

2023 Child Care Licensing Study™



Executive Summary

ACKNOWLEDGEMENTS

The National Association for Regulatory Administration (NARA) is an international professional organization dedicated to promoting excellence in human care regulation and licensing by promoting the health and safety of children and adults in regulatory settings. This is accomplished by fostering collaboration that leads to learning and the development of leadership practices, which in turn promote integrity, all with the goal of protection. NARA represents all human care licensing, including adult care, child care, and child welfare. NARA's researchers have been studying child care in the United States for over forty years. NARA seeks to improve the overall quality of child care by measuring the effectiveness of licensing policies and procedures and determining which regulations are best at protecting children from harm.

In 2001, NARA was approached by the Children's Foundation to collaborate on the Child Care Licensing Study and assumed full responsibility for the research and publication of the studies in 2005 to present day. NARA also formed a relationship with the Office of Child Care's National Center on Early Childhood Quality Assurance (formerly Child Care Quality Improvement) to produce research briefs based on the study.

The *2023 Child Care Licensing Study* is a study of the current state of licensing regulations in the United States. The Child Care Licensing Study is used to verify and update the information about child care licensing. Unfortunately, due to Covid, the *2020 Child Care Licensing Study* was postponed.

Once again, NARA recognizes Tara Lynne Orlowski, M.Ed. (posthumously), Clifford Schmidt, Kathryn Schmidt, and Deborah Russo, PMP for their co-authorship of the *2023 Child Care Licensing Study*. Without the leadership and tireless efforts of Tara Lynne Orlowski and Deborah Russo, this report would not have been possible.

NARA acknowledges the following organizations for their contributions:

- National Center on Early Childhood Quality Improvement (NCECQI)
- ACF Office of Child Care (OCC)
- ACF Intermediate Care Facilities (ICF)

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NARA also wishes to acknowledge and thank those states that responded to the 2023 survey as this study is used by states, researchers and governments to determine current status and trends.

STUDY DESIGN

In 2023, NARA sent a survey to all state child care licensing agencies via an online survey tool. The survey included 132 questions relating to regulatory implementation and operational procedures. Forty states, the District of Columbia, and the North Marianna Islands responded to the survey. The data for each state was analyzed to obtain preliminary information about updates to the regulations since 2017, the last licensing study published by NARA. Data from 2017 was substituted for the 10 states that did not complete the 2023 survey. Where applicable, the results for these states are shown in red text.

DEFINITIONS

Abbreviated Compliance Inspection: An abbreviated inspection utilizing a select set of rules to be reviewed. The use of abbreviated inspections can be a time saving technique to focus regulatory efforts on facilities that require additional inspections or technical assistance. The forms or checklists used for abbreviated inspections may include those standards considered as most critical to children's safety and well-being standards that statistically indicate compliance with the entire set of standards. They also may be used as an indicator checklist to determine when a subsequent full compliance review is required.

Background Check: A process of searching for a history of criminal charges against individuals working in child care facilities.

Building Code Inspection: An inspection of child care facilities for compliance with the state's building construction codes and laws that assure buildings are safe for occupants. This inspection is in addition to those conducted by the licensing agency.

Child Care Centers: A provider licensed or otherwise authorized to provide child care services for fewer than 24 hours per day per child in a non-residential setting, unless care in excess of 24 hours is due to the nature of the parent(s)' work.

Conditional License: A license that is typically limited in some way, such as temporary, provisional, or probational based on the child care program not meeting the minimum regulatory standards. A conditional license can be disciplinary or non-disciplinary in nature.

Consent Agreement: An agreement between parties in a court action which solves a dispute. An example of consent agreement is a document stating that one party will stop the contested actions which will, in turn, resolve the lawsuit.

Criminal History Record (CHR): A compilation of an individual's identification, arrest, conviction (law), incarceration, legal status, sex offender registration, warrant information, and other relevant criminal history. In the United States, these compilations are maintained and updated on the local, state, and Federal levels by various law enforcement agencies.

Differential Monitoring: A method for determining the frequency of monitoring based on an assessment of a facility's level of complaint history and compliance with regulations. This process can be used to determine the number of inspections needed for a particular facility and the content of inspections. Differential monitoring includes Key Indicator Systems (KIS), which identify a subset of regulations from an existing set of regulations that statistically predict compliance with the entire set of regulations.

Emergency/Immediate Closure: Also known as emergency order, summary suspension, temporary closure Conditional License: When used as an enforcement action, also known as restricted license, suspension of specific services, provisional license

Environmental Health Inspection: An inspection of child care facilities conducted by the health department, or other entity, for compliance with the state’s environmental health codes and laws. This inspection is in addition to those conducted by the licensing agency.

Fire Inspection: An inspection of child care facilities conducted by the state fire marshal, or other fire safety entity, for compliance with the state’s fire safety codes and laws. This inspection is in addition to those conducted by the licensing agency.

Large/Group Family Child Care (FCC) Homes: Two or more individuals who provide child care services for fewer than 24 hours per day per child, in a private residence other than the child’s residence, unless care in excess of 24 hours is due to the nature of the parent(s)’ work.

QRIS: Quality Rating and Improvement System (QRIS) is a systemic approach to assess, improve, and communicate the level of quality in early and school-age care and education programs.

Small Family Child Care (FCC) Homes: One individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, in a private residence other than the child’s residence, unless care in excess of 24 hours is due to the nature of the parent(s)’s work.

EXECUTIVE SUMMARY

Licensing is a process that establishes the requirements necessary to protect the health and safety of children in out-of-home-care. Strong licensing policies and regulations are key to help ensure the health and safety of our nation's children who spend time in out-of-home care. The potential for licensing to have a positive impact on children is very large given that there are more than 10.1 million slots in licensed child care programs of all types in the United States. States manage the licensing process through the application and enforcement of regulations. The protections offered by well-enforced, effective regulations are critical and broad in scope and impact the millions of children and their families who relied on state licensing agencies to monitor and enforce regulatory requirements in these settings. State child care licensing regulations and monitoring and enforcement policies help provide a baseline of protection for the health and safety of children in out-of-home care.

Licensed Programs, Capacity, and Enrollment

According to the U.S. Census Bureau, between 2017 and 2023 the number of children of child care age (0 to 12) in the United States decreased slightly, from approximately 52.8 million to just under 51.3 million, a decrease of just under three percent. However, during that same time period, the number of licensed child care programs in the U.S. across all program types rose by nearly 13 percent, or nearly 32,000 programs in total. The increase in the number of programs means that the average number of licensed programs per 1,000 children rose from 4.3 in 2017 to almost 5.5 in 2023.

The change in number of programs was predominantly in the large/Group FCC Homes where the number of programs increased by 89 percent. Other types of programs grew by almost 39 percent while the number of centers decreased by slightly more than 6 percent.

For the 48 states with responses in both years, licensed capacity across all program types increased by nearly 98,000 since 2017, from 10.06 million to 10.16 million. The total decrease was approximately one percent. A total of 25 states reported an increase in overall capacity while 14 identified a decrease in total capacity.

In a new question for 2023, 21 states reported structural changes to their licensing programs. Twelve of those states reported a change in department, agency or authority, while 9 reported other structural changes.

Licensing Fees

There was very little change in the number of states assessing licensing fees for child care programs. The numbers for all states remained virtually the same in 2023 as in 2017. In both 2017 and 2023 the fees for centers were predominantly based on maximum capacity while fees for FCC homes were more often based on a flat fee. There was very little change between 2017 and 2023 in the states reporting how fees were assessed though there was slight increase in the number of states assessing fees on child care homes of any size.

Licensing Inspections

Overall, there was a small increase in the number of states conduction licensing inspections of Large/Group FCC Homes prior to licensing. Also, there was a very slight trend toward announced inspections rather than unannounced. Similarly, there was a small increase in the number of states reporting renewal inspections for both Small and Large/Group FCC Homes as well as routine compliance inspections for Large/Group FCC Homes.

For licensing renewal, more states gravitated toward a single inspection every year, with the majority of states conducting either one or two per year. There was a small increase in the number of states requiring FCC homes to renew every one or two years.

Abbreviated Inspections and Differential Monitoring

The number of states conducting abbreviated inspections decreased between 2017 and 2023 with the change coming mostly in routine compliance inspections.

One less reported using “Key Indicators” in 2023 versus 2017 to determine what requirements should be included in abbreviated inspections. States were likely to use a mix of methods to determine requirements.

In 2023, fewer states reported having any policies in place to determine when to switch between abbreviated and full compliance inspections. The number of states reporting policies for specific program types also decreased for every program type.

The number of states reporting having a system of differential frequency of monitoring based on compliance records or quality rating level for each type of child care facility decreased overall and for all program types in 2023.

Risk Assessment

Where almost two-thirds of states reported conducting risk assessments in 2017, almost two-thirds reported they did *not* conduct a risk assessment between 2017 and 2023 and only 9 states reported that they had. States used a variety of methods when conducting risk assessments. Risk assessments were used for a variety of enforcement actions and the selection of risk levels and categorization of rules into those levels were mostly based on internal processes.

Complaints

Since 2017, the number of states relying on hotlines, either shared or dedicated lines, for receiving complaints increased with states less likely to rely on the general licensing agency phone number. While six more states added a web-based form for complaints and one state reported a text message system. The number of states investigating complaints for the three program types changed little, though approximately 10 percent more states reported having separate staff within the licensing agency for investigating complaints.

There were more than 5,000 additional complaints in 2023 versus 2017 but the number of substantiated complaints remained relatively unchanged. This meant the percentage of substantiated complaints decreased from 33 percent to 23 percent. For child abuse and neglect complaints, more states are relying on protective services and police or law enforcement to investigate the complaints. The number of states with specialized units has decreased significantly since 2014.

States were increasingly likely to investigate complaints against license-exempt programs, continuing the trend from the last decade. While the number of states investigating all complaints didn’t change since the last survey, there was an increase in almost all other cases.

Compliance

There was little change between 2017 and 2023 in the number of states reporting having defined compliance within their licensing requirements. States used compliance for an increasing variety of reasons with more states reporting the use of compliance in every category.

Enforcement Actions

There was a slight increase in states reporting the denial of license for child care centers as an enforcement action in 2023 versus 2017 while most other uses declined. There was an approximately 20 percent decline in probation or conditional licenses for Small FCC Homes while there was a 4 percent and 9 percent increase for Small FCC Homes in revocation and denial of license respectively. For Large/Group FCC Homes there was a 10 to 15 percent increase in states reporting the use of revocation, denial, emergency closure, non-renewal of license, and civil fines.

The overall numbers for enforcement actions show an almost 6 percent increase in revocations of license, though denial of license and emergency closures were down 44 percent and almost 38 percent respectively. There was an almost 87 percent decrease on nonrenewal of licensure and an almost 18 percent decrease in programs receiving probation. There was an almost 370 percent increase in conditional licenses and 74 percent increase in consent decrees. Other enforcement actions were up more than 91 percent.

The method by which subsidy agencies are notified of an enforcement action changed slightly with 3 additional states reporting personal contact between the licensing and subsidy agencies and an additional 6 states reported a link between the licensing and subsidy databases. There was little change in how enforcement action affected a subsidy payment with most states still reporting that it depended on the nature of the enforcement action.

Technical Assistance

Licensors continue to provide technical assistance in a variety of circumstances to all program types. The most significant change between 2017 and 2023 is the increased technical assistance provided to Large/Group FCC Homes, with a roughly 10 percent increase in states reporting various methods of assistance. States were reportedly less likely to provide assistance to multiple programs at the same time.

Similarly, there was a slight increase in states reporting the provision of technical assistance throughout the licensing process with an increase of roughly 10 percent in states reporting the provision of assistance to Large/Group FCC Homes.

A new question in 2023 identified referral resources for providers. The most frequent referral source was Child Care Resource and Referral agencies though providers have several options available.

Sharing Licensing Information

Between 2014 and 2017 the number of states that made a full inspection report available online increased from just over half to almost two-thirds. A total of 98 percent of states had a full or summary inspection report available online, up from 83 percent in 2017.

In 2023, an additional 5 states reported all complaints were available online, while three fewer states reported that only substantiated complaints were available. An additional 3 states reported that no complaint information was available. There was a 20 percent increase in the number of states that include enforcement actions in the published reports and a 69 percent increase in reports that include corrective action plans. An additional 7 states (23 percent) reported that providers are given an opportunity to review reports before they are posted.

In 2023 an additional 3 states indicated they posted reports within a day, and an additional 7 states having the reports posted within a month while one less state reported posting the reports immediately. Only 3 states reported not having reports posted within a month in both 2017 and 2023. Only 52 percent of states reported providing public guidance on understanding licensing inspection reports in 2023, down from 60 percent in 2017.

In a new question for 2023, states reported a variety of other information also available online.

Licensing Requirements

New questions added in 2023 asked states about licensing requirements for Tribes in their state as well as child care programs on military bases. When a state had Tribes in the state, most reported the Tribes having their own inspection requirements or a mix of Tribe and state agency requirements. Only 3 states reported that a Tribe was required to have an agreement with the state licensing agency.

Similarly, most child care programs on military bases are exempt from state licensing. Only 4 states reported that child care programs on military bases were licensed by the state.

Licensing and Head Start

The percentage of states requiring all Head Start programs to get a license increased by 5 percent between 2017 and 2023 while the percentage of states requiring some programs to get a license decreased by 4 percent. The most common exemption from licensure in 2017 was that the program is operated by a public or private school, while in 2023 it is equally due to being a school operated program and other licensing exemptions.

One in 5 Head Start states reported challenges for Head Start programs in meeting licensing requirements in 2023, up from 1 in 6 in 2017. The number of licensed Head Start Centers was almost identical between 2017 (n=31) and 2023 (n=30) but there was an increase of almost 90 Head Start family homes. Where states reported difficulty obtaining Head Start data, there was an increase of 5 states saying it was not a designation in the database, which corresponded to 5 fewer states saying another agency collected the data.

The number of states with 50 percent or more of their Head Start programs licensed was approximately the same in 2017 and 2023, though there was an increase of one state that had more than 75 percent of their Head Start programs licensed. The same number of states (15) in both 2017 and 2023 did not know how many Head Start programs in their state were licensed.

License Exempt Programs

In 2023, fewer states reported that license-exempt centers were required to get a license if receiving a subsidy payment, but there was no change in the number of states requiring a license-exempt home to get a license if receiving a subsidy payment. There were more states reporting not having a voluntary licensing process or application process for exempt programs to become licensed.

There was a slight increase in the number of states reporting that the licensing agency also conducted inspections of license-exempt programs and similar numbers of states reporting that licensing agency staff was responsible for inspection of both licensed and license-exempt programs. The number of states reporting the use of other staff or contractors tripled, from 6 states in 2017 to 18 in 2023.

While not a question in 2017, a total of 40% of states responding to the question indicated staff caseloads have increased due to the inspection of license-exempt programs. Fewer states in 2023 reported that all license requirements applied to license-exempt programs, seeming to indicate a shift to requiring only some of the licensing requirements. More states reported having different requirements for license-exempt programs in 2023.

Illegally Operating Providers

Almost every state identifies and addresses illegally operating providers through complaints received by the public. The methods states used to identify illegally operating providers varied little between 2017 and 2023 though there was a significant increase in the number of states seeking to educate the public with a campaign about licensing.

Almost every state (96 percent) encourages a provider to become licensed when found to be operating illegally. This represents an increase from 2017. Every method for addressing illegally operating providers saw an increase in use by the states suggesting states try a number of different options as circumstances dictate.

Fire Safety, Environmental Health, And Building Code Inspections

One state reported a change from 2017 to indicate fire safety inspections were not required by child care programs. The number of states requiring inspections for each program type otherwise remained nearly the same though three additional states reported requiring Large/Group FCC Homes to have fire safety inspections. Fire safety inspections are still generally required prior to licensure and once a year thereafter.

Two additional states reported conducting environmental health inspections for Centers, four additional for Small FCC Homes, and an additional five states reported conducting environment health inspections for Large/Group FCC Homes. Like fire safety, environment health inspections are usually done prior to licensing and once a year thereafter.

Building code inspections are conducted for Centers in 38 states, the same as in 2017, though there was a slight increase in the number of states requiring them for FCC Homes. Building code inspections generally happened prior to licensure though there is a increase in 2023 in the number of states conducting annual building code inspections. Even so, only about 25 percent of states conducting building code inspections conduct them after initial licensure.

Licensing Staff

Child care licensing line staff often have multiple roles and are rarely limited to inspecting just one type of facility or just child care programs. The number of staff dedicated to inspecting both centers and FCC homes remained the same between 2017 and 2023 and the distribution of staff inspection just one type of program, or other types of programs remained essentially unchanged as well. Four fewer states reported regional variation in staff assignments and there were 9 fewer states reporting line staff were specifically assigned to complaint investigations.

Overall, in 2023 the number of states seeing an increase or decrease in staffing appeared similar to 2017 though fewer states reported seeing no change. Average caseloads appear to have decreased slightly since 2017, though a direct comparison is not possible with the data available.

In 2023 there were an average 6.1 line staff FTEs (non-contracted) per supervisor across all states, a decrease of more than 2.3 FTEs per supervisor over the 2017 average of 8.4. The median increased from 5 FTEs per supervisor in 2017 to 6.2 FTEs per supervisor in 2023.

Only 5 states reported conducting a workload analysis since the previous survey compared to 21 in 2017.

Licensing Staff Requirements

Educational requirements changed little between 2017 and 2023. One additional state reported requiring a bachelor's degree, and one additional state required an associate's degree. Two states now accept college level coursework where non did in 2017 and one additional state accepts a high school diploma or GED. No states accept only experience with children and none accept no education or experience.

Where a degree is required, it has become increasingly necessary to have coursework directly related to the field and more than half the states require staff to have experience working in a setting with children, an increase of 9 states. Almost every state requires staff to complete additional training on the licensing system and provider's requirements when starting employment.

Every state requires state regulations, licensing policies and procedures, and health and safety issues in their onboarding training. Three-fourths of states use online training and almost 90 percent of states have one-on-one training with existing staff to complete the required training. The number of states requiring a particular training for onboarding increased for almost every topic.

Five fewer states reported using general state funds for hiring and support of child care licensing staff. The number of states relying on each particular funding source decreased since 2017 except one additional state reported relying on licensing fees.

Fewer states reported incorporating inter-rater reliability training for staff and 9 fewer states report having developed interpretive guidelines for licensing regulations. The same percentage of states have policies for emergency and disaster response in both 2017 and 2023.

More states communicate with the media through social media and every state reports using email to communicate with providers. There was a significant decrease in the use of printed materials to communicate as well as a drop off in the use of marketing campaigns, and phone-based communication. Communicating with the public mirrors communicating with providers with an increased reliance on social media and a decreased reliance on printed material and public meetings/announcements.

Technology and Data

In 2023, 49 states reported having either a single or multiple licensing databases, up from 48 in 2017. More states had multiple databases in 2023 rather than a single database. The database is increasingly being used in all phases of the licensing process. States are increasingly likely to have stand-alone systems that do not link to other state databases though the linkages to quality systems, background check services, and the child care subsidy system. Databases are

more likely to capture and categorize serious injuries when they are tracked. No additional states have produced a publicly available report since 2017. An additional 5 states have an online license application process in 2023 and only half the number of states say they do not have one or are not developing one. Five additional states use or are considering using portable devices and tools for inspections.

Quality Improvement Initiatives

Fewer states reported participating in a tiered quality strategy initiative in 2023 than in 2017. While a similar number of states reported leading an initiative or having such an initiative within their agency, 4 fewer states reported participating in planning. Similarly, fewer states were participating in accreditation facilitation projects. While the number of states participating in a professional development system decreased by 2, those states that are participating in such a program were much more likely to have the program within their agency than just being participants. Two more states are involved with development of an environmental rating scale with the increased involvement being within the same agency.

Rule and Regulation Resources

In both 2017 and 2023, states relied primarily on *“Caring for Our Children: Health and Safety Standards”* for formulating rules and regulations for licensing child care facilities. However, they were less likely to do so in 2023 and increasingly relied on *“Caring for Our Children Basics”*. Other state’s regulations were the second most frequently cited source for formulating rules and regulations. States reported using other sources less frequently across the board in 2023.

COVID

COVID-19 had a substantial impact on child care licensing across the United States, necessitating significant adaptations to ensure the safety of children, families, and staff. Key changes included the shift to virtual inspections, the implementation of enhanced health and safety protocols, and the provision of emergency waivers and temporary regulations to support child care providers.

Many states reported a decrease in the number of licensed facilities, challenges in meeting annual inspection requirements, and workforce shortages that continue to affect the field. Licensing staff were deemed essential workers and adapted their practices to conduct abbreviated or virtual inspections, provide technical assistance, and collaborate with health departments to update guidelines regularly.

The pandemic also led to the establishment of temporary child care facilities, adjustments to group sizes and child-to-staff ratios, and the introduction of new program types such as outdoor nature-based programs. States implemented innovative solutions, including digital practices, rapid response portals, and mental health supports for providers and families.

Several practices introduced during the COVID-19 pandemic continue to be used today:

- **Virtual Tools:** Virtual inspections, technical assistance, and meetings remain common. Many trainings are still offered online.
- **Remote Work:** Licensing staff in many states continue to telework, improving flexibility and morale.
- **Digital Processes:** Electronic forms, document uploads, and desk reviews are now standard in many places.
- **Health & Safety:** Enhanced hygiene protocols and COVID-specific training are still emphasized.
- **Emergency Preparedness:** Continued focus on emergency planning and tracking provider status.

Some states, however, have returned entirely to pre-pandemic procedures and discontinued COVID-era practices.