
UNFINISHED BUSINESS

Bill No: SB 120
Author: Committee on Budget and Fiscal Review
Amended: 6/24/25
Vote: 21

SENATE FLOOR: Prior vote not relevant

ASSEMBLY FLOOR: 69-1, 6/27/25 - See last page for vote

SUBJECT: Early childhood education and childcare

SOURCE: Author

DIGEST: Provides for statutory changes necessary to enact child care and preschool related provisions of the Budget Act of 2025.

Assembly Amendments delete the Senate version of the bill and instead add the current language.

ANALYSIS: As part of the 2025-26 budget package, this bill makes statutory changes to implement the budget act. This bill includes the following provisions:

- 1) Suspends the statutory cost-of-living adjustment for child care and preschool programs in 2025-26. Commencing July 1, 2026, requires all subsidized child care and preschool programs to receive a cost-of-living adjustment as a minimum annual rate increase.
- 2) For direct contract and voucher-based subsidized child care and preschool programs, establishes reimbursement based on enrollment and families' certified need, as specified.
- 3) Extends quarterly updates to the Legislature on the implementation of child care rate reform through July 1, 2027.
- 4) Requires, beginning October 1, 2025, and through July 1, 2027, inclusive, the California Department of Social Services (CDSS) to update the

Legislature quarterly regarding progress on implementation of prospective payment and paying based on enrollment.

- 5) Establishes legislative intent to cease using a regional market rate for setting child care rates, and instead use an alternative methodology for setting future child care rates, pursuant to the following criteria:
 - a) Rates are set pursuant to statute and informed by the alternative methodology.
 - b) All subsidized child care and preschool programs are reimbursed under a single rate structure that takes into account a common set of rate elements
 - c) Rate levels are informed by the costs associated with meeting health and safety requirements and program requirements.
 - d) Base rates are administered as a per-child amount, with programs able to receive enhancements.
 - e) Rates vary by geography, type of care setting, regulatory requirements, time categories, and child age.
- 6) Clarifies that if a family receiving subsidized child care adds an additional child to the family size, the family's eligibility period shall be extended for at least 12 months.
- 7) Extends and expands once-per-month, per-child-served monthly rate increases for all subsidized providers, known as cost of care plus, and establishes a formula, based on the statutory cost-of-living adjustment, for increasing these monthly rates in 2025-26.
- 8) Establishes that if various provisions of this bill are in conflict with a collectively bargained agreement between the state and Child Care Providers United, the collectively bargained agreement shall be controlling, as specified.
- 9) Makes various technical and conforming changes.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

Appropriates \$88.55 million from the General Fund to CDSS for the purpose of reimbursement based on families' certified need.

SUPPORT: (Verified 6/27/25)

None received

OPPOSITION: (Verified 6/27/25)

None received

ASSEMBLY FLOOR: 69-1, 6/27/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio

NO VOTE RECORDED: Bauer-Kahan, Ellis, Gallagher, Hadwick, Lackey, Macedo, Patterson, Pellerin, Tangipa

Prepared by: Elizabeth Schmitt / B. & F.R. / (916) 651-4103
7/22/26 14:41:16

**** **END** ****