
SENATE COMMITTEE ON HUMAN SERVICES

Senator Arreguín, Chair

2025 - 2026 Regular

Bill No: SB 792
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Version: June 23, 2025
Urgency: No
Consultant: Diana Dominguez

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Fiscal: Yes

Subject: Childcare

SUMMARY

This bill (1) amends the definition of attendance for purposes of reimbursement, (2) aligns the income cap for disenrollment from subsidized child care programs with the income eligibility cap, and (3) extends the family fee exemption for children who are recipients of child protective services or at risk of neglect or abuse to align with 24-month eligibility.

ABSTRACT

Existing Law:

- 1) Establishes the Child Care and Development Services Act to provide child care and development services as part of a coordinated, comprehensive, and cost-effective system serving children from birth to 13 years of age and their parents, including a full range of supervision, health, and support services through full- and part-time programs. (*WIC 10207 et seq.*)
- 2) Establishes three stages of child care services through which a CalWORKs aid recipient will pass. States the intent of the Legislature that families experience no break in their child care services due to a transition between the three stages of child care services. (*WIC 10370(b)*)
- 3) Defines the following terms for purposes of establishing initial income eligibility for child care and development services:
 - a. “Income eligible” means that a family’s adjusted monthly income is at or below 85% of the state median income, adjusted for family size.
 - b. “Ongoing income eligible” means that a family’s adjusted monthly income is at or below 85% of the state median income, adjusted for family size. (*WIC 10271.5(a-b)*)

- 4) Requires the Department of Finance to calculate the state median income for various family sizes by using the most recent census data available, as specified. Requires the Department of Finance to update its calculations of the state median income for families and provide the updated data to CDSS no later than March 1 of each year. (*WIC 10271.5(c)*)
- 5) Requires families to be disenrolled from subsidized child care services in the following order:
 - a. Families whose income exceeds 70% of the state median income adjusted for family size, except for families whose children are receiving child protective services or are at risk of being neglected or abused.
 - b. Families with the highest income below 70% of the state median income, in relation to family size.
 - c. Families that have the same income and have been enrolled in child care services the longest.
 - d. Families that have the same income and have a child with exceptional needs.
 - e. Families whose children are receiving child protective services or are at risk of being neglected or abused, regardless of family income. (*WIC 10272*)
- 6) Specifies that persons who received a lump-sum diversion payment or diversion services and former CalWORKs participants are eligible for Stage 3 Child Care services if they have an income that does not exceed 70% of the state median income pursuant to (3) above. (*WIC 10372.5*)
- 7) Transfers responsibility of child care programs, grant administration, and data systems, responsibilities, services, and systems from the State Department of Education (CDE) and the Superintendent of Public Instruction to CDSS, as specified, effective July 1, 2021. (*WIC 10203*)
- 8) Defines “attendance” as the number of children present at a child care and development facility. For reimbursement purposes, includes excused absences by children because of illness, quarantine, illness or quarantine of their family, family emergency, or to spend time with a parent or other relative as required by a court of law, or that is clearly in the best interest of the child. (*WIC 10213.5*)
- 9) Describes “abandonment of care” as when a family has not been in communication with the provider for seven consecutive calendar days and has not notified the provider of the reason the family is not using services. Further requires the contractor to attempt to contact the parent through a variety of communication methods, document all communication attempts, and inform the parent in these communications that failure to communicate may result in termination of childcare services. Requires the contractor to issue a notice of action to disenroll the family on the basis of abandonment of care when

there has been no communication with the provider or contractor for a total of 30 consecutive calendar days. (*5 California Code of Regulations (CCR) 18066.5*)

- 10) Requires a family, except as provided in state law, upon establishing initial eligibility or ongoing eligibility for childcare services to be considered to meet all eligibility and need requirements for those services for not less than 24 months, to receive those services for not less than 24 months having their eligibility or need recertified, and to not be required to report changes to income or other changes for at least 24 months. (*WIC 10271(h)*)
- 11) Requires family fees to be assessed at initial enrollment and reassessed at update of certification or recertification. (*WIC 10290(g)*)
- 12) Authorizes a family that receives services pursuant to 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 to be exempt from family fees for up to 12 months. (*WIC 10291(a)*)

This Bill:

- 1) Updates the income cap for disenrollment from subsidized child care services from 70% to 85% of the state median income.
- 2) Updates the income cap for CalWORKs Stage 3 Child Care services from 70% to 85% of the state median income.
- 3) Clarifies that, for reimbursement purposes, “attendance” includes excused absences by children because of medical and educational appointments.
- 4) Specifies that, for 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.
- 5) Extends the family fee exemption to 24 months for families with children who are neglected or abused children who are recipients of child protective services, or children who are at risk of being neglected or abused, upon written referral from a legal, medical, or social services agency.

FISCAL IMPACT

According to the Assembly Appropriations Committee, “The California Department of Social Services (CDSS) indicates costs, if any, are likely minor and absorbable.”

BACKGROUND AND DISCUSSION

Purpose of the Bill:

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 the 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. Unfortunately, due to inconsistencies in statute, families may be erroneously disenrolled from these programs once their income exceeds 70% of the state median income even though the disenrollment income threshold is 85%. This abrupt loss of child care can force parents to reduce work hours, decline job opportunities, or even leave the workforce entirely. This bill correctly identifies the disenrollment mark as 85% of the state median income. By making this adjustment, families can maintain stable child care as they work toward financial independence. It prevents unnecessary disruptions that can negatively impact both parents' employment and children's early learning. This change provides consistency and fairness, ensuring that families do not lose critical support prematurely.”

Income Eligibility for Subsidized Child Care

Families must have an income below a specified amount based on their family size to be income eligible for subsidized child care services. Statute refers to “initial” income eligibility and “ongoing” income eligibility. When a family applies for subsidized child care, they must fall below the initial income eligibility cap, and when they are recertified for subsidized child care (after 24 months) they must fall below the ongoing income eligibility cap. In the past, these caps were at different levels, meaning a person who met the initial income eligibility cap would still be eligible until they hit the ongoing income eligibility cap. Current law establishes both caps at the same level. Additionally, state statute requires programs to disenroll families from subsidized child care when their income exceeds a certain amount.

History of Code Section Inconsistencies

Current law sets both initial and ongoing income eligibility at 85 percent of the state median income. This is also current practice, as reflected in Child Care Bulletin 24-12,¹ the current guidance for child care program directors on income eligibility. However, other code sections list 70 percent of the state median income as the eligibility cutoff and require child care programs to begin disenrolling families when they exceed this limit.

This oversight can be traced back to Education Code, prior to the transfer of child care and development program administration from CDE to CDSS.

- ***AB 99 (Committee on Budget, Chapter 15, Statutes of 2017)***, an education budget trailer bill, amended EDC 8263.1 to increase the cap for ongoing income eligibility from 70

¹ https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2024/CCB_24-12.pdf?ver=2024-07-08-100247-133

percent to 85 percent of the state median income but did not change the income cap for disenrollment in EDC 8263.2, nor the income cap for CalWORKs Stage 3 Child Care in EDC 8364.

- **AB 2626 (Mullin, Chapter 945, Statutes of 2018)** amended EDC 8263.1 to increase the cap for initial income eligibility from 70 to 85 percent of the state median income but did not change the income cap for disenrollment in EDC 8263.2, nor the income cap for CalWORKs Stage 3 Child Care in EDC 8364. Management Bulletin 19-03² provided guidance to child care and development program directors.
- **AB 131 (Committee on Budget, Chapter 116, Statutes of 2021)**, a child development trailer bill, transferred administration of child care and development programs from CDE to CDSS, along with moving and amending code sections from EDC to WIC. EDC 8263.1 became WIC 10271.5; EDC 8263.2 became WIC 10272; and EDC 8354 became WIC 10372.5. Because EDC 8263.2 and 8354 were never updated to match EDC 8263.1, the inconsistencies in these code sections were copied into WIC. Child Care Bulletin 21-05³ provided guidance to child care and development program directors. The bulletin only refers to 85 percent of the state median income as an income ceiling and includes no mention of 70 percent.

Attendance and Abandonment of Care

In California's subsidized child care system, providers are reimbursed based on children's attendance rather than the number of enrolled children. Providers are not reimbursed when a child is absent, despite being required to hold that child's space. The state allows excused absences due to illness, quarantine, family emergencies, or visiting a parent or relative under court order or in the best interest of the child. However, there remains a significant gap when it comes to periods of non-communication, referred to as "abandonment of care."

Under current regulations, if a family stops communicating with a child care provider for seven consecutive days, the provider is required to 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 their unused space. Under current law, providers receive no reimbursement for this period.

Reimbursement during the abandonment of care period is currently permitted under the most recent Memorandum of Understanding (MOU)⁴ between the State of California and Child Care Providers United-California (CCPU), effective through July 1, 2025, which allows contractors to be reimbursed based on enrollment rather than attendance, and to obtain reimbursement during the 30-day period of non-communication. A new three-year tentative agreement⁵ has been reached, including the continuation of reimbursement based on enrollment (referred to as "certified need").

² <https://www.cde.ca.gov/sp/cd/ci/mb1903.asp>

³ <https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2021/CCB%2021-05.pdf?ver=2021-09-10-131517-550>

⁴ <https://www.calhr.ca.gov/wp-content/uploads/sites/361/2025/04/MOU-State.CCPCU-20230913-20250701.pdf>

⁵ <https://www.calhr.ca.gov/wp-content/uploads/sites/361/2025/08/Tentative-Agreement-Final.pdf>

Absences for routine medical checkups, dental visits, and educational assessments, such as those related to an Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP) are not explicitly listed as excused in statute. This means families must rely on a limited pool of 10 allotted “best interest days” for these types of excused absences. Once those days are exhausted, additional absences are treated as unexcused. If a family accumulates 30 consecutive unexcused days, the family is considered to have abandoned care and the child may be disenrolled from care, even when there may be cases where it is in the best interest of the child to be absent.

Family Fees

Subsidized child care 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. These fees are required for families receiving child care and development services unless they fall into specific exempt categories. One such exemption applies to families whose children are recipients of child welfare services or have been identified as having a child who has been neglected, abused, or is at risk of neglect or abuse. These families often face significant instability, and temporary relief from family fees helps ensure continued access to child care during difficult circumstances.

State law currently authorizes a 12-month exemption from family fees for these families. However, this timeframe is not aligned with the broader eligibility framework outlined in statute, which establishes a 24-month continuous eligibility for subsidized care. Twenty-four month continuous eligibility was adopted to reduce administrative burdens and create greater stability for families, allowing them to receive services without the need to report changes or recertify eligibility during that time. The 12-month fee waiver, however, forces families to re-engage with the system midway through their eligibility period, often requiring unnecessary paperwork and increasing the risk of administrative error or service disruption.

Related/Prior Legislation:

AB 1528 (Assembly Committee on Human Services) clarifies that for reimbursement purposes, “attendance” includes excused absences for medical and educational appointments, and days when a provider is required to hold a child’s space while the family is presumed to have abandoned care or is appealing disenrollment. Extends family fee exemptions from 12 to 24 months for children referred for or at risk of receiving child protective services. AB 1528 was set for hearing in the Senate Human Services Committee and canceled at the request of the author. The entire contents of AB 1528 was amended into this bill.

SB 1047 (Limón, Chapter 923, Statutes of 2022) extended the time a family is to be considered to meet all eligibility and need requirements for child care and development services, except CalWORKs Stage One, from 12 months to 24 months.

AB 131 (Committee on Budget, Chapter 116, Statutes of 2021), a child development trailer bill, transferred administration of child care and development programs from CDE to CDSS. AB 131 also moved and amended code sections from EDC to WIC.

AB 2626 (Mullin, Chapter 945, Statutes of 2018) changed the definition of initial income eligibility for subsidized child care services, effective July 1, 2019, from 70% of the state median income to 85% of the state median income, among other changes.

AB 99 (Committee on Budget, Chapter 15, Statutes of 2017), an education trailer bill, increased the cap for ongoing income eligibility from 70% to 85% of the state median income. AB 99 also provided that families who meet eligibility and need requirements for subsidized child care services shall receive services for not less than 12 months.

COMMENTS

This bill aims to make subsidized child care program eligibility and reimbursement easier for families, providers, and contractors. This bill seeks to expand the definition of excused absences so parents do not have to choose between attending essential medical or educational appointments or maintaining their child's access to early care and education. This bill would also extend the family fee exemption period from 12 months to 24 months for families in which children have experienced neglect or abuse and who are recipients of child welfare services, and for families in which children are at risk of being neglected or abused. This change would bring the family fee exemption into alignment with the established 24-month eligibility period for these families.

This bill would provide statutory authority for reimbursing child care providers during the 30-day period when a family is non-responsive and care is considered abandoned. Reimbursement based on enrollment is currently allowed under the MOU between the State of California and CCPU, which is renegotiated every few years.

This bill would also correct inconsistencies in statute related to income eligibility. These inconsistencies likely exist because the income eligibility cap and income cap for disenrollment are written in different code sections. Aligning the income cap for disenrollment with the income eligibility cap for subsidized child care would correspond with the intent of previous legislation and current practice.

PRIOR VOTES

Assembly Floor:	74 - 0
Assembly Appropriations Committee:	15 - 0
Assembly Human Services Committee:	7 - 0
Senate Floor:	37 - 0
Senate Human Services Committee:	5 - 0

POSITIONS

Support:

EveryChild California

Santa Clara County Office of Education

UnidosUS

Oppose:

None received

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