

The Child Care Modernization Act Fails to Deliver Real Solutions to the Child Care Crisis

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OVERVIEW

We are currently in a child care crisis. Parents and families are struggling to find and afford child care in their communities. Meanwhile, child care providers are struggling to stay afloat while making poverty-level wages.

The Child Care and Development Fund (CCDF), which provides essential federal child care funding to states, is desperately underfunded and not designed to address the full scope of this crisis. For those who can access it, CCDF is a critical lifeline, providing child care assistance to 1.6 million children and helping states to improve the quality of care for all children. This assistance is vital to supporting children's development and helping parents work so that they can support their families. But the vast majority of eligible families cannot access the program. Because CCDF is underfunded, it only reaches 1 in 7 eligible families and payments to providers are too low to support a stable workforce.

We urgently need Congressional action to address this crisis. **The Child Care Modernization Act (CCMA), which reauthorizes CCDF, is not the answer to this crisis, and may even make it worse.** If passed, the bill would:

- Weaken existing protections and safeguards that help ensure families receiving assistance have access to the same options as higher-income families and require states to raise payment rates for providers;
- Fail to provide new funding to a program that can currently only serve 1 in 7 eligible families due to inadequate funding; and
- Fail to safeguard CCDF from cuts and policy changes that would undermine child care access and quality.

THE CHILD CARE MODERNIZATION ACT WEAKENS CURRENT LAW

The CCMA significantly weakens current federal law by eliminating the "equal access" requirement, threatening parents' child care choices and access, and weakening the oversight authority of the Department of Health and Human Services (HHS). The equal access requirement has been foundational to the CCDF program for decades. This long-standing tenet requires the program to be designed so that participating families have equal access to child care as families with higher incomes who do not qualify for the subsidy program. This provision is central to HHS oversight authority of state child care programs, and HHS legally uses this statutory provision to determine whether state provider payment rates are adequate. Without it, states would be free to set provider rates even lower, which would harm families, children, and child care providers. This weakens protections that help expand child care options and access for families who rely on child care assistance and that help providers be paid more fairly.

THE CHILD CARE MODERNIZATION ACT WILL NOT DELIVER HIGHER PROVIDER PAYMENT RATES

The bill does not guarantee higher payments to child care providers. While it requires states to use cost estimation models—a tool that estimates what it actually costs to provide quality child care in states—to calculate provider payment rates, it does not require states to actually pay providers based on the estimated true cost of care. States could complete the required analysis and still keep reimbursement rates low.

At the same time, because the bill removes the long-standing "equal access" requirement, there is less federal oversight to hold states accountable for setting adequate payment rates.

In practice, this means states could use the new cost model methodology but still use current (or lower) payment rates rather than increase payments to reflect the true cost of providing quality child care. Simply requiring a new way to estimate costs does not ensure providers receive higher payments or that families have better access to care. On the other hand, if states voluntarily chose to raise payment rates using the cost methodology in the CCMA, hundreds of thousands of families currently being served would likely be cut from the program since this bill does not include any additional and much-needed investments in CCDF.

THE CHILD CARE MODERNIZATION ACT WILL NOT RESULT IN MORE FAMILIES RECEIVING CHILD CARE ASSISTANCE

Claims that the CCMA would lead to more families receiving care because of increased flexibility to expand eligibility are false. The CCMA includes no new funding, so any flexibility to expand eligibility in the program does not help when there are already millions of eligible lower- and middle-income families not being served because of funding constraints.

A real commitment to child care is a commitment to *investing* in child care. But this bill does not increase funding by a single cent.

NOW IS THE WRONG TIME FOR REAUTHORIZING THE CCDF PROGRAM

Reauthorization should only be undertaken when there is a shared commitment to strengthening the program for children, families, and providers—not when it could become a vehicle for weakening the protections and standards that make the program effective. At a time when the Administration is pursuing sweeping changes that would reduce access to the CCDF, Head Start, and the Preschool Development Grant Birth-5 program and reduce federal oversight and regulatory requirements, reopening the law creates unnecessary risk. Federal child care standards are essential to protecting children's health and safety, promoting quality, ensuring accountability, and safeguarding taxpayer investments. Congress should not open the door to policy changes that could undermine these core protections.