

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 792 (Arreguín) – As Amended June 23, 2025

Policy Committee: Human Services

Vote: 7 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill raises the income eligibility cap to 85% of the state median income (SMI) for California Work Opportunity and Responsibility to Kids (CalWORKs) Stage 3 childcare services and for disenrollment from subsidized childcare programs, and makes clarifying adjustments to childcare reimbursement policies.

Specifically, this bill:

- 1) Raises the income eligibility cap for disenrollment from subsidized childcare services from, 70% to 85% of the SMI adjusted for family size, as specified.
- 2) Raises the income eligibility cap for disenrollment from subsidized childcare services for families with the highest income, from below 70% to below 85% of the SMI, in relation to family size.
- 3) Revises the income eligibility cap for the third stage of childcare for persons who received a lump-sum diversion payment or diversion services and for former CalWORKs participants, from 70% to 85% of the SMI.
- 4) Specifies, for provider reimbursement purposes, “attendance” includes excused absences by children because of medical and educational appointments.
- 5) Specifies, for provider reimbursement purposes, a contractor may claim attendance for days that the contractor or provider is required to hold a space for a child during the period that a family is assumed to have abandoned care or is engaging in the appeal process based on disenrollment for abandoning care.
- 6) Extends family fee exemptions from 12 months to 24 months for families with children who are referred in writing by a legal, medical, or social services agency for receiving child protective services due to neglect or abuse, or who are at risk of neglect or abuse.

FISCAL EFFECT:

The California Department of Social Services (CDSS) indicates costs, if any, are likely minor and absorbable. See discussion below.

COMMENTS:

1) **Purpose.** According to the author:

Many working families in California rely on subsidized child care when private-pay child care is not affordable, which allows parents and guardians to achieve stable employment and provide for their children. Specifically, families receive this support through subsidized child care and development programs administered by CDSS. Every effort should be made to ensure these vulnerable families can access subsidized child care to prevent the threat of losing employment, and subsequently the ability to afford basic necessities, such as food, clothing, and housing.

2) **Background. *Childcare Income Eligibility.*** The Child Care and Development Services Act (Act), administered by CDSS, establishes a system of childcare and development services for children up to 13 years of age, including among others, CalWORKs Stage 2 and Stage 3 childcare, migrant childcare, childcare and development services for children with special needs, the alternative payment program, and Head Start programs. Existing law, for purposes of establishing initial income eligibility for services under the Act, defines “income eligible” to mean a family’s adjusted monthly income is at or below 85% of the SMI, adjusted for family size. However, some statutes, most notably those governing eligibility for CalWORKS Stage 3 childcare, still list 70% of the SMI as the eligibility threshold or “cap,” and some require childcare programs to disenroll families exceeding this limit.

This bill aligns all relevant code sections regarding income eligibility for subsidized childcare services with the 85% SMI threshold established in the Child Care and Development Services Act and current practice. Despite conflicting code sections, CDSS has assumed the 85% threshold applies to all programs for a number of years and has embedded it in program budgeting. Because this bill revises conflicting code sections to match longstanding department practice, CDSS anticipates no cost impacts.

Abandonment of Care Excused Absences. In California’s subsidized childcare system, the state reimburses providers based on a child’s attendance rather than enrollment. The state has outlined certain categories of excused absences that qualify for reimbursement, such as illness, quarantine, family emergencies, or visiting a parent or relative under court order or in the best interest of the child. However, statute does not address reimbursement during periods of non-communication, also referred to as “abandonment of care.”

Under current regulations, if a family stops communicating with a childcare provider for seven consecutive days, the provider must attempt to contact the family. If the family does not respond, the provider is still required to hold the child’s space for a full 30 calendar days before issuing a Notice of Action for disenrollment. During this 30-day window, the child remains enrolled, and the provider is obligated to maintain the vacancy. This bill provides statutory authority for reimbursing childcare providers during the 30-day period when a family is nonresponsive and care is considered abandoned. Notably, reimbursement during this period was permitted under the Child Care Providers United-California Memorandum of Understanding (CCPU-MOU), which expired on June 30, 2025.

Additionally, certain absences are considered “excused” and eligible for reimbursement. However, absences for routine medical checkups, dental visits, and educational assessments, such as those related to an Individualized Education Program or Individualized Family

Service Plan, are not explicitly listed as excused in statute. This bill expands the definition of excused absences to include essential medical and educational appointments, which aligns with federal regulations.

Because providers are reimbursed based on enrollment, not attendance, there are no cost impacts resulting from the above provisions.

Family Fees. California's subsidized childcare programs assess family fees as a flat monthly contribution toward the cost of care, based on the family's size, adjusted monthly income, and certified hours of need. Families whose children are recipients of child welfare services or have been identified as abused, neglected, or at risk of abuse or neglect are exempt from these fees for up to 12 months.

This timeframe is not aligned with the broader eligibility framework outlined in statute, which establishes a 24-month continuous eligibility period for subsidized care. This bill extends the family fee exemption period from 12 months to 24 months for families in which children have experienced or are at risk of abuse or neglect and who are recipients of child welfare services, aligning the exemption with the established eligibility period for these families. This is a clarifying change and has no cost implications for CDSS.

- 3) **Related Legislation.** AB 1528 (Assembly Committee on Human Services), of the current legislative session, contains all the provisions in this bill except for the income eligibility revisions. AB 1528 was set for hearing in the Senate Human Services Committee, but the hearing was cancelled at the request of the author. Instead, the entire contents of AB 1528 was amended into this bill. AB 1528 remains pending in the Senate Human Services Committee.

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