



GOVERNOR GREG ABBOTT

January 5, 2026

Chairman Jose A. "Joe" Esparza
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778

Executive Commissioner Stephanie Muth
Texas Health and Human Services Commission
P.O. Box 13247
Austin, Texas 78711-3248

Dear Chairman Esparza and Commissioner Muth,

Access to childcare is vital to the wellbeing and success of Texas families, which is why it is essential to protect the integrity of Texas' Child Care Services Program. Recently, the Trump Administration and independent journalists have discovered potential systematic fraud in subsidized childcare systems of other states. State agencies have a duty to take proactive steps to prevent, detect, and eliminate the misuse of taxpayer funds.

The Texas Workforce Commission (TWC) and Health and Human Services Commission (HHSC) already have strong anti-fraud processes in place like routine audits of providers and in-person site visits to facilities to ensure the physical safety of Texas children and the good stewardship of state dollars. These strong anti-fraud measures have shown results as Texas' percentage of improper payment rates is 0.43 percent, compared to Minnesota's approximately 11 percent according to the most recently available federal data. However, more can be done to protect Texas children and taxpayers.

Schemes like the ones uncovered in Minnesota harm taxpayers as well as other families and children waiting to participate in the Child Care Services Program. Waste, fraud, and abuse of taxpayer dollars will not be tolerated and will be punished to the fullest extent of the law in Texas.

TWC has broad authority under Chapter 301 of the Texas Labor Code to enhance fraud detection and prevention efforts within the Child Care Service Program. HHSC has authority under Chapter 42 of the Texas Human Resources Code to regulate childcare facilities to protect children's health safety and welfare and inspect facilities for compliance.

Therefore, considering revelations about the fraudulent misuse of taxpayer funds in other states, I direct you to take the following actions:

- Identify high-risk providers who participate in the Child Care Services Program and conduct additional site visits of those providers to ensure compliance with all applicable state and federal laws and regulations;
- Review current data collection efforts related to the Child Care Services Program and ensure TWC and Local Workforce Development Boards are taking all possible steps to prevent, detect, and eliminate fraudulent activity within the program;
- Ensure that all providers participating in the Child Care Services Program are accurately and verifiably reporting the number of children enrolled in the program;
- Conduct reviews of Child Care Services Program oversight processes for Local Workforce Development Boards to verify standards of the program are uniformly upheld. For any boards that do not meet standards, corrective action shall be taken, including but not limited to, providing additional trainings and education resources;
- Enhance access to their online portal and hotline, so Texans can easily report instances of fraud in Texas' childcare system; and
- Submit all completed provider fraud investigations to federal or state prosecutors as appropriate.

HHSC and TWC will provide a progress report back to my office on January 30, 2026, and a final report on their efforts on February 27, 2026.

I will continue to work with executive branch agencies to fight fraud, protect taxpayer dollars, and promote accessible, affordable, high-quality childcare for Texans.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Abbott", written in a cursive style.

Greg Abbott
Governor