

January 6, 2026

Governor Jared Polis  
Office of the Governor  
State Capitol Building  
200 E. Colfax Ave., Rm. 136  
Denver, CO 80203

Dear Governor Polis,

The Trump Administration has made clear its commitment to rooting out fraud, protecting taxpayer dollars, and ensuring program integrity across all federal benefit programs. The Administration for Children and Families (ACF) is concerned by the potential for extensive and systemic fraud in Colorado Child Care and Development Fund (CCDF) services that rely on federal funding. These concerns have been heightened by recent federal prosecutions and additional allegations that substantial portions of federal resources were fraudulently diverted away from the American families they were intended to assist. Additionally, ACF has reason to believe that the State of Colorado is illicitly providing illegal aliens with CCDF benefits intended for American citizens and lawful permanent residents.

ACF will be conducting a thorough review of the State's use of funding for compliance and alignment with statutory requirements. ACF is placing the State on temporarily restricted drawdown of CCDF funds until additional fiscal accountability requirements are implemented and necessary information is provided for ACF to complete its review.

Specifically, to facilitate a timely review, ACF requests that the State of Colorado immediately begin implementing additional fiscal accountability requirements to improve compliance with relevant statutes and program regulations. For the CCDF program, the State must always have sufficient fiscal controls and accounting procedures to establish that funds have not been used in violation of the Child Care and Development Block Grant (CCDBG) Act of 1990, as amended (42 U.S.C. §§ 9857 *et seq.*), and the CCDF regulations at 45 C.F.R. Part 98. 45 C.F.R. § 98.67(c)(2). Enhancements of fiscal accountability requirements are clearly necessary to mitigate fraudulent activity. These additional fiscal accountability requirements now requested by ACF must include submission of verified attendance documentation for subsidized child care services to the State prior to further draw down of federal CCDF funding through the Payment Management System (PMS). This verified attendance documentation must, at least, establish: (1) actual units of service delivered (e.g., days, hours, or other units consistent with the Lead Agency's approved payment practices); and (2) contemporaneous payment information maintained by the provider or State. The State must ensure this verified

attendance documentation is sufficient for ACF to determine that the drawdown amount is reasonable, allowable, and allocable.

Until ACF determines that the State has established and implemented these and other internal controls sufficient to ensure that all future drawdown requests are supported by reliable, non-identifiable attendance documentation, the State must report this verified attendance information to ACF in an aggregated, non-identifiable format prior to further drawing down CCDF funding. This information will facilitate ACF's review of the State's compliance with the CCDF program, grant terms, and federal law.

To maintain strong protections for every child involved, the State must aggregate or otherwise de-identify such verifiable attendance documentation so that no personally identifiable information (PII) or identifiable child-level data is disclosed, consistent with the confidentiality protections required under the CCDBG Act. Such information and data include the names of children or parents, Social Security numbers, dates of birth, addresses, and any other information that directly identifies an individual child or family.

CCDF funds shall be temporarily placed on restricted drawdown until these additional fiscal accountability requirements are implemented. ACF must be able to determine that the attendance documentation submitted adequately supports the amount requested, demonstrates that services were delivered to eligible children consistent with the CCDBG Act, and meets all applicable federal fiscal control and accounting requirements.

My staff will coordinate directly with the appropriate state officials to establish a secure reporting method and confirm technical specifications.

The State of Colorado will be placed on this temporary restricted drawdown for all CCDF funds provided by ACF until further notice, pending successful and satisfactory review of the requested information. These additional fiscal accountability requirements may help avoid delayed drawdowns, disallowances, or other corrective actions necessary to further mitigate fraud in the CCDF program.

Thank you for your attention to this critical matter. Please contact my office with any questions or to arrange next steps.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex J. Adams".

Alex J. Adams  
Assistant Secretary  
Administration for Children and Families  
U.S. Department of Health and Human Services

CC: Lisa Roy, Executive Director, Colorado Department of Early Childhood