ASPE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION | OFFICE OF HUMAN SERVICES POLICY

DATA POINT

November 5, 2026

Seventy Percent of States Report that Administrative Burden is a Barrier to Provider Participation in CCDF

Alayna Schreier and Deitra Scott

KEY POINTS

- One core purpose of the Child Care and Development Fund (CCDF) is to provide participating parents with choice in their child care arrangements.
- CCDF Lead Agencies identified barriers to provider participation in the subsidy system in their Fiscal Year 2025-2027 (FY25-27) Plans.
- States and territories reported a range of barriers to provider participation in the CCDF subsidy system. Administrative burden was among the most frequently reported barriers to provider participation in CCDF: 70 percent of states and territories identified administrative burden, with low reimbursement rates and payment-process barriers among the other most frequently identified barriers.
- Barriers related to administrative burden include time-consuming or costly processes for documenting compliance with licensing, quality, health and safety, or other requirements.
- The federal government can take steps to reduce burdensome regulations and alleviate these barriers, while other barriers may be best addressed by states.
- Continued efforts to reduce barriers to provider participation may help to bring more providers into the subsidy system, thus increasing access to child care and supporting parental choice.

BACKGROUND

The Child Care and Development Fund (CCDF) provides subsidies to help low-income families pay for child care for children under age 13, so parents can participate in work or education.[1] CCDF also serves children receiving or in need of protective services, regardless of parental work, education, or training status. These subsidies are typically provided to families as vouchers that can be used in a child care setting that best meets family needs. In Fiscal Year 2024 (FY24), approximately 1.7 million children per month received CCDF subsidies.[2]

The Child Care and Development Block Grant Act (CCDBG)[3] requires each state and territory to submit a plan that serves as a detailed description of the child care program and services available to eligible families. Plans are submitted on a three-year cycle; the most recent plans were submitted in 2024 as part of the FY25-27 cycle.

One core purpose of CCDF is to provide participating parents with choice in their child care arrangements, and to ensure that children participating in CCDF have equal access to child care compared to children not participating in CCDF.[4] In the plan section on *Parental Choice, Equal Access, Payment Rates, and Payment Practices (Section 4)*, Lead Agencies were asked to identify any barriers to provider participation in the subsidy system, including barriers for family child care and in-home providers, based on provider feedback, public comment, and reports to Lead Agencies.[i] This question specifically asks about barriers related to payment rates and practices.

This Data Point describes the barriers related to provider participation identified by states and territories in their FY25-27 Plans. The analysis identifies several major barriers to provider participation in CCDF, including examples of administrative burden reported by states.

ADMINISTRATIVE BURDEN IS AMONG THE MOST COMMONLY REPORTED BARRIERS TO PROVIDER PARTICIPATION

In general, states and territories reported a range of barriers to provider participation in the CCDF subsidy system (Table 1).[ii] Of the 56 states and territories, a few did not report any barriers or indicated they were in the process of collecting data on barriers. About 20 percent of states/territories reported more than five barriers to provider participation.

The most frequent barriers to provider participation in the CCDF subsidy system are low reimbursement rates (about 71 percent of states/territories), administrative burden (about 70 percent of states/territories), and issues with payment processes (about 66 percent of states/territories). Some barriers, such as administrative burden, provide particular opportunity for federal intervention, while others might be better addressed by states (e.g., payment processes, lack of awareness).

Table 1. Barriers to Provider Participation in Subsidy Program, FY25-27 CCDF Plan

Barriers to Provider Participation	# of States/Territories	% of States/Territories
Payment/reimbursement rates are too low	40	71%
Administrative burden	39	70%
Payment processes are cumbersome or unreliable	37	66%
Program is full with private pay families, no demand or need for subsidized care	22	39%
Lack of awareness about the subsidy program	9	16%
Staffing issues (shortages, turnover, compensation)	5	9%
Other	13	23%

Barriers related to administrative burden reflect burdensome, time-consuming, or costly processes

Most states/territories identified at least one barrier related to administrative burden. While a majority of states/territories used the term administrative burden broadly or described "too much paperwork," some provided more specific examples of administrative burden (Table 2 lists those named by four or more states). Most frequently, states/territories described barriers related to regulatory requirements, including

[i] Item 4.1.1a, Parent Choice. This item is an open text response.

[ii] The authors used content analysis to analyze state and territory responses to item 4.1.1a on the FY25-27 Plan, applying an inductive approach to code the data. We collapsed any barrier endorsed by three or fewer states (5 percent) that was not otherwise assigned to a relevant barrier into a category of "Other".

maintaining compliance with health and safety requirements and ongoing training, or the additional requirements to participate in the (sometimes mandatory) Quality Rating and Improvement Systems (QRIS). These barriers could be addressed through federal efforts to deregulate some of the burdensome compliance requirements that are not linked to demonstrable improvements in health or safety outcomes. Some states identified barriers related to the application process, citing provider difficulty understanding the requirements or the arduous process of navigating the inspections required to become licensed. Some states/territories also identified compliance with licensing as a barrier. While compliance with licensing is required for certain providers regardless of participation in CCDF in most states, some states require licensing as a condition of CCDF participation. In these states, administrative burden associated with the licensing process could be a barrier to provider participation in CCDF, including in instances where the provider could legally operate without a license if they did not participate in CCDF.

Table 2. Barriers Related to Administrative Burden Listed by Four or More States/Territories, FY25-27 CCDF Plan

Administrative Burden Barriers to Provider Participation	# of States/Territories	% of States/Territories
Administrative burden	39	70%
Compliance with licensing, health and safety, or quality/QRIS requirements	16	29%
Difficulty understanding process or paperwork	4	7%
Subsidy program rules are too difficult to meet	4	7%
Eligibility determination takes too much time	4	7%

CONCLUSION

Administrative burden is a widespread barrier to provider participation in CCDF, reported by 70 percent of states and territories. These burdens arise at multiple points in providers' interactions with the subsidy system, including meeting regulatory and quality requirements, understanding program rules and paperwork, and eligibility determination processes. States also frequently identified reimbursement rates and payment practices as barriers alongside this broad range of administrative burdens.

The prevalence and range of administrative burdens identified in the Plans point to opportunities for the federal government and states to examine where policies, procedures, and systems could be simplified while maintaining program integrity and statutory requirements. Issues of administrative burden may point to specific actions the federal government can take to reduce time-consuming or costly requirements. Some states are already pursuing approaches like modernizing systems and revising procedures to streamline processes. Continued attention to administrative burden could make participation in CCDF easier for providers, thereby increasing families' access to care and parental choice.

REFERENCES

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[2] Office of Child Care. *FY 2024 CCDF Data Tables (Preliminary).* U.S. Department of Health and Human Services, Administration for Children and Families. Retrieved from https://acf.gov/occ/data/fy-2024-ccdf-data-tables-preliminary
[3] 42 U.S.C. 9857 et seq.
[4] Office of Child Care. *FY 2025-2027 Child Care and Development Fund (CCDF) Plan for States and Territories: CCDF-ACF-PI-2024-01.* U.S. Department of Health and Human Services, Administration for Children and Families. Retrieved from https://acf.gov/occ/policy-guidance/fy-2025-2027-ccdf-plan-states-and-territories-ccdf-acf-pi-2024-01

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Office of the Assistant Secretary for Planning and Evaluation

200 Independence Avenue SW, Mailstop 447D
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SUGGESTED CITATION
Schreier, A., & Scott, D. Seventy Percent of States Report that Administrative Burden is a Barrier to Provider Participation in CCDF. Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. November 2026.

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