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## SENATE COMMITTEE ON HUMAN SERVICES

Senator Becker, Chair  
2025 - 2026 Regular

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**Bill No:** SB 1110  
**Author:** Becker  
**Version:** March 25, 2026  
**Urgency:** No  
**Consultant:** Diana Dominguez  
**Hearing Date:** April 6, 2026  
**Fiscal:** Yes

**Subject:** Early learning and care: rates

### SUMMARY

This bill would make a number of changes to reimbursement for Alternative Payment Programs and direct contract child care programs, administered by the California Department of Social Services (CDSS), and the California State Preschool Program, administered by the California Department of Education (CDE).

### ABSTRACT

#### Existing Law:

- 1) Establishes the Early Education Act to provide an inclusive and cost-effective preschool program that provides high quality learning experiences, coordinated services, and referrals for families to access health and social-emotional support services through full- and part-day programs. (*Education Code [EDC] 8200 et seq.*)
- 2) Defines “California State Preschool Program” as educational programs for eligible three- and four-year-old children that offer part-day or full-day, or both. Provides that these programs may be offered by a public, private, or proprietary agency, and operated in child care centers or family child care homes operating through a family child care home education network. Requires the Superintendent of Public Instruction to administer all California State Preschool Programs. (*EDC 8205(w); EDC 8207*)
- 3) Requires, commencing July 1, 2025, and through June 30, 2026, if a California State Preschool 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, contract reimbursement to be based on the lesser of the following:
  - a. The maximum reimbursable amount stated in the contract.
  - b. Net reimbursable program costs. (*EDC 8245.5(f)*)
- 4) Requires, commencing July 1, 2026, the California State Preschool Program contract reimbursement to be based on the lesser of the following:

- a. The maximum reimbursable amount stated in the contract.
  - b. Net reimbursable program costs.
  - c. The product of the adjusted child days of enrollment for certified children times the contract rate. (*EDC 8245.5(g)*)
- 5) Authorizes the CDE, Early Education Division to place a California State Preschool Program contract on conditional contract status if the contractor demonstrates fiscal or programmatic noncompliance during the contract period, as specified. (*5 California Code of Regulations [CCR] 17829*)
  - 6) Establishes the Child Care and Development Services Act to provide a comprehensive, coordinated, and cost-effective system of child care and development services for children from infancy to 13 years of age and their parents, including a full range of supervision, health, and support services through full- and part-time programs. (*Welfare and Institutions Code [WIC] 10207 et seq.*)
  - 7) Defines “alternative payment program” (APP) as a local government agency or nonprofit organization that has contracted with CDSS to provide alternative payments and to provide support services to parents and providers. (*WIC 10213.5(b)*)
  - 8) Requires reimbursement for APPs to include the cost of child care paid to child care providers plus the administrative and support services costs of the APP. Provides that the total cost for administration and support services shall not exceed an amount equal to 17.5% of the total contract amount. (*WIC 10229*)
  - 9) Provides that, unless specifically exempted by the Legislature, the administrative cost for all state-funded child care and preschool programs and all federal programs administered by the state shall not exceed 15% of the funds provided for those programs. (*WIC 10302*)
  - 10) Defines “administrative costs” as costs incurred for administrative activities where neither the family, the child, nor the service providers for APPs and family child care homes directly benefit from the activity. (*5 CCR 18013(c)*)
  - 11) Defines “indirect cost” as an expense that benefits the operations of the entire organization but cannot be identified to specific programs or activities. (*5 CCR 18013(m); CDSS Funding Terms and Conditions*)
  - 12) Requires, commencing July 1, 2025, and through June 30, 2026, reimbursement for direct contract child care programs to be based on the following:
    - a. 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:
      - i. The maximum reimbursable amount stated in the contract.

- ii. Net reimbursable program costs.
    - b. Reimbursement for family child care home education network providers, as specified, shall be 100% 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. (*WIC 10280(e); WIC 10280(g)*)
- 13) Requires, commencing July 1, 2026, reimbursement for direct contract child care programs to be based on the lesser of the following:
- a. The maximum reimbursable amount stated in the contract.
  - b. Net reimbursable program costs.
  - c. The product of the adjusted child days of enrollment for certified children times the contract rate set forth in statute. (*WIC 10280(f)*)
- 14) Defines "family child care home education network" as an entity organized under law that contracts with CDSS to make payments to licensed family child care home providers and to provide educational and support services to those providers and to children and families eligible for state-subsidized child care and development services. (*WIC 10213.5(p)*)

**This Bill:**

- 1) Defines "indirect administrative costs" for early childhood programs and child care and development programs as the general costs related to the day-to-day functioning of the program and the indirect de minimis expenses incurred by the agency in the administration of the program. Provides that indirect administrative costs include, but are not limited to, all of the following:
- a. Providing staff payroll and benefits.
  - b. Conducting internal and external program audits, including federal single source audits.
  - c. Managing facilities, human resources, and information technology, including cybersecurity insurance, software, and maintenance.
  - d. Communication with the state, providers, and the union.
  - e. Conducting accounts payable and receivable, grants and contract management, invoicing, and required reporting.
  - f. Researching and evaluating programs.
- 2) Defines "direct program and support costs" for early childhood programs and child care and development programs as the costs of running the center-based or APP program, including, but not limited to, all of the following:

- a. Outreach, recruitment, and enrollment of families.
  - b. Conducting family needs assessments and connecting families to vital community resources.
  - c. Providing individualized, ongoing case management.
  - d. Monitoring and improving the quality of customer service and program delivery.
  - e. Collecting child care attendance records and calculating and processing monthly payments.
  - f. Maintaining child care documents.
  - g. Providing technical assistance to families and providers.
  - h. Hearing parental appeals.
- 3) Revises requirements for California State Preschool Program reimbursement:
- a. Strikes a requirement that California State Preschool Program contract reimbursement, commencing July 1, 2026, be based on lesser of the following: the maximum reimbursable amount state in the contract, net reimbursable program costs, or the product of the adjusted child days of enrollment for certified children times the contract rate.
  - b. Requires that California State Preschool Program contract reimbursement, commencing July 1, 2026, be as follows:
    - i. If the program has maintained at least 85% of its certified daily enrollment, the program shall receive the maximum reimbursable amount stated in the contract.
    - ii. If the program has not maintained at least 85% of its certified daily enrollment, the program shall be reimbursed the lesser of the following:
      1. Net reimbursable program costs.
      2. The product of the adjusted child days of enrollment for certified children times the contract rate.
  - c. Requires CDE, if a contractor is reimbursed at the lower level pursuant due to not maintaining at least 85% of its certified daily enrollment for three consecutive years and continues to have less than 85% of their certified daily enrollment, to place the contractor on conditional contract status unless the contractor provides clear evidence of progress towards full enrollment.
- 4) Revises the APP reimbursement formula:
- a. Adds direct program and support costs to the APP reimbursement formula.

- b. Renames administrative and support services costs to indirect administrative costs.
  - c. Strikes the provision prohibiting the total cost for administration and support services from exceeding 17.5% of the total contract amount and instead provides that the indirect administrative costs shall not exceed 15% of the maximum reimbursable amount.
  - d. Provides that the combined costs of indirect administrative costs and direct program and support costs shall not exceed 25% of the maximum reimbursable amount of the contract.
  - e. Provides that, if 25% of the maximum reimbursable amount of the contract falls below \$300,000, the minimum reimbursement for the combined total costs of indirect administrative costs and direct program and support costs shall be \$300,000. Provides that the \$300,000 shall be adjusted annually for inflation, according to the California Consumer Price Index.
  - f. Removes a reference to administrative costs including costs associated with the dissemination of information on developmental screenings.
- 5) Revises requirements for direct contract child care program reimbursement:
- a. Specifies that the direct contract reimbursement provision commencing July 1, 2026, shall apply to noncenter-based child care programs.
  - b. Requires, commencing July 1, 2026, contract reimbursement for center-based child care programs to be as follows:
    - i. If the center has maintained at least 85% of its certified daily enrollment, the center shall receive the maximum reimbursable amount stated in the contract.
    - ii. If the center has not maintained at least 85% of its certified daily enrollment, the center shall be reimbursed the lesser of the following:
      - 1. Net reimbursable program costs.
      - 2. The product of the adjusted days of enrollment for certified children times the contract rate.

### **FISCAL IMPACT**

This bill has not yet been analyzed by a fiscal committee.

### **BACKGROUND AND DISCUSSION**

**Purpose of the Bill:**

According to the author, “Nearly 1.8 million children in California are eligible for affordable child care but are not enrolled. Behind that number are working parents navigating complex systems and children who would benefit from the stability and opportunity that quality early learning provides. As California transitions to enrollment-based funding on July 1, 2026, we must ensure this change strengthens our child care system rather than destabilizes it. This bill is about stability and access and keeping child care programs strong in the communities that rely on them and giving the agencies that serve those families the tools they need to reach more children, not fewer.”

*Subsidized Child Care*

California’s subsidized child care system is designed to provide assistance for income eligible parents and guardians who are working, in training, seeking employment, incapacitated, or in need of respite. The state’s largest subsidized child care programs are General Child Care, Alternative Payment Programs, CalWORKs Child Care, and the California State Preschool Program.

General Child Care provides care through contracted centers and family child care home education networks. Alternative Payment Programs (APPs) provide vouchers to families, which they can use to obtain child care at a center, family child care home, or from a license-exempt provider. Families are income eligible for General Child Care or APPs if their household income is below 85% of the State Median Income, depending on family size. In 2025–26, a family of four is income eligible if their annual family income is at or below \$108,237.<sup>1</sup>

CalWORKs Child Care provides vouchers for families to use at a center, family child care home, or with a license-exempt provider. Families are eligible for CalWORKs Child Care from when they are enrolled in CalWORKs until 24 months after a family has been off cash aid. CalWORKs is organized into three stages. Stage 1 and Stage 2 are considered entitlement programs, meaning anyone who is eligible and has a qualifying need must receive services. Stage 3 Child Care is dependent on the availability of funding and is not an entitlement program.

The California State Preschool Program provides care for three- and four-year-olds at local educational agencies and some community-based centers. Current law additionally allows California State Preschool Programs to serve two-year-olds through June 30, 2027. Families are eligible for the California State Preschool Program if their income based on family size falls below 100% of the State Median Income. In 2025–26, a family of four is income eligible if their annual family income is at or below \$127,338.<sup>2</sup>

As of July 2021, CDSS administers child care and development programs, including General Child Care, APPs, and CalWORKs child care. The CDE administers the California State Preschool Program and Transitional Kindergarten, which is the first year of a two-year

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<sup>1</sup> [https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB\\_25-17.pdf?ver=u4mUIjWBWHLzf2SrIJQ8iA%3d%3d](https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB_25-17.pdf?ver=u4mUIjWBWHLzf2SrIJQ8iA%3d%3d)

<sup>2</sup> <https://www.cde.ca.gov/sp/cd/ci/mb2505.asp>

kindergarten program for four- and five-year-olds, regardless of income. CDE programs are under the purview of the Senate Education Committee.

Despite recent historic investments in California's subsidized child care system, the state has more children eligible for subsidized child care than it has the funding to serve. According to the California Budget and Policy Center, only 16% of children eligible for CDSS child care programs receive care.<sup>3</sup> In 2024, 349,000 children were enrolled in CDSS child care programs, and over 1.7 million were eligible but not enrolled.

#### *Alternative Payment Program Agencies*

CDSS contracts with APP agencies to administer child care subsidy payments for families in all 58 counties. Of the 70 APP agencies, 46 are nonprofit community-based organizations, 15 are county offices of education, seven are county welfare departments, one is a school district, and one is a city government. Families are income eligible if their household income is below 85% of the State Median Income, depending on family size. Statute also outlines the order in which APP agencies must prioritize families for enrollment. Once a family and their chosen child care provider are enrolled, the APP agency makes payments for child care services directly to the provider.

#### *Reimbursement for APP Agencies*

State law provides that reimbursement for APP agencies includes the cost of child care paid to providers plus the administrative and support services costs of the program. Administrative costs are defined in regulations as costs incurred for administrative activities where neither the family, the child, nor the service providers directly benefit from the activity. This bill would rename "administrative and support services costs" to "indirect administrative costs" and define the latter as costs that include providing staff payroll and benefits; conducting internal and external program audits; managing facilities, human resources, and information technology; communication with the state, providers, and the union; grants and contract management; required reporting; and researching and evaluating programs; among others.

State law provides that reimbursement for the administrative and support services costs of the APP shall not exceed 17.5% of the total contract amount. Of this amount, up to 15% may be used for indirect costs, and at least 2.5% may be used for support services.<sup>4</sup> The 17.5% cap has decreased over time. Prior to 2006, the limit for administrative and support services costs was 23.4567% of the contract amount. This changed to 20% in 2006, 19% in 2008, and 17.5% in 2010. This bill would provide that reimbursement for APP agencies includes the cost of child care paid to providers plus the indirect administrative costs of the APP plus direct program and support costs. This bill would define "direct program and support costs" to include outreach, recruitment, and enrollment of families; conducting family needs assessments; case management; processing monthly child care payments; and maintaining documents; among others. This bill would provide that indirect administrative costs shall not exceed 15% of the maximum reimbursable amount of the contract, and that the combined costs of indirect

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<sup>3</sup> <https://calbudgetcenter.org/resources/understanding-californias-1-8-million-gap-in-publicly-funded-child-care/>

<sup>4</sup> [https://cappa.memberclicks.net/assets/PublicPolicy/2025/Rates/7%20Jan%20CDSS%20Rate%20Reform%20Report\\_Final%20ADA%20Version.pdf](https://cappa.memberclicks.net/assets/PublicPolicy/2025/Rates/7%20Jan%20CDSS%20Rate%20Reform%20Report_Final%20ADA%20Version.pdf)

administrative costs and direct program and support costs shall not exceed 25% of the maximum reimbursable amount of the contract. For APP agencies where 25% of the maximum reimbursable amount of the contract falls below \$300,000, this bill would require the minimum reimbursement to be \$300,000 and require this amount to be adjusted annually for inflation according to the California Consumer Price Index. This bill would prohibit indirect administrative costs from exceeding the costs allowable for administration under federal requirements.

#### *Administrative Support for Child Care Providers United (CCPU) Activities*

AB 378 (*Limón, Chapter 385, Statutes of 2019*) authorized family child care providers to form and join a union to represent them in bargaining negotiations with the State of California. CCPU was established in 2020. CCPU represents both family child care providers and license-exempt providers. Other subsidized child care administrators, such as center-based programs and APP agencies, are not represented. The Legislature and Administration have included parity provisions in recent state budgets to provide similar compensation increases for center-based providers.

Because CCPU represents providers who receive subsidy payments, APP agencies are affected by the outcomes of collective bargaining outcomes. For example, APP agencies must collect union member dues, issue one-time and monthly payments to members, and submit union-related reporting to CCPU. There is no single reimbursement methodology for APP agencies to perform this union-related administrative support. In 2023, the CCPU bargaining agreement resulted in both a one-time payment and monthly “Cost of Care Plus” stipend payments to represented providers. SB 140 (*Committee on Budget and Fiscal Review, Chapter 193, Statutes of 2023*), which codified the agreement, included a 5% administrative fee for APP agencies to process the one-time payments and a 10% administrative fee for processing monthly payments. In 2024, CDSS announced a \$70 million allocation for administrative support for APP agencies to assist with activities related to the CCPU bargaining agreement, including dues deduction, meeting new report requirements, data collection related to CCPU data requests, and any additional activities related to supporting administration of AB 378.<sup>5</sup> The \$70 million was renewed in the 2025 Budget Act. Funding for CCPU administrative support is considered outside of regular contract, meaning it is in addition to the 17.5% rate APP agencies receive.

#### *Reimbursement for Direct Contract Programs*

Child care programs that contract directly with the state to provide subsidized child care are referred to as direct contract programs. Direct contract programs are often associated with center-based programs, such as the General Child Care and Development and Migrant Child Care and Development programs. However, the Family Child Care Home Education Network program is also a direct contract program. In this program, the contractor provides training and technical assistance to a network of family child care providers who provide care to enrolled children. The California State Preschool Program, administered by CDE, is also a direct contract program.

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<sup>5</sup> [https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2024/CCB\\_24-24.pdf?ver=2024-10-22-110311-880](https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2024/CCB_24-24.pdf?ver=2024-10-22-110311-880)

Prior to the COVID-19 pandemic, direct contract programs were reimbursed based on a child's actual days of attendance. Reimbursement based on attendance penalizes providers for child absences, which they have no control over. This model became unsustainable during the pandemic when many families sheltered in place. The 2020 Budget Act included a "hold harmless" policy for direct contract providers who remained open (or re-opened within a certain time) to be reimbursed at 100% of the maximum contract amount or 100% of enrollment, whichever is less. The hold harmless policy was renewed in subsequent budget acts to provide continued reimbursement flexibility for direct contract providers.

The 2025 Budget Act extended the hold harmless policy for one final year, from July 1, 2025, through June 30, 2026, and requires, commencing July 1, 2026, direct contract programs to be reimbursed based on enrollment. Reimbursement based on enrollment funds direct contract programs for the number of children enrolled in the program, regardless of their attendance. Whereas the hold harmless policy funds programs at 100% regardless of the number of children served, reimbursement based on enrollment is meant to incentivize programs to serve more children in order to earn more funding.

This bill would require, commencing July 1, 2026, center-based direct contract programs to be reimbursed based upon whether the center has maintained at least 85% of its enrollment. If the center is enrolled at 85% or higher, the center will receive 100% of the maximum contract amount. If enrollment is below 85%, the center will be reimbursed based on the lesser of its net reimbursable program costs or based on enrollment. This bill would make a similar, but not identical, requirement for California State Preschool Program reimbursement. This bill would not change reimbursement for Family Child Care Home Education Network programs, which are referenced as "noncenter-based" programs in the bill language.

#### *LAO Analysis of Reimbursement Flexibility for Direct Contract Providers*

In February 2023, the Legislative Analyst's Office (LAO) recommended the Legislature to consider helping providers maximize their earnings outside of the hold harmless policy. The report found:

"Although continuing the policy would provide more fiscal stability for child care providers as they are trying to fill all their slots, it would not address the root causes of why providers are struggling with filling slots (such as workforce shortages or parents electing to enroll their child in transitional kindergarten). Additionally, the policy does not incentivize programs to fill child care slots and disconnects program funding from the number of children served."<sup>6</sup>

In March 2025, the LAO recommended allowing the hold harmless policy to expire to ensure funding for direct contractors more closely aligns with the number of children they serve. The report stated:

"If a contractor's attendance remains below pre-pandemic levels, they likely would see reductions in the amount of funding they receive. Over time, CDE and DSS could determine whether some contracts should be reduced and funds should be allocated to

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<sup>6</sup> <https://lao.ca.gov/Publications/Report/4672>

other providers that could serve additional children. The state would see General Fund savings to the extent that overall attendance does not return to pre-pandemic levels.”<sup>7</sup>

**Related/Prior Legislation:**

***SB 151 (Committee on Budget and Fiscal Review, Chapter 108, Statutes of 2025)***, a budget trailer bill, ratified the agreement reached between the State of California and CCPU on August 7, 2025, and included parity provisions for unrepresented center-based providers. The bill extended payment based on maximum hours of care, regardless of attendance, for voucher-based child care and preschool programs through July 1, 2028; extended monthly per-child cost of care plus rate supplements for all subsidized providers; required CDSS and CDE to provide all subsidized child care providers with a one-time, per-child stabilization payment; and required CDSS and CDE to provide child care contractors with a 5% administrative fee for processing both the one-time cost of care plus payments and the one-time, per-child stabilization payments.

***SB 120 (Committee on Budget and Fiscal Review, Chapter 13, Statutes of 2025)***, a budget trailer bill, authorized the continuation of Cost of Care Plus rate payments to child care centers. SB 120 also extended the hold harmless policy for direct contract programs for one final year, and requires, commencing July 1, 2026, direct contract programs to be reimbursed based on enrollment.

***SB 140 (Committee on Budget and Fiscal Review, Chapter 193, Statutes of 2023)***, a budget trailer bill, ratified the agreement reached between the State of California and CCPU on June 30, 2023, and included parity provisions for unrepresented center-based providers. The bill allocated funding to CDSS and CDE to provide a monthly Cost of Care Plus rate per child to all subsidized child care providers and provided for administrative funding to APP agencies to process monthly cost of care rates.

***AB 131 (Committee on Budget, Chapter 116, Statutes of 2021)***, a budget trailer bill, transferred child care program and authority from the CDE to the CDSS.

***AB 378 (Limón, Chapter 385, Statutes of 2019)*** authorized family child care providers, defined as licensed family child care home operators or license-exempt providers who participate in a state-funded early care and education program, to form, join, and participate in the activities of a labor organization that represents them for the purpose of bargaining on matters related to the terms and conditions of their employment.

***SB 98 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2020)*** established the Early Childhood Development Act of 2020 to authorize the transfer of child care and development programs administered by the CDE to the CDSS, effective July 1, 2021. SB 98 also established the first “hold harmless” policy to reimburse direct contract preschool and child care programs to be reimbursed 100% of the contract maximum reimbursable amount or net reimbursable program costs, whichever is less, from July 1, 2020, to June 30, 2021, based on a program’s operating status, as specified.

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<sup>7</sup> <https://lao.ca.gov/Publications/Report/5024>

*AB 540 (Mullin, 2017)* would have increased the total cost for administration and support services to 17.6% of the total APP contract amount. AB 540 was set for hearing in the Assembly Human Services Committee and pulled at the request of the author.

*AB 188 (Cristina Garcia, 2015)* would have reimbursed APP agencies for making eligibility determinations at a rate of 3% of the total contract amount, in addition to the 17.5% for administration and support services. AB 188 died on the Assembly Appropriations Committee suspense file.

*AB 1610 (Committee on Budget, Chapter 724, Statutes of 2010)*, a budget trailer bill, reduced the total cost for administration and support services to 17.5% of the total APP contract amount.

*AB 1279 (Committee on Budget, Chapter 759, Statutes of 2008)*, a budget trailer bill, reduced the total cost for administration and support services to 19% of the total APP contract amount. Prior to this change, statute set the administration and support services rate at 23.4567% of the direct cost-of-care payments to child care providers. However, both the 2006 and 2007 Budget Acts capped the rate at 20%.

## COMMENTS

This bill seeks to provide funding stability for preschool and child care program contractors by making changes to reimbursement for APP agencies and direct contract programs. This bill would increase the cap on combined indirect administrative costs and direct program and support costs from 17.5% of the contract amount to 25% of the contract amount. By requiring indirect administrative costs to be 15% or less, which is already in law, this bill would not increase allowable funding on administrative costs. This bill would define “indirect administrative costs” and “direct program support costs” to clearly categorize expenses as business related or program related for purposes of reimbursement. This bill would effectively increase allowable funding on direct program support costs from 2.5% or more to 10% or more. While the rate APPs receive has remained stagnant since 2010, the dollar amount APP agencies receive has increased due to recent investments in APP voucher slots, funding to issue additional provider stipends, and funding to perform administrative support for the CCPU union. The bill sponsors have expressed interest in clarifying allowable reimbursable costs and CDSS guidance on out-of-contract spending permissions.

This bill would require direct contract child care centers to be reimbursed based on an 85% enrollment threshold. Under this policy, if a program is at least 85% enrolled, it will earn its full contract funding; if a program is below 85% enrolled, it will be reimbursed based on net program costs or based on enrollment. According to the bill sponsors, universal Transitional Kindergarten has negatively affected enrollment for child care programs. Many families have chosen to enroll their children in Transitional Kindergarten because the program is free for all four- and five-year-old children regardless of income, whereas some families receiving subsidized child care must still pay a fee. According to the sponsors, this bill would allow child care centers more flexibility to continue operating without the threat of reduced funding, as long as the program enrollment is 85% or more. These changes would deviate from the 2025 budget agreement. The 2025 Budget Act extended the “hold harmless” policy for direct contract programs for one final year to provide programs one year to prepare for the change to reimbursement based on

enrollment. According to LAO reports, the hold harmless reimbursement flexibility does not incentivize programs to fill their slots and disconnects program funding from the number of children served. The reports also note that if a program is reimbursed at an amount higher than the number of children served, there is no financial incentive to serve more children. Additionally, according to the LAO, sunseting the hold harmless policy would result in General Fund savings.

This bill would make the change to direct contract child care center reimbursement effective as of July 1, 2026, however, without an urgency clause the bill would go into effect on January 1, 2027. It is also unclear whether CDSS and CDE would be able to implement a new change to contract reimbursement within this time frame. The author may wish to consider a later implementation date. This bill uses the term “noncenter-based childcare programs”, however this term is not used elsewhere in law. The author may wish to replace “noncenter-based childcare programs” with “family child care home education network providers”.

**Double Referral:** This bill has been double referred to the Senate Education Committee.

## POSITIONS

### Support:

Child Care Resource Center (Sponsor)  
 Every Child California (Co-Sponsor)  
 Alameda County Office of Education  
 Child Action, INC.  
 Child Care Alliance of Los Angeles  
 Children Now  
 Children's Paradise  
 Crystal Stairs, INC.  
 Kern County Superintendent of Schools Office  
 Kidango  
 Mexican American Opportunity Foundation  
 Peach  
 Thriving Families California

### Oppose:

None received

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