health.

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