

An act to amend Section 10374.5 of the Welfare and Institutions Code,  
relating to childcare and development.

SECURED  
COPY



250711721415BILL

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 10374.5 of the Welfare and Institutions Code is amended to read:

10374.5. (a) Recipients of childcare services provided pursuant to this chapter shall be allowed to choose the childcare services of licensed childcare providers or childcare providers who, by law, are not required to be licensed, and the cost of that childcare shall be reimbursed by counties or agencies that contract with the department. For purposes of this section, "regional market rate" means care costing no more than 1.5 market standard deviations above the mean cost of care for that region. It is the intent of the Legislature to reimburse childcare providers at the 85th percentile of the most recent regional market rate survey. If the market rate survey is used to set reimbursement rates, the following shall apply:

(b) (1) The regional market rate ceilings shall be established at the greater of either of the following:

(A) The 75th percentile of the 2016 regional market rate survey for that region.

(B) The regional market rate ceiling that existed in that region on December 31, 2017.

(2) Commencing January 1, 2022, the regional market rate ceilings shall be established at the greater of either of the following:

(A) The 75th percentile of the 2018 regional market rate survey for that region.

(B) The regional market rate ceiling that existed in that region on December 31, 2021.

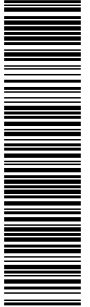
(c) (1) Reimbursement to license-exempt childcare providers shall not exceed 70 percent of the family childcare home rate established pursuant to subdivision (b).

(2) Commencing January 1, 2022, license-exempt childcare providers shall be reimbursed at 70 percent of the family childcare home rate established pursuant to subdivision (b), including hourly, daily, weekly, and monthly, for both full- and part-time reimbursement categories.

(d) (1) Commencing July 1, 2022, subject to available funding, the department may issue temporary rate increases to licensed childcare providers that exceed the rates specified in paragraph (2) of subdivision (b) and to licensed-exempt childcare providers that exceed the rates specified in paragraph (2) of subdivision (c). The department shall have discretion in determining how funding may be used to increase the rates, including, but not limited to, providing one-time lump-sum payments. The department may contract with another entity to distribute this funding to childcare providers.

(2) Notwithstanding any other law, contracts or grants awarded pursuant to this subparagraph shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, the Public Contract Code, and the State Contracting Manual, and shall not be subject to review or approval of the Department of General Services.

(e) (1) In accordance with federal requirements for Child Care Stabilization Grants appropriated pursuant to the federal American Rescue Plan Act of 2021 (Public Law 117-2), childcare providers shall provide information via a one-time application or survey in advance of receiving American Rescue Plan Act funds pursuant to paragraph (2) of subdivision (b) or paragraph (2) of subdivision (c). The department



21415

shall specify the timeline and format in which this information shall be submitted, and information shall include, but not be limited to, all of the following:

- (A) Address, including ZIP Code.
- (B) Race and ethnicity.
- (C) Gender.
- (D) Whether the provider is open and available to provide childcare services or closed due to the COVID-19 public health emergency.
- (E) What types of federal relief funds have been received from the state.
- (F) Use of federal relief funds received.
- (G) Documentation that the provider met certifications as required by federal law.

(2) Rate increases shall be subject to federal usage limitations and federal and state program eligibility requirements.

(f) Reimbursement to childcare providers shall not exceed the fee charged to private clients for the same service.

(g) Reimbursement shall not be made for childcare services when care is provided by parents, legal guardians, or members of the assistance unit.

(h) A childcare provider located on an Indian reservation or rancheria and exempted from state licensing requirements shall meet applicable tribal standards.

(i) For purposes of this section, "reimbursement" means a direct payment to the provider of childcare services, including license-exempt providers. If care is provided in the home of the recipient, payment may be made to the parent as the employer, and the parent shall be informed of their concomitant legal and financial reporting requirements. To allow time for the development of the administrative systems necessary to issue direct payments to providers, for a period not to exceed six months, a county or an alternative payment agency contracting with the department may reimburse the cost of childcare services through a direct payment to a recipient of aid rather than to the childcare provider.

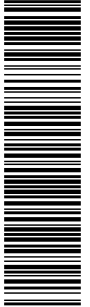
(j) Counties and alternative payment programs shall not be bound by the rate limits described in subdivisions (a) and (b), when there are, in the region, no more than two childcare providers of the type needed by the recipient of childcare services provided under this chapter.

(k) (1) Notwithstanding any other law, reimbursements to childcare providers based upon a daily rate may only be authorized under either of the following circumstances:

(A) A family has an unscheduled but documented need of ~~six~~ five hours or more per occurrence, such as the parent's need to work on a regularly scheduled day off, that exceeds the certified need for childcare.

(B) A family has a documented need of ~~six~~ five hours or more per day that exceeds no more than 14 days per month. Reimbursements to a childcare provider based on the daily rate over one month's time shall not exceed the childcare provider's equivalent full-time monthly rate or applicable monthly ceiling.

(2) This subdivision shall not limit childcare providers from being reimbursed for services using a weekly or monthly rate, pursuant to Section 10228.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No.  
as introduced, \_\_\_\_\_.  
General Subject: Child Care and Development Services Act: reimbursement.

Existing law, the Child Care and Development Services Act, administered by the State Department of Social Services, establishes a system of childcare and development services for children up to 13 years of age. Existing law requires the department to contract with local contracting agencies for alternative payment programs for childcare services to be provided throughout the state. Existing law requires an alternative payment program to reimburse a licensed childcare provider in accordance with a biennial market rate survey, as specified, at a rate not to exceed the regional market rate ceiling, as prescribed. Under existing law, reimbursements to childcare providers based upon a daily rate may only be allowed under certain circumstances, including that a family has an unscheduled but documented need of 6 hours or more per occurrence that exceeds the certified need for childcare or a family has a documented need of 6 hours or more per day that exceeds no more than 14 days per month.

This bill would reduce the documented need for reimbursements to childcare providers based upon a daily rate from 6 hours or more to 5 hours or more, as described.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

