

January 6, 2026

Governor Gavin Newsom  
Office of the Governor  
1021 O Street, Suite 9000  
Sacramento, CA 95814

Dear Governor Newsom,

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 California 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 California 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 California 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 California 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". The signature is fluid and cursive, with the first name "Alex" being more prominent.

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

CC: Kim Johnson, Secretary, California Health & Human Services Agency  
Jennifer Troia, Director, California Department of Social Services  
Lupe Jaime-Mileham, of Fresno, Deputy Director, Child Care and Development Division

January 6, 2026

Governor Gavin Newsom  
Office of the Governor  
1021 O Street, Suite 9000  
Sacramento, CA 95814

Dear Governor Newsom,

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 Temporary Assistance for Needy Families (TANF) 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 California is illicitly providing illegal aliens with TANF benefits intended for American citizens and lawful permanent residents.

Effective today, ACF is reviewing California's TANF State Plan for completeness and for program compliance with applicable laws. As a result, ACF is placing the state TANF program on a restricted drawdown in accordance with 2 C.F.R. § 200.339.

To aid ACF in a timely review, I am requesting that the State of California provide the complete universe of TANF administrative data that exist and are in the state's possession for all recipients for all available years, and at least 2022 to 2025. This includes recipient name, address, Social Security Number (if collected), date of birth, A-number (as applicable), and any state identification numbers used for program administration. This information, requested pursuant to 45 C.F.R. § 98.90, is necessary for ACF to conduct a thorough review of program operations and to assess the extent of any irregularities that may have occurred.

ACF also requests documentation demonstrating that the State of California has verified the eligibility of all TANF applicants and recipients in accordance with the requirements of the Personal Responsibility and Work Opportunity Reconciliation Act, 8 U.S.C. § 1611, which limits TANF eligibility to United States citizens and qualified aliens. This documentation should include the policies, procedures, system controls, and verification records used by California to confirm citizenship or qualified alien status during the application and recertification processes.

In addition to individual-level recipient data, ACF is requesting a comprehensive list of all organizations, subcontractors, service providers, local agencies, community groups, and any other entities that received TANF funds from the State of California, directly or indirectly, during the period from 2019 through 2025. For each organization, to the extent the information exists and is in the state's possession, I request the amount of TANF funding provided, the purpose for which the funds were awarded, and documentation describing the State's oversight mechanisms, monitoring activities, and verification processes used to ensure proper use of TANF dollars.

I request that this information be transmitted to ACF by January 20, 2026. My staff will coordinate directly with the appropriate state officials to establish a secure transfer method and confirm technical specifications.

The State of California is placed on a temporary restricted drawdown for all TANF funds provided by ACF until further notice, pending review of the state's current TANF plan for completeness and ACF confirming compliance with applicable laws.

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". The signature is fluid and cursive, with the first name "Alex" being more prominent.

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

CC: Kim Johnson, Secretary, California Health & Human Services Agency  
Jennifer Troia, Director, California Department of Social Services

January 6, 2026

Governor Gavin Newsom  
Office of the Governor  
1021 O Street, Suite 9000  
Sacramento, CA 95814

Dear Governor Newsom,

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 Social Services Block Grant (SSBG) programs 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 California is illicitly providing illegal aliens with SSBG benefits intended for American citizens and lawful permanent residents.

ACF will be conducting a thorough review of the State's use of funding. As a result, ACF is notifying your office that the State is not authorized to further draw down SSBG funding without complying with the terms of a temporary restricted draw down until this review is complete.

To aid ACF in a timely review, I am requesting that the State of California provide the complete universe of SSBG administrative data that exist and are in the state's possession for all grantees, their recipients and subrecipients, for all available years and at least 2022 through 2025. This includes recipient name, address, Social Security Number (if collected), date of birth, A-number (as applicable), and any state identification numbers used for program administration. This information is necessary for ACF to conduct a thorough review of program operations and to assess the extent of any irregularities that may have occurred.

ACF also requests documentation demonstrating that the State of California has verified the eligibility, where applicable, of all recipients and subrecipients of SSBG-funded entities in accordance with the requirements of the Personal Responsibility and Work Opportunity Reconciliation Act, 8 U.S.C. §1611, which limits the eligibility of federal public benefits to United States citizens and qualified aliens. This documentation should include the policies, procedures, system controls, and verification records used by Minnesota to confirm citizenship or qualified alien status during the application and recertification processes.

ACF is requesting a comprehensive list of all organizations, subcontractors, service providers, local agencies, community groups, and any other entities that received SSBG funds from the State of California, directly or indirectly, during the period from 2019 through 2025. For each organization, to the extent the information exists and is in the state's possession, I request the amount of SSBG funding provided, the purpose for which the funds were awarded, and documentation describing the state's oversight mechanisms, monitoring activities, and verification processes used to ensure proper use of SSBG dollars.

I request that this information be transmitted to ACF by January 20, 2026. My staff will coordinate directly with the appropriate state officials to establish a secure transfer method and confirm technical specifications.

The State of California will be placed on a temporary restricted drawdown for all SSBG funds provided by ACF until further notice, pending successful and satisfactory review of the requested information.

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". The signature is fluid and cursive, with a large initial "A" and "J".

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

CC: Kim Johnson, Secretary, California Health & Human Services Agency  
Jennifer Troia, Director, California Department of Social Services