

An act to amend Section 10280 of, and to add Section 10277.6 to, the Welfare and Institutions Code, relating to childcare.

SECURED
COPY



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

SECTION 1. Section 10277.6 is added to the Welfare and Institutions Code, to read:

10277.6. (a) (1) Funding shall be allocated to the State Department of Social Services from funds in Schedule (3) of Item 5180-101-0001 of the Budget Act of 2026, if that appropriation is made, to provide a once-per-month, per-child-served cost of care plus rate for providers serving children enrolled in the following subsidized childcare programs:

(A) Alternative payment programs, including migrant alternative payment programs, pursuant to Chapter 3 (commencing with Section 10225).

(B) Migrant childcare and development programs pursuant to Chapter 6 (commencing with Section 10235).

(C) General childcare and development programs pursuant to Chapter 7 (commencing with Section 10240).

(D) Family childcare home education networks pursuant to Chapter 8 (commencing with Section 10250).

(E) Childcare and development services for children with special needs pursuant to Chapter 9 (commencing with Section 10260).

(F) CalWORKs Stage 1, Stage 2, or Stage 3 programs pursuant to Chapter 21 (commencing with Section 10370).

(G) Emergency Child Care Bridge Program for Foster Children pursuant to Section 11461.6.

(2) (A) Of the funding described in paragraph (1), funding is hereby allocated to the State Department of Social Services to provide childcare providers with a monthly cost of care plus rate increase commencing July 1, 2026. The increase per child shall be equal to the amount calculated in clause (iii) of subparagraph (B).

(B) The Department of Finance shall make the following calculations based on data provided by the State Department of Social Services:

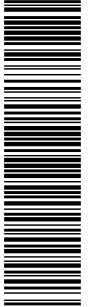
(i) The total cost of providing the statutory cost of living adjustment for childcare programs in the 2026–27 fiscal year pursuant to Section 42238.15 of the Education Code for the subsidized childcare programs described in paragraph (1) of this subdivision.

(ii) The estimated cost of providing the monthly cost of care plus rates described in subparagraph (E) of paragraph (2) of subdivision (c) of Section 10277.1 and paragraph (3) of subdivision (c) of Section 10277.2 in the 2026–27 fiscal year based on the estimates of child enrollment in 2026–27 provided by the State Department of Social Services.

(iii) Divide the amount calculated in clause (i) by the amount calculated in clause (ii).

SEC. 2. Section 10280 of the Welfare and Institutions Code is amended to read: 10280. (a) The department, in collaboration with the State Department of Education, shall implement a reimbursement system plan that establishes reasonable standards and assigned reimbursement rates, which vary with the length of the program year and the hours of service.

(1) Parent fees shall be used to pay reasonable and necessary costs for providing additional services.



(2) When establishing standards and assigned reimbursement rates, the department and the State Department of Education shall confer with applicant agencies.

(3) The reimbursement system, including standards and rates, shall be submitted to the Joint Legislative Budget Committee.

(4) The department may establish any regulations deemed advisable concerning conditions of service and hours of enrollment for children in the programs.

(b) Commencing July 1, 2021, the standard reimbursement rate shall be twelve thousand eight hundred eighty-eight dollars (\$12,888) and, commencing with the 2022–23 fiscal year, shall be increased by the cost-of-living adjustment granted by the Legislature annually pursuant to Section 42238.15 of the Education Code.

(c) (1) Commencing January 1, 2022, contractors who, as of December 31, 2021, received the standard reimbursement rate established in this section shall be reimbursed at the greater of the following:

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

(B) The contract per-child reimbursement amount as of December 31, 2021.

(2) (A) Commencing July 1, 2022, subject to available funding, the department may issue temporary rate increases to contractors that exceed the rates specified in paragraph (1). 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 contractors.

(B) 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.

(3) 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), contractors shall provide information via a one-time application or survey in advance of receiving American Rescue Plan Act funds. The department 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.

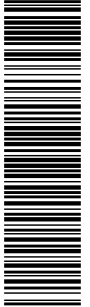
(E) What types of federal relief funds have been received from the state.

(F) Use of federal relief funds received.

(G) Documentation that the provider met certifications as required by federal law.

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

(d) Notwithstanding subdivision (b), for the 2023–24, 2024–25, ~~and 2025–26~~ 2025–26, and 2026–27 fiscal years, the cost-of-living adjustments required pursuant to subdivision (b) shall instead be zero. It is the intent of the Legislature that any



adjustment in the 2023–24 and 2024–25 fiscal years related to reimbursement for programs funded pursuant to this section will be subject to a ratified agreement, and subject to future legislation providing for appropriations related to the budget bill.

(e) Commencing July 1, 2025, and through June 30, 2026, if a program is open and operating in accordance with its approved program calendar and remains open and providing services to certified children throughout the program year, the contract reimbursement shall be based on the lesser of the following:

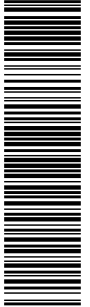
- (1) The maximum reimbursable amount stated in the contract.
- (2) Net reimbursable program costs.

(f) Commencing July 1, 2026, contract reimbursement shall be based on the lesser of the following:

- (1) The maximum reimbursable amount stated in the contract.
- (2) Net reimbursable program costs.
- (3) The product of the adjusted child days of enrollment for certified children times the contract rate set forth in this section.

(g) Commencing July 1, ~~2025~~ 2025, and through June 30, 2026, reimbursement for family childcare home education network providers funded through migrant child care and development programs pursuant to Chapter 6 (commencing with Section 10235), general child care and development programs pursuant to Chapter 7 (commencing with Section 10240), or child care and development services for children with special needs pursuant to Article 9 (commencing with Section 10260) shall receive 100 percent of reimbursement based on the family's certified need for services at the maximum authorized hours of care less any allowable administrative expenses withheld by the contractor.

(h) If subdivision (g) is in conflict with a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Subsidized childcare: reimbursement rates.

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 State Department of Social Services, in collaboration with the State Department of Education, to implement a reimbursement system plan that establishes reasonable standards and assigned reimbursement rates.

This bill would require funding from the Budget Act of 2026 be allocated, if that appropriation is made, to the State Department of Social Services to provide once-per-month, per-child-served cost of care plus rate for providers serving children enrolled in specified subsidized childcare programs. The bill would require the Department of Finance to make specified calculations for reimbursement based on data provided by the State Department of Social Services.

Existing law requires the department, in collaboration with the State Department of Education, to implement a reimbursement system plan that establishes reasonable standards, specifies the standard reimbursement rate, and requires a cost-of-living adjustment. Existing law suspends the cost-of-living adjustment for the 2023–24, 2024–25, and 2025–26 fiscal years.

This bill would also suspend the cost-of-living adjustment for the 2026–27 fiscal year.

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

