

U.S. Rep. Grothman: CRACKDOWN Act advances through Education and Workforce Committee

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(Washington, D.C.) - Congressman Glenn Grothman (R-WI) today announced that his *Combating Regulatory Abuse, Closing Known Deficiencies, and Overseeing Waste Nationwide (CRACKDOWN) Act* (H.R. 7721) advanced through the U.S. House Committee on Education and Workforce. The proposal reflects lessons learned from successful reforms in Wisconsin and encourages states to address improper government payments before problems escalate, as recently seen in Minnesota.

Grothman's bill establishes a 5% improper payment threshold for states participating in the Child Care and Development Block Grant (CCDBG) program, If the state goes above the 5% CCDBG improper payment threshold, then the state is required to take corrective action. This bill strengthens oversight and ensures taxpayer dollars are protected from waste, fraud, and abuse.

"When improper payment rates rise above the level of honest mistakes, it's a clear sign that something needs to be addressed," said Rep. Grothman. "The CRACKDOWN Act sets a 5 percent threshold so states take action before small problems spiral into major fraud or abuse of taxpayer dollars.

"Wisconsin understands the importance of strong oversight. In 2010, our state faced widespread fraud within its child care program and responded with meaningful reforms, expanding background checks, creating a dedicated fraud unit, and strengthening audits. Because of those reforms, Wisconsin now has an improper payment rate below 1 percent.

"Unfortunately, not every state has taken those steps. Minnesota, for example,

currently has an improper payment rate of 9.18 percent, nearly double the national average. With the national improper payment rate around 4.9 percent, the current 10 percent threshold is simply too high. Lowering it to 5 percent creates a fair and responsible benchmark for accountability while keeping in place the corrective action tools states need to get back on track. Thirty-eight states already meet this standard today, proving this is a common-sense step to protect taxpayer dollars and ensure these programs operate the way they should.”

Background Information

- H.R. 7721, *the CRACKDOWN Act*, lowers the improper payment threshold in the Child Care and Development Block Grant (CCDBG) program from 10 percent to 5 percent.
- States exceeding the threshold must implement a corrective action plan to improve program integrity and reduce improper payments.
- The current national improper payment rate is approximately 4.9 percent.
- Thirty-eight states already meet the proposed 5 percent benchmark.
- Wisconsin implemented major reforms in 2010 to combat fraud in its child care system, including stronger background checks, the creation of a fraud unit, and expanded auditing. The state now maintains an improper payment rate below 1 percent.