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The Child Care Modernization Act of 2025

S.2828

The Child Care and Development Block Grant (CCDBG) is the largest federal child care assistance program that has been helping families afford child care for over 30 years. However, despite bipartisan support, this program currently reaches only a fraction of eligible families and has not been reauthorized in over a decade.

The Child Care Modernization Act would build on proven strategies through CCDBG to strengthen our child care system. Child Care Aware® of America is proud to support this legislation in the 119th Congress. If passed, the bill would:

Improve Child Care Provider Payment Practices

- The bill aims to reform how states set child care provider reimbursement rates by requiring the adoption of valid and reliable cost estimation models. These models must accurately reflect the real cost of delivering quality child care—including fixed and operational expenses, staff salaries and benefits essential for attracting and retaining a skilled workforce, and other factors that impact service delivery. States will have five years to implement these models, which must be reviewed and updated every two years. The models must account for variations in cost based on provider type, geographic region, child age, special needs, service hours, and program quality. By moving away from outdated rate-setting methods, this approach ensures providers are fairly compensated and better supported in delivering high-quality care.

Create New Child Care Supply and Facilities Grants

- Many working families struggle to find child care. To help, the bill creates a time-limited grant program (FY2027–2030) separate from the regular CCDBG to expand the supply, quality, and capacity of child care. The grants also improve facilities to ensure safe, healthy, and developmentally supportive environments. States can use up to 10% of funds for state activities, with the rest awarded as subgrants directly to child care providers prioritizing providers serving high-need communities. Subgrants include:
 - Startup and Supply Expansion Grants: Support meeting health, safety, licensing, and quality standards, plus building or expanding family child care networks.
 - Facilities Grants: Fund renovation, repair, construction, and major improvements of child care facilities.

Expand Income Eligibility for More Working Families

- This legislation would enhance states' capacity to support more working families by allowing them to extend eligibility beyond the current income limit of 85% of the State Median Income (SMI) through a waiver process. To qualify, states must first show that they are fully serving all eligible children below the 85% SMI threshold.

Update Definitions to Improve and Expand Access to Services

- The bill enables working parents to choose child care services that best suit their family's needs by including a definition of a "mixed-delivery system" that offers child care through a range of provider types - including faith-based and community-based organizations - and in diverse settings such as family child care homes, centers, Head Start programs, and public or private schools. This includes child care and preschool for children 0-5 and before-school, after-school, and summer care for school-age children. Though CCDBG is currently intended to support a mixed-delivery system of child care, that term is not defined in existing law.
- The bill requires states to outline in their CCDBG state plans how they will address the needs of specific groups of children. This includes: children in underserved communities - particularly those with high poverty or unemployment rates and limited access to eligible providers; children experiencing homelessness, in foster or kinship care, or involved with child protective services; and children living in rural areas. These are additional subgroups that were added to what currently exists in law.
- The bill clarifies the types of parent activities that make a family eligible for CCDBG by defining "eligible activity" to include: full-time or part-time work, self-employment, job searching, job training, secondary, postsecondary, or adult education, health treatment that limits participation in other activities, engagement in child abuse or neglect prevention, family violence prevention or intervention, or participation in a family or medical leave program.



Learn more about the Child Care Modernization Act from the bill's lead sponsors

Senator [Deb Discher \(R-NE\)](#)
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