

I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
362-38 (COR)	Sabrina Salas Matanane	AN ACT TO <i>ADD</i> A NEW ARTICLE 14 TO CHAPTER 2, DIVISION 1, TITLE 10, GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING THE CHILD CARE STABILITY FUND AS A LOCK-BOX BRIDGE FUND FOR TIMELY CHILD CARE PROVIDER PAYMENTS, MANDATING A DECENNIAL COST-OF-CARE STUDY, MODERNIZING SUBSIDY PAYMENT ADMINISTRATION, AND ESTABLISHING LATE-PAYMENT ACCOUNTABILITY.	9/11/26 4:47 p.m. ^9/22/26 2:42 p.m.						

I MINA'TRENTAI OCHO NA LIHESLATURAN GUAHAN
2026 (SECOND) Regular Session

Bill No. 362-38 (COR)

Introduced by:

Sabrina Salas Matanane *Smart*

AN ACT TO ADD A *NEW* ARTICLE 14 TO CHAPTER 2, DIVISION 1, TITLE 10, GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING THE CHILD CARE STABILITY FUND AS A LOCK-BOX BRIDGE FUND FOR TIMELY CHILD CARE PROVIDER PAYMENTS, MANDATING A DECENNIAL COST-OF-CARE STUDY, MODERNIZING SUBSIDY PAYMENT ADMINISTRATION, AND ESTABLISHING LATE-PAYMENT ACCOUNTABILITY.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Mina'trentai Ocho Na*

Lihe slaturan Guåhan finds that the stability of Guam's child care industry is a fundamental pillar of the island's economic recovery and workforce participation. Access to reliable, high-quality child care allows parents to remain in the workforce, yet the providers who offer these essential services face chronic financial instability due to systemic delays in the reimbursement of federal subsidies. According to the Bipartisan Policy Center, child care providers often operate on razor-thin margins, where even a brief delay in payment can jeopardize their ability to meet payroll, pay rent, or maintain health and safety standards. Currently, Guam's child care providers rely heavily on the Child Care and Development Fund (CCDF), but the administrative lag between the submission of claims and the actual receipt of federal

1 funds has created a cycle of uncertainty that threatens the viability of small
2 businesses in this sector.

3 *I Liheslaturan Guåhan* further finds that the current reimbursement rates for
4 child care services on Guam have not been adjusted in several years and no longer
5 reflect the true cost of providing care. Research from the Center for American
6 Progress indicates that traditional market rate surveys often fail to capture the actual
7 operational costs of high-quality care, including rising utility costs, specialized
8 equipment, and competitive wages for early childhood educators. The federal
9 government, through the Administration for Children and Families, has increasingly
10 encouraged states and territories to move toward "cost of care" models rather than
11 simple market rate surveys to ensure that subsidy rates are sufficient to sustain
12 providers. Without a localized study to determine these actual costs, Guam's subsidy
13 program remains tethered to outdated economic data, effectively forcing providers
14 to absorb the difference or pass costs onto families who can least afford them.

15 *I Liheslaturan Guåhan* also finds that the administrative processes governing
16 both the CCDF and local subsidy programs are in urgent need of modernization. In
17 many jurisdictions, the transition to electronic submission and automated tracking
18 has significantly reduced error rates and accelerated payment timelines. For
19 example, the California Legislature has moved toward streamlining child care
20 subsidy administration to ensure that providers are not burdened by manual
21 paperwork. By implementing a real-time online tracking system and direct deposit
22 capabilities, the Department of Public Health and Social Services can provide the
23 transparency and predictability that child care business owners require to manage
24 their cash flow effectively. Furthermore, establishing accountability measures, such
25 as interest on late payments, aligns Guam with standard business practices and
26 ensures that the government remains a reliable partner to the private sector.

1 It is the intent of *I Liheslaturan Guåhan* to establish the Child Care Stability
2 Fund (CCSF) as a dedicated "lock box" to bridge the gap between claim submission
3 and federal reimbursement. This fund shall ensure that child care providers receive
4 payments within fourteen (14) calendar days of submitting a complete claim,
5 providing the immediate liquidity necessary to sustain operations. It is further the
6 intent of *I Liheslaturan Guåhan* to mandate a comprehensive cost-of-care study to
7 be conducted every US Census year, ensuring that Guam's state plans and federal
8 petitions for rate adjustments are grounded in current economic reality. Finally, this
9 legislation intends to modernize the payment infrastructure for all child care
10 subsidies, mandating electronic systems, public performance metrics, and strict
11 reporting requirements to ensure a transparent, efficient, and accountable system that
12 supports both providers and the families they serve.

13 **Section 2. Short Title.** This Act shall be known and may be cited as "The
14 Child Care Stability Fund Act of 2026."

15 **Section 3.** A New Article 14 is hereby *added* to Chapter 2, Division 1, Title
16 10, Guam Code Annotated, to read:

17 **ARTICLE 14**

18 **CHILD CARE STABILITY FUND ACT**

19 **§ 21401. Title, Findings, and Purpose.**

20 (a) Title. This Article shall be known and may be cited as the "Child
21 Care Stability Fund Act."

22 (b) Findings. *I Liheslaturan Guåhan* finds that child care providers on
23 Guam operate on narrow margins and are exposed to significant cash-flow
24 risk when federal Child Care and Development Fund reimbursements are
25 delayed, that reimbursement rates on Guam have not been aligned with the
26 actual cost of providing care, and that the administrative infrastructure

1 supporting the child care subsidy system requires modernization to be
2 transparent, predictable, and accountable to providers and the families they
3 serve.

4 (c) Purpose. The purposes of this Article are:

5 (1) to establish the Child Care Stability Fund as a dedicated, non-
6 lapsing, lock-box territorial fund that bridges the gap between the
7 submission of a Complete Claim by a Child Care Provider and the
8 receipt of federal reimbursement, so that providers are paid promptly
9 and reliably;

10 (2) to require a periodic, evidence-based cost-of-care study to
11 inform Guam's Child Care and Development Fund State Plan and any
12 petitions to the federal Administration for Children and Families for
13 rate adjustments;

14 (3) to modernize the administration of both territorial and federal
15 child care subsidy payments through electronic submission, direct
16 deposit, real-time online tracking, and automatic notifications; and

17 (4) to establish clear late-payment accountability, including
18 statutory interest, written explanations to affected providers, and
19 quarterly reporting to *I Liheslaturan Guåhan*.

20 **§ 21402. Definitions.**

21 As used in this Article:

22 (a) "ACF" means the Administration for Children and Families of the
23 United States Department of Health and Human Services.

24 (b) "CCDF" or "Child Care and Development Fund" means the federal
25 child care assistance program authorized under the Child Care and
26 Development Block Grant Act, 42 U.S.C. § 9857 et seq., and its implementing
27 regulations at 45 C.F.R. Part 98.

1 (c) "CCSF" or "Fund" means the Child Care Stability Fund established
2 under § 21403 of this Article.

3 (d) "Child Care Provider" means:

4 (1) a Child Care Facility as defined in § 2402(c) of this Chapter;
5 and

6 (2) any other person or entity eligible to receive CCDF subsidy
7 payments under Guam's approved CCDF State Plan.

8 (e) "Complete Claim" means a claim for reimbursement submitted by a
9 Child Care Provider that contains all documentation and information required
10 by the Department by rule and that permits the Department to determine
11 eligibility for payment and the amount owed without further inquiry to the
12 provider or to any third party. A Complete Claim shall be substantially
13 analogous to a "Clean Claim" as that term is used in § 9901(a) of this Title.

14 (f) "Department" means the Department of Public Health and Social
15 Services.

16 (g) "Director" means the Director of the Department of Public Health
17 and Social Services.

18 (h) "State Plan" means the CCDF State Plan submitted by Guam to and
19 approved by ACF pursuant to 42 U.S.C. § 9858c and 45 C.F.R. Part 98.

20 (i) "US Census Year" means any calendar year in which the United
21 States decennial census is conducted pursuant to Article I, Section 2 of the
22 United States Constitution and 13 U.S.C. § 141.

23 **§ 21403. Establishment; Lock-Box Protection.**

24 (a) Establishment. There is hereby established the Child Care Stability
25 Fund (CCSF), to be administered by the Director.

26 (b) Purpose. The Fund is established as a dedicated bridge fund to pay
27 Complete Claims submitted by Child Care Providers for services eligible for

1 CCDF reimbursement, pending the receipt of federal reimbursement
2 therefore, and for such other purposes expressly authorized by this Article.

3 (c) Sources of the Fund. The Fund shall consist of:

4 (1) the initial appropriation made from the General Fund of
5 Guam;

6 (2) all CCDF federal reimbursements received by the
7 government of Guam that correspond to claims previously paid from
8 the Fund, which shall be deposited into the Fund to replenish the
9 amounts advanced;

10 (3) all interest earned on monies in the Fund;

11 (4) any additional appropriations that *I Liheslaturan Guåhan*
12 may make to the Fund; and

13 (5) any other public, private, federal, or grant monies lawfully
14 received for the purposes of this Article.

15 (d) Lock-Box Protection. The Fund shall be established and maintained
16 in an account separate and apart from any other account of the government of
17 Guam and shall not be co-mingled with any other funds. All monies due or
18 accruing to the Fund from whatever source, inclusive of any interest, shall be
19 deposited into the Fund immediately upon receipt by the government of
20 Guam. Monies in the Fund:

21 (1) shall not lapse at the end of any fiscal year and shall remain
22 available until expended for the purposes of this Article;

23 (2) are not subject to any transfer authority of *I*
24 *Maga'hågan/Maga'låhen Guåhan*; and

25 (3) may be expended only for the purposes authorized by this
26 Article.

1 (e) Reporting. The Department shall maintain full compliance with all
2 financial reporting requirements of the government of Guam applicable to
3 segregated funds. Reports shall be submitted to *I Liheslaturan Guåhan* via the
4 office of *I Maga'hågan/Maga'låhen Guåhan* and shall be in addition to the
5 quarterly report required by § 21410 of this Article.

6 **§ 21404. Fourteen-Day Payment Mandate.**

7 (a) Payment Deadline. The Department shall pay a Complete Claim
8 submitted by a Child Care Provider not later than fourteen (14) calendar days
9 after the date of receipt of the Complete Claim.

10 (b) Incomplete Claims.

11 (1) If a claim submitted by a Child Care Provider is not a
12 Complete Claim, the Department shall notify the provider in writing of
13 the specific deficiencies preventing determination of payment not later
14 than five (5) business days after the date of receipt of the incomplete
15 claim.

16 (2) Upon receipt by the Department of the provider's resubmitted
17 claim, the fourteen (14) calendar day payment deadline established in
18 subsection (a) of this Section shall restart on the date the resubmitted
19 claim is received, provided the resubmitted claim is a Complete Claim.

20 (c) Bridge Payment; Federal Reimbursement.

21 (1) Payments made under this Section for services eligible for
22 CCDF reimbursement shall be advanced from the Fund pending receipt
23 by the government of Guam of the corresponding federal
24 reimbursement.

25 (2) Upon receipt of the corresponding CCDF federal
26 reimbursement, the amount so reimbursed shall be deposited into the
27 Fund pursuant to § 21403(c)(2) of this Article to replenish the advance.

1 (d) Applicability. This Section shall apply to all payments to Child Care
2 Providers made from the Fund and, to the extent permitted by federal law and
3 Guam's approved CCDF State Plan, to all CCDF payments to Child Care
4 Providers administered by the Department.

5 **§ 21405. Cost-of-Care Study; State Plan Petitions.**

6 (a) Frequency. The Department shall conduct a comprehensive cost-of-
7 care study of Guam's licensed Child Care Providers not less than once in every
8 US Census Year, beginning with the US Census Year 2030.

9 (b) Partnership. The Department shall conduct the study in partnership
10 with the University of Guam and may contract with qualified independent
11 researchers to assist in the design, administration, and analysis of the study.

12 (c) Scope. The study shall measure and analyze the actual operational
13 costs incurred by licensed Child Care Providers on Guam in delivering quality
14 child care services, including:

15 (1) wages, salaries, benefits, and workforce compensation for
16 early childhood educators and staff;

17 (2) facility costs, including rent or mortgage, utilities,
18 maintenance, and insurance;

19 (3) costs of food, supplies, educational materials, and specialized
20 equipment;

21 (4) costs of complying with health, safety, and licensing
22 requirements; and

23 (5) costs of continuing education and professional development
24 for staff.

25 (d) Interim Updates. The Department may update all or part of the cost-
26 of-care study between US Census Years if federal CCDF rules, ACF

1 guidance, or the Department's approved CCDF State Plan require updated data
2 to support a rate determination or State Plan submission.

3 (e) State Plan Petition. Not later than one hundred eighty (180) days
4 after the completion of each cost-of-care study, the Department shall:

5 (1) amend Guam's CCDF State Plan, consistent with 42 U.S.C. §
6 9858c and 45 C.F.R. Part 98, to incorporate the findings of the study;
7 and

8 (2) petition ACF for adjustments to the CCDF payment rates
9 applicable to Guam that align with the findings of the study, consistent
10 with the process set forth in 45 C.F.R. § 98.18.

11 (f) Publication. The Department shall publish each completed cost-of-
12 care study and each State Plan amendment or petition filed pursuant to
13 subsection (e) of this Section on the Department's website.

14 **§ 21406. Adjustment of CCSF Rates.**

15 (a) Automatic Adjustment. When federal CCDF payment rate
16 adjustments for Guam are attained pursuant to a petition filed under §
17 21405(e) of this Article, the corresponding rates paid from the Fund shall
18 adjust to align with the adjusted federal CCDF rates.

19 (b) Effective Date. Any adjustment to Fund payment rates under this
20 Section shall take effect on the same date as the federal CCDF rate adjustment
21 to which it corresponds.

22 (c) Notice. The Department shall provide written notice to all affected
23 Child Care Providers not less than thirty (30) calendar days before the
24 effective date of any adjustment made under this Section and shall publish the
25 adjusted rates on the Department's website.

26 **§ 21407. Payment Modernization Requirements.**

1 (a) Modernization Duty. The Department shall design, procure, and
2 implement systems and procedures for the electronic administration of child
3 care subsidy payments, applicable to both payments made from the Fund and,
4 to the extent permitted by federal law, payments administered by the
5 Department under the CCDF.

6 (b) Required Capabilities. The systems and procedures implemented
7 under this Section shall include, at a minimum:

8 (1) electronic submission by Child Care Providers of claims for
9 reimbursement;

10 (2) direct deposit of approved payments to a bank account
11 designated by each Child Care Provider;

12 (3) a secure online interface that allows each Child Care Provider
13 to view, in near real time, the status of any claim submitted by that
14 provider, including at a minimum the following status stages:

15 (A) submission received;

16 (B) under review;

17 (C) approved for payment or notice of deficiency issued;

18 and

19 (D) payment disbursed; and

20 (4) automatic notifications, delivered by electronic mail, short
21 message service, or both, to the Child Care Provider at each transition
22 between status stages described in paragraph (3) of this subsection.

23 (c) Implementation Timeline. The Department shall achieve full
24 implementation of the capabilities required by subsection (b) of this Section
25 not later than eighteen (18) months after the effective date of this Article.

26 (d) Federal Law Savings. Any requirement of this Section that would
27 apply to CCDF payments shall apply only to the extent permitted by federal

1 law and Guam's approved CCDF State Plan. Notwithstanding any limitation
2 imposed by federal law on the application of this Section to CCDF payments,
3 all requirements of this Section shall apply in full to payments made from the
4 Fund.

5 **§ 21408. Public Performance Metrics.**

6 (a) Dashboard Required. The Department shall design, implement, and
7 maintain a public performance metrics dashboard, prominently accessible on
8 the Department's website, that reports on the administration of child care
9 subsidy payments made from the Fund and, to the extent permitted by federal
10 law, under the CCDF.

11 (b) Contents. The dashboard shall include, at a minimum:

12 (1) average payment processing times, reported on both a weekly
13 and a monthly basis;

14 (2) upcoming statutory deadlines applicable to the Department
15 under this Article, presented in a calendar format;

16 (3) any compliance issues identified by the Department in the
17 administration of the Fund or the CCDF; and

18 (4) aggregate summaries of interest paid on late payments
19 pursuant to § 21409 of this Article.

20 (c) Privacy. The dashboard shall not contain, and the Department shall
21 not publish through the dashboard, any information that identifies or that
22 could reasonably be used to identify:

23 (1) any individual Child Care Provider; or

24 (2) any child, parent, guardian, or family receiving or applying
25 to receive child care subsidy services.

26 (d) Update Frequency. The Department shall refresh the data displayed
27 on the dashboard not less frequently than once per week.

1 **§ 21409. Late Payment Accountability.**

2 (a) Interest. Notwithstanding any provision to the contrary, interest
3 shall accrue at the rate of twelve percent (12%) per annum, as damages for
4 money owed by the Department, on the unpaid principal of any Complete
5 Claim that is not paid within the fourteen (14) calendar day period established
6 by § 21404(a) of this Article. Interest shall accrue beginning on the fifteenth
7 (15th) calendar day after the date the Complete Claim was received by the
8 Department and shall continue to accrue through the date of payment. Interest
9 shall apply only to the principal portion of the claim and shall be automatically
10 added by the Department to the amount of the unpaid Complete Claim due the
11 Child Care Provider.

12 (b) Written Explanation. For every Complete Claim that is not paid
13 within the fourteen (14) calendar day period established by § 21404(a) of this
14 Article, the Department shall provide to the affected Child Care Provider a
15 written explanation stating:

16 (1) the cause of the delay;

17 (2) the expected date of payment; and

18 (3) the amount of interest, if any, that has accrued as of the date
19 of the explanation.

20 (c) Waiver of Interest. Interest that has accrued under this Section shall
21 not be waived except where the Department documents in writing, and
22 includes in the quarterly report required by § 21410 of this Article, that the
23 delay was caused by:

24 (1) a force majeure event beyond the reasonable control of the
25 Department; or

26 (2) an action or inaction of the federal government beyond the
27 reasonable control of the Department.

1 **§ 21410. Quarterly Report to *I Liheslaturan Guåhan*.**

2 (a) Frequency and Recipients. Not later than thirty (30) calendar days
3 after the end of each calendar quarter, the Department shall submit a written
4 report on the administration of the Fund and, to the extent permitted by federal
5 law, on the administration of CCDF payments by the Department, to:

6 (1) the Speaker of *I Liheslaturan Guåhan*; and

7 (2) the Chairperson of the standing committee of *I Liheslaturan*
8 *Guåhan* having jurisdiction over health and human services.

9 (b) Contents. Each quarterly report shall include, at a minimum:

10 (1) the number of Complete Claims received by the Department
11 during the quarter;

12 (2) the number of Complete Claims paid within the fourteen (14)
13 calendar day period established by § 21404(a) of this Article;

14 (3) the number of Complete Claims paid after the fourteen (14)
15 calendar day period, together with the average delay for such late-paid
16 claims;

17 (4) the total amount of interest paid on late-paid Complete
18 Claims pursuant to § 21409 of this Article;

19 (5) the balance of the Fund at the beginning and end of the
20 quarter, together with the total amount of CCDF federal
21 reimbursements received during the quarter and deposited into the
22 Fund;

23 (6) the progress made during the quarter toward full
24 implementation of the payment modernization requirements of § 21407
25 of this Article; and

26 (7) any compliance issues identified during the quarter, together
27 with the Department's remediation plans.

1 (c) Publication. The Department shall publish each quarterly report on
2 the Department's website not later than five (5) business days after the report
3 is submitted under subsection (a) of this Section.

4 **§ 21411. Rulemaking; Federal Law Savings Clause.**

5 (a) Rulemaking. The Director shall adopt, and may from time to time
6 amend, such rules and regulations as are necessary or appropriate to
7 implement this Article, in accordance with the Administrative Adjudication
8 Law, 5 GCA Chapter 9. Initial implementing rules shall be adopted not later
9 than one hundred eighty (180) days after the effective date of this Article.

10 (b) Federal Law Savings. Nothing in this Article shall be construed to
11 conflict with 42 U.S.C. §§ 9857 et seq., 45 C.F.R. Part 98, or Guam's approved
12 CCDF State Plan. In the event of any conflict between a provision of this
13 Article and any such federal law, regulation, or State Plan, as applied to
14 CCDF-funded operations, the federal law, regulation, or State Plan shall
15 control.

16 (c) Severability of Modernization Mandates as Applied to CCDF. If any
17 requirement of § 21407 or § 21408 of this Article is disallowed by federal law
18 as applied to CCDF-funded operations, that requirement shall nevertheless
19 remain fully applicable to payments made from the Fund and to the Fund's
20 operations.

21 **Section 4. Authorization.** *I Liheslaturan Guåhan* is hereby authorized to
22 determine the sums necessary to fund the CCSF at a level adequate to accomplish
23 its purpose as enumerated in this Act and is further authorized to appropriate such
24 sums no later than Fiscal Year 2027.

25 **Section 5. Severability.** If any provision of this Act or its application to any
26 person or circumstance is found to be invalid or inorganic, such invalidity shall not

1 affect other provisions or applications of this Act that can be given effect without
2 the invalid provision or application, and to this end the provisions of this Act are
3 severable.

4 **Section 6. Effective Date.** This Act shall take effect upon enactment.

5 The first cost-of-care study required by § 21405 of Chapter 2, Division 1, Title
6 10, Guam Code Annotated, as added by this Act, shall be conducted in the US
7 Census Year 2030. Nothing in this Act shall be construed to abate or delay any cost-
8 of-care study or similar cost reimbursement initiative prior to US Census Year 2030;
9 however, any such study or initiative prior to US Census Year 2030 shall not
10 substitute for the study as mandated for US Census Year 2030 in this Act.