

Enrollment and Attendance Payment Models

Child Care & Development Block Grant (CCDBG)

OVERVIEW

States have the flexibility to pay child care providers participating in subsidy programs based on either enrollment or attendance. With enrollment-based payment, providers receive a set amount for holding a slot for a registered child, ensuring stable and predictable revenue. With attendance-based payment, the amount providers receive depends on the number of days a child is physically present, which can result in fluctuating funding when children are absent.

Federal **Child Care and Development Block Grant (CCDBG)** funding allows states to offer child care subsidies to low-income families. These funds help families access affordable, quality child care across a variety of settings while parents work or attend school. Child care providers who participate in this program often operate on extremely thin margins, and depend on full enrollment, regular attendance, sufficient provider reimbursement rates, and parents' ability to afford copays to cover their fixed costs.

In January 2026, the Administration for Children and Families issued a Notice of Proposed Rulemaking that would roll back the 2024 regulation requiring states to pay providers based on the number of CCDBG-participating children enrolled in their program. The proposed change would effectively reinstate the previous regulation written when CCDBG was last reauthorized in 2014, which allowed states to choose whether to pay providers either based on the number of children enrolled or the number of days those children attended their program. Under an **enrollment-based payment system**, providers are still required to maintain attendance and billing records to comply with federal law and for audit purposes. This practice aligns with the business model used when private pay families enroll in child care. Families pay a monthly rate for care regardless of attendance; this enables providers, like other small businesses, to budget appropriately knowing their monthly revenue and expenses. In contrast, some states pay providers based on daily attendance. **Attendance-based payment models** can create financial instability for providers as they allow weekly/monthly cumulative provider reimbursements to fluctuate based on the number of children who are absent each day. In turn, provider payments can vary widely, even from month to month, while their operating costs remain fixed.

Many states recognize the strengths and financial stability offered by an enrollment-based payment model. Even before the 2024 rule required this approach, some states had already adopted enrollment-based systems and others were actively transitioning to them. **See below for the payment practice of each state as of their 2025 CCDF Plan:**

<p>State and Territory Lead Agencies that pay providers based on enrollment for all provider types: (27 total)</p>	<p>Alabama, California, Connecticut, D.C., Hawaii, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, North Dakota, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, Wisconsin, Wyoming, Guam, Northern Mariana Islands</p>
<p>State and Territory Lead Agencies that pay providers based on attendance for all provider types: (27 total)</p>	<p>Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Michigan*, Minnesota, Missouri, Montana, Nebraska, Nevada, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, Puerto Rico</p>

State	State and Territory Lead Agency pays providers based on authorized enrollment for all provider types	State and Territory Lead Agency pays providers based on attendance for all provider types
Alabama	X	
Alaska		X
Arizona		X
Arkansas		X
California	X	
Colorado		X
Connecticut	X	
DC	X	
Delaware		X
Florida		X
Georgia		X
Hawaii	X	
Idaho		X
Illinois		X
Indiana	X	
Iowa		X
Kansas	X	
Kentucky	X	
Louisiana	X	
Maine	X	
Maryland	X	
Massachusetts	X	
Michigan*		X
Minnesota		X
Mississippi	X	
Missouri		X
Montana		X
Nebraska		X
Nevada		X
New Hampshire	X	

State	State and Territory Lead Agency pays providers based on authorized enrollment for all provider types	State and Territory Lead Agency pays providers based on attendance for all provider types
New Jersey	X	
New Mexico	X	
New York		X
North Carolina		X
North Dakota	X	
Ohio		X
Oklahoma		X
Oregon		X
Pennsylvania		X
Rhode Island		X
South Carolina	X	
South Dakota	X	
Tennessee	X	
Texas	X	
Utah	X	
Vermont		X
Virginia		X
Washington		X
West Virginia	X	
Wisconsin	X	
Wyoming	X	
Am. Samoa	--	--
Guam	X	
N. Mariana	X	
Puerto Rico		X
USVI	--	--
United States & Territories	27 states and territories use enrollment -based payment	27 states and territories use attendance -based payment

*Since the publication of their 2025 CCDF plan, Michigan has implemented payment based on enrollment for licensed providers.