

The Virgin Islands Consortium

Trump Administration Orders Nationwide Review of Federal Child Care Funds, Including in U.S. Territories

The Trump administration announced a verification of Child Care and Development Fund payments, requiring states, the District of Columbia, and U.S. territories to submit additional documentation before federal child care funds are released nationwide.

Federal / **Published On January 03, 2026 07:03 AM /**

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U.S. Dept. of Health and Human Services headquarters in Washington.

The Trump administration announced in late December 2025 that federal child care funds distributed through the Child Care and Development Fund program will be subject to a nationwide reverification process before additional payments are released.

According to statements from the Department of Health and Human Services, the review applies to all jurisdictions that receive CCDF funding, including all 50 states, the District of Columbia, and U.S. territories. Officials said disbursements will resume only after recipients demonstrate that funds are being spent legitimately. No timeline has been provided for when the review will be completed.

The CCDF program provides subsidies that allow low-income families to access child care services, supporting working parents, early education programs, and reimbursements for child care providers. In fiscal year 2025, CCDF block grants totaled approximately \$8 billion nationwide, including allocations to Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Northern Mariana Islands.

Federal officials said the reverification requirement follows concerns related to fraud and administrative issues within the program. Ongoing audits in Minnesota, where authorities uncovered widespread fraud schemes involving child care funds, were cited as a primary factor prompting the broader review. As a result, HHS implemented enhanced verification and data-submission requirements across all jurisdictions receiving CCDF assistance.

Under the revised process, states and territories must submit additional administrative documentation before funds are released. Federal officials confirmed that territorial governments are included in the review and are being treated the same as states, with no exemptions announced.

Officials said the pause is temporary and intended to safeguard taxpayer dollars. However, the administration has not detailed the full scope of the review or outlined penalties for jurisdictions that fail to meet the verification standards. HHS indicated only that funding will resume once satisfactory compliance is achieved.

State and territorial officials have said the action could affect child care programs if funding delays continue. Some governors, including Minnesota Governor Tim Walz, have acknowledged efforts underway at the state level to address fraud while calling for a timely resolution so payments can resume.

Advocacy groups, including the National Women's Law Center, have warned that delays in CCDF funding could affect child care availability, particularly in underserved areas.

Congressional oversight is expected, with lawmakers from both parties calling for transparency regarding the review process and its impact. Until the reverification is completed, states and territories remain required to submit additional documentation before receiving further CCDF disbursements.