
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1110 (Becker) - Early learning and care: rates

Version: April 13, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: HUMAN S. 5 - 0, ED. 7 - 0

Mandate: No

Consultant: Agnes Lee

Bill Summary: SB 1110 would revise the reimbursement rates for alternative payment child care programs, as specified.

Fiscal Impact:

- Unknown ongoing General Funds costs, potentially hundreds of thousands, for the California Department of Social Services (CDSS) for state administration.
- Unknown potential General Fund cost pressures to increase alternative payment program rates.

Background: Alternative payment programs use federal and state funding to provide child care vouchers for eligible low-income families. Alternative payment program agencies help families arrange child care services and make payments for those services to the child care provider selected by the family.

Current law requires that the reimbursement for alternative payment programs must include the cost of child care paid to child care providers plus the administrative and support services costs of the alternative payment program. The total cost for administration and support services cannot exceed an amount equal to 17.5 percent of the total contract amount. The administrative costs cannot exceed the costs allowable for administration under federal requirements, and must include, but not be limited to, costs associated with the dissemination of information on developmental screenings, including information on existing resources and a description of how a family or eligible child care provider may utilize those resources to obtain developmental screenings.

Proposed Law: Specific provisions of the bill would:

- Define “indirect administrative costs” and “direct program and support costs” for preschool programs and childcare and development programs, as specified.
- Revise the reimbursement for alternative payment programs as follows:
 - Include the cost of childcare paid to childcare providers plus direct program and support costs and the indirect administrative costs of the alternative payment program.
 - Limit the indirect administrative costs to 15 percent of the maximum reimbursable amount of the contract.

- Limit the combined costs of indirect administrative costs and direct program and support costs to 25 percent of the maximum reimbursable amount of the contract.
- If 25 percent of the maximum reimbursable amount of the contract falls below \$300,000, the minimum reimbursement for the combined total costs must be \$300,000, adjusted annually for inflation, according to the California Consumer Price Index.
- Provide that the indirect administrative costs cannot exceed the costs allowable for administration under federal requirements.

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