January 26, 2026

Office of Child Care
Administration for Children and Families
U.S. Department of Health and Human Services
330 C Street SW
Washington, DC 20201

RE: *Restoring Flexibility in the Child Care and Development Fund (CCDF)* — Notice of Proposed Rulemaking, 45 CFR Part 98, RIN 0970–AD20, published January 5, 2026 (91 FR 207)

Dear Sir or Madam:

This letter is a formal response to the Notice of Proposed Rulemaking issued by the Office of Child Care at the Department of Health and Human Services under 45 CFR Part 98, RIN 0970-AD20. We submit these comments as Latino organizations with a direct stake in how child care policy works in practice and whether it delivers equal access as the law intends.

Child care is not a side issue. It is basic economic infrastructure and a civil rights matter. It determines whether parents can show up to work, take a class, or build a stable future for their families, and whether children have a fair start no matter where they live or how much their parents earn. The Child Care and Development Fund exists to make access real, not theoretical. At a moment when costs are rising, providers are stretched thin, and care is hard to find, federal standards on affordability, payment stability, and supply are essential. Rolling back these protections risks widening gaps in access and leaving working families and providers with fewer, not better, options.

Child Care as Civil Rights and Economic Infrastructure

The Child Care and Development Fund (CCDF) is a fundamental cornerstone of the nation's economic and civil rights infrastructure. Its statutory purpose is not merely to subsidize child care, but to ensure equal access to care that enables families to participate in the workforce, close persistent skills gaps, pursue education and training, and achieve long-term economic mobility. Federal guardrails governing affordability, payment stability, and supply-building are essential to preventing public benefits from functioning inequitably across geography, income, and race.

Somewhere between 11 and 12.6 million children in this country need regular child care, and the system isn't built to meet that demand. According to *Child Care in America: 2024 Price & Supply*, a report by Child Care Aware of America, families paid an average of about $13,128 per child in 2024. That's roughly 10 percent of income for a married couple and about 35 percent for a single parent. According to the First Five Years Fund, child care challenges cost the U.S. economy approximately **$122 billion annually in lost productivity,** reduced labor force participation, and foregone earnings. Meanwhile, the hourly price of child care has doubled since 1995, even as provider wages remain low and overall supply remains constrained.

Recent national survey data further underscore the central importance of child care affordability and access for Latino families. In UnidosUS' 2025 National Latino Family Survey of parents with children ages 0–5, nearly four in ten respondents identified high-quality, affordable child care and early learning as one of the two most important issues facing children today, and 95 percent said expanding access to affordable child care and early learning programs is important.

Federal programs play a vital role in mitigating these failures. CCDF currently serves approximately **1.5 million children nationwide**, while Head Start is often the only child care option available, particularly in rural and underserved areas. Recent increases in Head Start funding in FY 2026 represent a positive step, but they cannot substitute for a stable, affordable, and accessible child care system supported by strong CCDF standards.

Against this backdrop, the Department's proposed rule to rescind key affordability and stability protections adopted in the March 2024 CCDF final rule raises serious civil-rights concerns. While framed as "restoring flexibility," the proposal foreseeably increases state discretion in ways that risk undermining equal access, widening geographic disparities, and disproportionately burdening families and providers least able to absorb cost volatility, payment instability, or supply shortages.

The Child Care Market Cannot Solve These Problems Alone

Child care is a textbook example of a broken market that cannot be repaired through market mechanisms alone. Although employers increasingly recognize child care as a workforce issue, employer-provided benefits are neither sufficient nor scalable.

A Bright Horizons study reports that 79 percent of working parents feel forced to choose between sacrifices at home or in the workplace, while 80 percent of workplaces have not adapted to the needs of modern families. At the same time, standard 9-to-5 child care models remain misaligned with the nontraditional schedules common in manufacturing, service, agricultural, and rural economies, leaving large segments of the workforce without reliable access to care.

Employer engagement can reduce absenteeism, improve retention, and increase productivity, but employers cannot fix systemic child care failures on their own. Existing tax incentives, such as the employer child care credit under section 45F, are too small and too complex to drive meaningful investment. A $150 per-employee cap does not meaningfully offset child care costs, and administrative complexity discourages uptake. In practice, many employers do not claim or even verify use of these credits, and employer benefits rarely support providers directly.

Voluntary employer solutions therefore leave too many workers unsupported and too many communities without stable care options. Federal standards remain essential to ensure that affordability and access do not depend on employer generosity or geography.

A. Latino Families and Structural Barriers to Access

Latino families have a direct and substantial stake in CCDF policy design. Hispanic children constitute a significant share of the population potentially eligible for subsidized child care, yet they remain consistently underrepresented among those served. Research from the National Research Center on Hispanic Children and Families, drawing on Government Accountability Office estimates, indicates that Hispanic children represent approximately **35 percent of children eligible for child care subsidies but only**

about 20 percent of those who receive assistance, demonstrating that access gaps persist even where eligibility is high. Additional analyses by the Center for Law and Social Policy (CLASP) show that potentially eligible **Hispanic children have among the lowest rates of child care subsidy receipt of any major racial or ethnic group**, underscoring that these disparities reflect structural barriers to access rather than lack of need.

Latino parents are essential contributors to manufacturing, construction, service, agricultural, and rural industries that face persistent workforce and skills shortages and form the backbone of the nation's economy. According to the **Bureau of Labor Statistics**, approximately **40 percent of low-wage workers** work nonstandard hours, and Latino workers are more likely to be employed in jobs with nontraditional or unpredictable schedules. Because most positions in these sectors do not follow a traditional 9-to-5 workday, standard child care systems are frequently misaligned with families' work realities. At the same time, the Center for American Progress has documented that more than half of families nationwide live in child care deserts, with the most severe shortages concentrated in rural and agricultural communities. Together, these factors leave Latino families with few viable formal care options, forcing many to patch together informal arrangements, reduce work hours, or exit the workforce entirely. Child care breakdowns are therefore a direct and well-documented driver of labor force exit among Latino parents, undermining both family economic mobility and workforce stability in industries already struggling to fill critical roles.

Affordability protections are particularly consequential for Latino households because of lower average levels of household wealth and greater exposure to income volatility. **Federal Reserve analyses of Survey of Consumer Finances data** show that many Hispanic families have limited financial buffers, reducing their ability to absorb increases in recurring expenses or temporary income disruptions. In this context, even modest increases in child care costs can destabilize household finances, making affordability safeguards central to Latino families' ability to remain attached to the workforce and pursue long-term economic mobility.

B. Latino Providers and Workforce Instability

Latino workers constitute a significant and indispensable share of the child care workforce, particularly in home-based care, family child care settings, and early learning programs such as Head Start. According to the American Immigration Council, as of December 2025, immigrants account for **32 percent of child care workers in private household settings** and **18.3 percent of workers in child care centers**, underscoring the central role immigrant and Latino workers play in sustaining child care access nationwide.

Despite this essential role, many Latino providers earn wages below a living wage—and, in practice, often below minimum wage once unpaid hours, mandatory training, and compliance costs are taken into account. Research from the National Women's Law Center further shows that Latina child care workers are paid even less than the fieldwide average, with some estimates placing their median hourly wage as low as **$10.85**, making them among the **lowest-paid workers in early childhood education.**

These providers are expected to deliver high-quality care while operating in a system that caps reimbursement rates, relies on attendance-based payments, and fails to reflect the real operating costs of child care. In effect, Latino women are disproportionately subsidizing the U.S. economy through underpaid child care labor, sustaining a system that depends on their work while offering little financial stability in return.

Payment instability and administrative burden directly influence provider participation decisions. When payment practices become unpredictable or delayed, smaller, minority-owned, and home-based providers, who disproportionately serve Latino families, are often the first to exit the subsidy system, reducing culturally and linguistically responsive care options in their communities.

How the Proposed CCDF Rule Exacerbates Existing Inequities

A. Removal of the 7 Percent Copayment Cap

Rescinding the federal requirement to cap family copayments at 7 percent of income makes it more likely that child care costs become unaffordable for low-income families. When copayments rise, families with the lowest incomes are excluded first. Given existing income and wealth disparities, the removal of a uniform affordability benchmark foreseeably produces disparate impacts on Latino families and other marginalized groups.

Survey evidence demonstrates that affordability is already a binding constraint for Latino families. In the 2025 National Latino Family Survey, a majority of parents paying for child care reported spending more than 10 percent of their household income on care, and more than one quarter reported experiencing financial stress due to increases in child care costs.

In states with large Latino populations, such as Texas, Florida, and Arizona, longstanding variation in CCDF implementation design has already produced uneven affordability and access to child care. Additionally, the U.S. Chamber of Commerce Foundation reports that child care challenges result in an estimated **$1.80 billion in lost tax revenue annually in Texas** and **$348 million annually in Arizona**, reflecting the broader economic consequences of insufficient access to care. Eliminating a federal affordability backstop would risk further widening these disparities, undermining CCDF's statutory equal access mandate and raising serious civil-rights concerns.

B. Elimination of Grants and Contracts for Direct Services

The proposed repeal of grants and contracts for direct services would eliminate one of the most effective tools states have to build and stabilize child care supply in underserved communities. According to the Bipartisan Policy Center, the nation's child care system already faces a substantial supply gap, with approximately **10.8 million licensed child care slots available for more than 14.8 million children with potential need, leaving an estimated 4.2 million children without access to formal care.** These gaps are most acute in rural areas and for infant and toddler care, precisely the contexts in which voucher-based subsidy systems alone have historically failed to attract or sustain providers. Limited uptake of grants and contracts therefore does not justify rescission; rather, it reflects the difficulty of addressing entrenched market failures without sustained, targeted investment mechanisms.

Eliminating grants and contracts has especially serious implications for rural areas, border regions, agricultural communities, and urban neighborhoods with longstanding shortages, many of which have substantial Latino populations. The **U.S. Government Accountability Office (GAO)** documents that **rural communities experience some of the largest child care supply gaps**, driven by higher operating costs, lower enrollment density, and thin provider margins. Without contractual mechanisms that offer predictable revenue and support start-up or expansion costs, providers in these communities are far less likely to enter or remain in the CCDF system. The foreseeable result is a widening gap between eligibility and actual access, leaving families formally eligible for assistance but unable to secure care, an outcome that undermines CCDF's statutory equal access mandate and exacerbates geographic and racial inequities in child care availability.

Conclusion and Requested Actions

For the reasons described above, the Department has not provided a sufficient justification for rescinding the four CCDF requirements adopted in the March 2024 final rule. The NPRM does not adequately address reliance interests, statutory obligations, or foreseeable disparate impacts on families and providers who rely on CCDF assistance, particularly Latino families and Latino providers.

We respectfully urge the Department to reconsider the proposed rescissions. At a minimum, if the Department proceeds, it should:

- Provide a robust analysis of foreseeable impacts on affordability, access, supply stability, and provider participation;
- Address reliance interests and identify concrete transition safeguards;
- If eliminating the 7 percent copayment cap, propose objective affordability metrics and monitoring requirements that operationalize "not a barrier" in practice;
- Analyze whether rescinding grants, contracts, and payment stability provisions will exacerbate cross-state inequities and reduce access in underserved communities.
- Require disaggregated data collection and ongoing monitoring by income, race and ethnicity, geography, and provider type, with corrective action mechanisms;
- Evaluate reasonable alternatives to full rescission, including phased implementation, targeted waivers, or enhanced technical assistance; and
- Commit to a post-implementation review to assess whether these changes increase barriers to access or undermine program stability.

Child care is a public good and a civil rights imperative. If federal policy retreats from its responsibility to ensure access and stability, the predictable result will be workforce losses, provider collapse, and economic harm that reverberates far beyond the families directly affected.

Signed by,