



441 G St. N.W.  
Washington, DC 20548

B-338411

May 28, 2026

The Honorable Bill Cassidy  
Chairman  
The Honorable Bernie Sanders  
Ranking Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Tim Walberg  
Chairman  
The Honorable Bobby Scott  
Ranking Member  
Committee on Education and Workforce  
House of Representatives

Subject: *Department of Health and Human Services, Administration for Children and Families:  
Restoring Flexibility in the Child Care and Development Fund (CCDF)*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Health and Human Services, Administration for Children and Families (ACF) entitled "Restoring Flexibility in the Child Care and Development Fund (CCDF)" (RIN: 0970-AD20). We received the rule on May 12, 2026. It was published in the *Federal Register* on May 12, 2026. 91 Fed. Reg. 25796. The effective date of the rule is July 13, 2026.

According to ACF, this rule amends the Child Care and Development Fund (CCDF) regulations to reduce costs and burden for states and territories administering the CCDF program. ACF stated the rule rescinds requirements to limit family co-payments to 7 percent of family income, to provide some direct services through grants or contracts, to pay providers prospectively, and to pay providers based on enrollment.

Enclosed is our assessment of ACF's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact me at (202) 512-8156.

Shirley A. Jones  
Managing Associate General Counsel

Enclosure

cc: Christina Kang  
Regulations Coordinator  
Department of Health and Human Services

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
ADMINISTRATION FOR CHILDREN AND FAMILIES  
ENTITLED  
“RESTORING FLEXIBILITY IN THE CHILD CARE AND DEVELOPMENT FUND (CCDF)”  
(RIN: 0970-AD20)

(i) Cost-benefit analysis

The Department of Health and Human Services (HHS), Administration for Children and Families (ACF) prepared an analysis of the costs and benefits for this rule. 91 Fed. Reg. 25796, 25798 (May 12, 2026). Over a 5-year time horizon covering 2025 through 2029, HHS estimated annualized transfers of \$23.4 million using a 3-percent discount rate and \$22.8 million using a 7-percent discount rate, and annualized costs of \$6.7 million using a 3-percent discount rate and \$6.6 million using a 7-percent discount rate. *Id.* at 25798. HHS also estimated that the rule will generate \$6.1 million in annualized cost savings at a 7-percent discount rate, discounted relative to year 2024, in perpetuity. *Id.*

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

According to ACF, the Secretary of HHS certified that this rule will not have a significant economic impact on a substantial number of small entities. 91 Fed. Reg. at 25805.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

ACF determined that this rule will not result in an expenditure in any year that meets or exceeds the Act’s current inflation-adjusted threshold of \$193 million. 91 Fed. Reg. at 25805–25806.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On January 5, 2026, ACF published a proposed rule. 91 Fed. Reg. 207 (Jan. 5, 2026). ACF stated it received 1,244 comments from interested parties. *Id.* at 25798. ACF responded to comments in the rule. *See id.* at 25799–25804.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

ACF stated that this rule modifies a previously approved information collection, but HHS has not yet initiated the Office of Management and Budget approval process to implement the changes. 91 Fed. Reg. at 25804.

Statutory authorization for the rule

ACF promulgated this rule pursuant to the Child Care and Development Block Grant Act of 1990, as amended (42 U.S.C. §§ 9857 *et seq.*), and section 418 of the Social Security Act (42 U.S.C. § 618).

Executive Order No. 12866 (Regulatory Planning and Review)

ACF stated that the Office of Information and Regulatory Affairs has determined that this rule is significant under the Order. 91 Fed. Reg. at 25805.

Executive Order No. 13132 (Federalism)

ACF determined that this rule does not have sufficient federalism implications to warrant preparing a federalism summary impact statement. 91 Fed. Reg. at 25805.