

At a Glance

Childcare Legislation

As reported by the House Committee on Education and Workforce on April 6, 2026

On April 6, 2026, the House Committee on Education and Workforce reported eight bills related to the administration of federal childcare programs. This document provides estimates for four bills that would affect the Child Care and Development Block Grant program and the Child Care Entitlement to States program. Details of the estimated costs of each bill are discussed in the text.

CBO estimates that H.R. 7720, H.R. 7721, H.R. 7724, and H.R. 7726 would each reduce direct spending by less than \$500,000; therefore, pay-as-you-go procedures would apply. None of the legislation would affect revenues.

CBO estimates that H.R. 7720 would increase spending subject to appropriation by \$12 million over the 2026-2031 period. H.R. 7721 would increase spending subject to appropriation by less than \$500,000.

CBO estimates that none of the bills would increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2037.

Bill	Net Increase or Decrease (-) in the Deficit Over the 2026-2036 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2026-2031 Period (Outlays, Millions of Dollars)	Mandate Effects?
H.R. 7720	*	12	No
H.R. 7721	*	*	No
H.R. 7724	*	0	No
H.R. 7726	*	0	No

* = between -\$500,000 and \$500,000.

Detailed estimate begins on the next page.



Summary of Legislation

On April 6, 2026, the House Committee on Education and Workforce reported eight bills related to the administration of federal childcare programs. This document provides estimates for four of those bills. Each bill would affect the Child Care and Development Block Grant (CCDBG) and Child Care Entitlement to States (CCES) programs by amending the Child Care and Development Block Grant Act of 2014 to increase enforcement actions for noncompliance and improper payments and to require states to report additional information to the Department of Health and Human Services (HHS).

Estimated Federal Cost

The costs of the legislation fall within budget function 600 (income security).

Basis of Estimate

For this estimate, CBO assumes that the bills will be enacted in fiscal year 2026 and that the estimated amounts will be appropriated each year. This cost estimate does not include any effects of interactions among the legislation. If all four bills were combined and enacted as a single piece of legislation, the effects could be different from the sum of the separate estimates.

Background

CCDBG provides funding to states, the District of Columbia, tribes, and U.S. territories to subsidize and improve the quality of childcare for low-income families. The underlying authorization for CCDBG expired in 2020, but lawmakers have continued to provide funding for the program through annual appropriations. In 2026, the program received an appropriation of \$8.8 billion. In this estimate, CBO estimates only the cost of implementing the new activities specified in the bills and not the cost of reauthorizing CCDBG.

CCES provides funding to states to subsidize the cost of childcare for low-income working families. The program is authorized under section 418 of the Social Security Act, and that law permanently provides \$3.6 billion annually, which is classified as direct spending. In CBO's baseline projections, states spend all of that funding. CCES is governed by the rules of the CCDBG Act and consequently must follow the health, safety, and administrative requirements set by that law.

Direct Spending

Each of the bills would increase enforcement actions against states for noncompliance and improper payments under the CCDBG and CCES programs.

Spending for CCDBG is usually recorded in the budget as discretionary spending, but because the bills' enforcement provisions would apply to funding that was appropriated in 2026 and that would be unobligated upon enactment of the bills, any effect on those funds



would be treated as direct spending. Spending for CCES is recorded in the budget as direct spending. Under current law, HHS may redistribute a state's CCDBG or CCES allotment to other states, so CBO expects that any funds that would be withheld or recouped from one state would be spent by another.

H.R. 7720, the Child Care Payment Integrity and Fraud Accountability Act of 2026, would require states to report on improper payments annually instead of every three years, as under current law. It also would require states to assess and report the amount of fraud and suspected fraud in each program to HHS; such categories are not now reported. Although states would incur additional costs to comply with the reporting requirements, CBO expects that, in the case of CCES, they would continue to spend the full amount of funding provided for the program, as they do under current law. Consequently, CBO estimates that enacting those provisions would not affect direct spending for CCES over the 2026-2036 period. (Costs associated with the reporting requirements for CCDBG are discussed under "Spending Subject to Appropriation.")

In addition, the bill would allow HHS to reduce states' allotments of CCDBG and CCES funds by the amount of fraudulent payments reported. In fiscal year 2025, HHS estimated that improper payments in the programs totaled \$921 million; fraud is a type of overpayment and is included in that amount. Using information on the share of improper payments that are determined to be fraudulent in the unemployment insurance program, CBO expects that up to 10 percent of overpayments would be deemed fraudulent. Because HHS would redistribute the amount of any reduced allotments among other states, CBO estimates that enacting that provision would reduce direct spending by less than \$500,000 over the 2026-2036 period.

H.R. 7721, the CRACKDOWN Act of 2026, would prohibit states from receiving CCDBG or CCES funds if their overpayment rate for those programs exceeds 5 percent for two consecutive years. The bill would allow states to again receive funds when the Secretary of HHS determines that they have made sufficient progress in reducing overpayments. In fiscal year 2025, the average overpayment rate was 4.5 percent; thus, CBO expects that most states would not be disqualified under H.R. 7721. In addition, CBO expects that HHS would redistribute the amount of any reduced allotments among other states. On that basis, CBO estimates that enacting that provision would reduce direct spending by less than \$500,000 over the 2026-2036 period.

The bill also would require states to submit a corrective action plan and progress reports to HHS if their overpayment rate exceeds 5 percent. Under current law, that threshold is 10 percent. Like H.R. 7720, CBO estimates that the reporting requirements for CCES under H.R. 7721 would not affect direct spending over the 2026-2036 period.

H.R. 7724, the No Waivers for Fraud Act of 2026, would repeal the authority of the HHS Secretary to waive sanctions against states that do not comply with requirements of the CCDBG Act or their state plans for CCDBG and CCES. Under current law, those sanctions



include disqualification from receiving childcare assistance and the recoupment of improperly spent funds. On the basis of historical compliance rates, CBO expects that most states would comply with the requirements and avoid sanctions. In addition, CBO expects that HHS would redistribute the amount of any reduced allotments among other states. Thus, CBO estimates that enacting H.R. 7724 would reduce direct spending by less than \$500,000 over the 2026-2036 period.

H.R. 7726, the No Funds for Repeat Child Care Violations Act of 2026, would require the HHS Secretary to impose additional sanctions, including disqualification from receiving assistance and the recoupment of improperly spent funds, on states that do not comply with requirements of the CCDBG Act or their state plans for CCDBG and CCES. Under current law, HHS may carry out those sanctions but is not required to do so. On the basis of historical compliance rates, CBO expects that most states would comply with the requirements and avoid sanctions. In addition, CBO expects that HHS would redistribute the amount of any reduced allotments among other states. Thus, CBO estimates that enacting H.R. 7726 would reduce direct spending by less than \$500,000 over the 2026-2036 period.

Spending Subject to Appropriation

H.R. 7720 and H.R. 7721 would each increase spending subject to appropriation over the 2026-2031 period.

H.R. 7720, the Child Care Payment Integrity and Fraud Accountability Act of 2026, would require states to annually identify and report on improper payments, including the amount of overpayments that are fraudulent or suspected of being fraudulent. Using information from HHS on the cost to collect and report such data, CBO estimates that CCDBG spending for states' administrative costs would increase by \$1 million in 2027 and \$12 million over the 2026-2031 period to implement those requirements. Such spending would be subject to the availability of appropriated funds.

H.R. 7721, the CRACKDOWN Act of 2026, would require states to submit a corrective action plan and progress reports to HHS if their overpayment rate exceeds 5 percent. On the basis of historical overpayment rates, CBO expects that most states would not be required to submit those reports. Using information from HHS on the cost to prepare plans and reports, CBO estimates that implementing the reporting requirements for CCDBG would cost less than \$500,000 over the 2026-2031 period. Any related spending would be subject to the availability of appropriated funds.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting each bill would reduce direct spending by less than \$500,000 over the 2026-2036 period.



Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 7720, H.R. 7721, H.R. 7724, and H.R. 7726 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2037.

Mandates

None of the bills contain intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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