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SB-151 Early childhood education and childcare. (2025-2026)

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Senate Bill No. 151

CHAPTER 108

An act to amend Section 8245.5 of the Education Code, and to amend Sections 10227.5, 10277.1, 10277.2, 10277.3, 10277.4, and 10277.5 of the Welfare and Institutions Code, relating to early childhood education and childcare, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor September 17, 2025. Filed with Secretary of State September 17, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 151, Committee on Budget and Fiscal Review. Early childhood education and childcare.

(1) Existing law, the Child Care and Developmental Services Act, administered by the State Department of Social Services, establishes a system of childcare and development services for children up to 13 years of age. Existing law authorizes, upon departmental approval, the use of appropriated funds for alternative payment programs to allow for maximum parental choice. Existing law authorizes those programs to include, among other things, a subsidy that follows the family from one provider to another, or choices among hours of service. Under existing law, effective July 1, 2025, through June 30, 2026, reimbursement of state-subsidized childcare and development providers and license-exempt providers is to be based on the maximum authorized hours of care, as specified.

Existing law, the Early Education Act, requires the Superintendent of Public Instruction to provide an inclusive and cost-effective preschool program. Under existing law, commencing January 1, 2023, through June 30, 2026, reimbursement of California state preschool family childcare home education network providers is to be based on the maximum certified hours of care, as specified.

This bill would extend the period in which reimbursement of state-subsidized childcare and development providers, license-exempt providers, and California state preschool family childcare home education network providers is based on the maximum authorized or certified, as applicable, hours of care to July 1, 2028.

(2) Existing law allocates certain appropriated funds to the State Department of Social Services and the State Department of Education to provide specified family childcare providers and childcare centers with a monthly cost of care plus rate commencing January 1, 2024, and through June 30, 2026. The monthly cost of care plus rate is a supplemental monthly payment to those providers and centers. Existing law establishes the base amount of the monthly cost of care plus rate and, for the period from July 1, 2025, to June 30, 2026, provides for an increase to that base amount.

This bill would extend the payment of the monthly cost of care plus rate, including the increase, indefinitely, for those family childcare providers and childcare centers. The bill would additionally establish a one-time payment to family daycare providers for the total amount of the increase for each month or partial month occurring between July 1, 2025, and December 30, 2025. The bill would require the payment to be paid to providers by January 1, 2026, contingent on full ratification by September 30, 2025, of the tentative agreement received between the State of California and the Child Care Providers United - California (CCPU) on August 7, 2025. The bill would specify that, if full ratification of the tentative agreement is not achieved by September 30, 2025,

the January 1, 2026, deadline for the payment would not be applicable; however, the bill would require, if the payment is not made by January 1, 2026, that providers receive an increase to the one-time payment, as specified.

The bill would also require those family daycare providers and childcare centers to receive a one-time, per-child stabilization payment. That payment would be \$431 for licensed family childcare providers and childcare centers and \$300 for license-exempt family childcare providers. The bill would require, if the tentative agreement described above is ratified by September 30, 2025, this one-time payment to be made to family childcare providers by January 1, 2026.

This bill would appropriate \$157,852,000 from the General Fund to the State Department of Social Services for the purpose of making those one-time stabilization payments to family childcare providers and childcare centers, as specified. The bill would also approve the agreement dated August 7, 2025, entered into by the Governor and Child Care Providers United - California, in its sole capacity as the certified provider organization representing family childcare providers, as specified.

(3) Existing law establishes, and appropriates funds to, the Joint Child Care Providers United - State of California Training Partnership Fund and the Child Care Providers United - California (CCPU) Workers Health Care Fund. Existing law also appropriates funds to the State Department of Social Services for a one-time contribution payable to Child Care Providers United - California (CCPU), or its designee, for the establishment of the CCPU Retirement Trust.

This bill would, for each year of the tentative agreement described above, from July 1, 2025, to July 1, 2028, inclusive, require funds to be allocated in the annual Budget Act, upon approval of the Department of Finance, to those funds and trust.

(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 8245.5 of the Education Code is amended to read:

8245.5. (a) (1) Notwithstanding any other law, for the 2022–23 fiscal year only, contracting agencies operating a California state preschool program shall be reimbursed according to paragraph (2), if they meet either of the following requirements:

(A) The program is open and operating in accordance with their approved program calendar and remains open and offering services through the program year.

(B) The program operated by the contracting agency is closed by local or state public health order or guidance due to the COVID-19 pandemic.

(2) Reimbursement pursuant to paragraph (1) shall be 100 percent of the contract maximum reimbursable amount or net reimbursable program costs, whichever is less, pursuant to guidance released by the Superintendent.

(3) A California state preschool program that is physically closed as described in subparagraph (B) of paragraph (1) due to the COVID-19 pandemic, but funded to be operational, shall provide distance learning services, as specified by the Superintendent, for the program. A contractor specified in paragraph (1) shall submit a distance learning plan to the department overseeing their contract pursuant to guidance from the Superintendent.

(b) Notwithstanding any other law, reimbursement for full-day and part-day California state preschool family childcare home education network providers for the 2022–23 fiscal year shall be based on the maximum certified hours of care for all families, including families certified for a variable schedule, regardless of attendance.

(c) Notwithstanding any other law, commencing July 1, 2023, to June 30, 2025, inclusive, if a program is open and operating in accordance with their approved program calendar and remains open and offering services through the program year, the contract reimbursement amount shall be based on the lesser of either of the following:

(1) One hundred percent of the contract maximum reimbursable amount.

(2) Net reimbursable program costs.

(d) Notwithstanding any other law, commencing January 1, 2023, and to July 1, 2028, inclusive, reimbursement for full-day and part-day California state preschool family childcare home education network providers shall be based on the maximum certified hours of care for all families, including families certified for a variable schedule, regardless of attendance, less any allowable administrative expenses withheld by the contractor.

(e) If the provisions of subdivisions (c), (d), (f), and (g) are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 10426 of the Welfare and Institutions Code, the memorandum of understanding shall be controlling

without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

(f) Commencing July 1, 2025, and through June 30, 2026, 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:

- (1) The maximum reimbursable amount stated in the contract.
- (2) Net reimbursable program costs.

(g) Commencing July 1, 2026, the contract reimbursement shall be based on the lesser of the following:

- (1) The maximum reimbursable amount stated in the contract.
- (2) Net reimbursable program costs.
- (3) The product of the adjusted child days of enrollment for certified children times the contract rate set forth in this section.

SEC. 2. Section 10227.5 of the Welfare and Institutions Code is amended to read:

10227.5. (a) Childcare providers authorized to provide services pursuant to this chapter shall submit to the alternative payment program a monthly attendance record or invoice for each child who received services that, at a minimum, documents the dates and actual times care was provided each day, including the time the child entered and the time the child left care each day. The information shall be documented on a daily basis.

(b) (1) The monthly attendance record or invoice shall, at a minimum, be signed by the parent or guardian of the child receiving services and the childcare provider once per month to attest that the child's attendance is accurately reflected. The verification of attendance shall be made by signature at the end of each month of care and under penalty of perjury by both the parent or guardian of the child receiving services and the childcare provider.

(2) (A) Notwithstanding paragraph (1) and pursuant to subdivision (d) of Section 10277, a childcare provider may submit a monthly attendance record or invoice without a parent's signature when the parent has not communicated with the provider for a minimum of seven consecutive days, the provider has notified the contractor of the parent's lack of communication in accordance with Section 18066.5 of Title 5 of the California Code of Regulations, and the contractor has documented the provider's unsuccessful attempts to collect a signature.

(B) If the provisions of this paragraph are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

(c) The monthly attendance record or invoice shall be maintained by the childcare provider in the unaltered original format in which it was created, which may be in paper form or electronic format.

(d) (1) The alternative payment program shall accept the monthly attendance record or invoice as documentation of the hours of care provided if the attendance record or invoice includes adequate information documented on a daily basis, including, at a minimum, the dates and actual times care was provided each day, including the time the child entered and the time the child left care each day.

(2) Except as described in paragraph (3), the alternative payment program shall reimburse childcare providers based upon the following criteria:

- (A) The hours of service provided that are broadly consistent with certified hours of need.
- (B) For families with variable schedules, the actual days and hours of attendance, up to the maximum certified hours.
- (C) For license-exempt providers that provide part-time services, the actual days and hours of attendance, up to the maximum certified hours.

(3) Effective July 1, 2025, and to July 1, 2028, inclusive, reimbursement of state-subsidized childcare and development providers, including licensed daycare centers, as defined in Section 1596.76 of the Health and Safety Code, licensed family daycare homes, as defined in Section 1596.78 of the Health and Safety Code, and license-exempt providers, that serve children through alternative payment programs, including migrant alternative payment programs pursuant to Chapter 3 (commencing with Section 10225), family childcare home education networks pursuant to Chapter 8 (commencing with Section 10250), or the CalWORKs Stage 1, Stage 2, or Stage 3 programs pursuant to Chapter 21 (commencing with Section 10370), or

the Emergency Child Care Bridge Program for Foster Children pursuant to Section 11461.6, shall be based on families' certified need, as follows:

(A) Providers shall be reimbursed based on the maximum authorized hours of care, regardless of attendance.

(B) For families certified for a variable schedule, providers shall be reimbursed based on the maximum authorized hours of care.

(C) For license-exempt providers that provide part-time services, providers shall be reimbursed based on the maximum authorized hours of care.

(e) For purposes of reimbursement to providers through an alternative payment program, contractors shall not be required to track absences.

(f) For purposes of this section, a monthly attendance record or invoice is defined as documentation that includes, at a minimum, the name of the child receiving services, the dates and actual times care was provided each day, including the time the child entered and the time the child left care each day, that is signed under penalty of perjury by both the parent or guardian and the childcare provider, attesting that the information provided is accurate.

(g) For the 2025–26 fiscal year, the sum of eighty-eight million five hundred fifty thousand dollars (\$88,550,000) is hereby appropriated from the General Fund to the State Department of Social Services for the purpose of reimbursement based on families' certified need as set forth in paragraph (3) of subdivision (d). These funds shall be available for encumbrance until June 30, 2026.

(h) If subdivision (d) is in conflict with a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

SEC. 3. Section 10277.1 of the Welfare and Institutions Code is amended to read:

10277.1. (a) Funding shall be allocated to the State Department of Social Services from funds in Schedule (3) of Item 5180-101-0001 of the Budget Act of 2023 and the Budget Act of 2025 and to the State Department of Education from funds specified in Schedule (1) of Item 6100-194-0001 and Schedule (1) of 6100-196-0001 of the Budget Act of 2023, the Budget Act of 2024, and the Budget Act of 2025 to provide a once-per-month, per-child-served who is enrolled in subsidized childcare cost of care plus rate.

(b) (1) Of the funding described in subdivision (a), the Legislature hereby allocates funds to the State Department of Social Services and the State Department of Education to provide family childcare providers with the monthly cost of care plus rate commencing January 1, 2024, and to June 30, 2025, inclusive. The amount per child shall range between ninety-eight dollars (\$98) and two hundred eleven dollars (\$211) per month to be determined based on the family childcare provider type and the region in which the family childcare provider is located pursuant to paragraphs (2) and (3). The state shall provide the amount of the monthly costs of care plus rate for all family childcare providers serving children described in this paragraph based on the number of subsidized children enrolled. This monthly rate shall be issued to family childcare providers based on monthly child enrollments for subsidized childcare and development and state preschool programs.

(2) Per child rate amounts shall be as follows:

(A) For family childcare providers in the central region, ninety-eight dollars (\$98) per each license-exempt family childcare provider, and one hundred forty dollars (\$140) per each licensed family childcare provider.

(B) For family childcare providers in the northern region, ninety-nine dollars (\$99) per each license-exempt family childcare provider, and one hundred forty-one dollars (\$141) per each licensed family childcare provider.

(C) For family childcare providers in the southern region, one hundred twelve dollars (\$112) per each license-exempt family childcare provider, and one hundred sixty dollars (\$160) per each licensed family childcare provider.

(D) For family childcare providers in the Los Angeles region, one hundred nineteen dollars (\$119) per each license-exempt family childcare provider, and one hundred seventy-one dollars (\$171) per each licensed family childcare provider.

(E) For family childcare providers in the bay area region, one hundred forty-eight dollars (\$148) per each license-exempt family childcare provider, and two hundred eleven dollars (\$211) per each licensed family childcare provider.

(3) Regions are defined as follows:

(A) The central region includes the Counties of Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Monterey, Sacramento, San Benito, San Joaquin, San Luis Obispo, Stanislaus, and Tulare.

(B) The northern region includes the Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Mono, Nevada, Placer, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba.

(C) The southern region includes the Counties of Imperial, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura.

(D) The Los Angeles region includes the County of Los Angeles only.

(E) The bay area region includes the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.

(c) (1) Funding shall be allocated to the State Department of Social Services from funds in Schedule (3) of Item 5180-101-0001 of the Budget Act of 2025 and to the State Department of Education from funds specified in Schedule (1) of Item 6100-194-0001 and Schedule (1) of 6100-196-0001 of the Budget Act of 2023, the Budget Act of 2024, and the Budget Act of 2025 to provide a once-per-month, per-child-served who is enrolled in subsidized childcare cost of care plus rate.

(2) (A) Of the funding described in paragraph (1), the Legislature hereby allocates funds to the State Department of Social Services and the State Department of Education to provide family childcare providers with the monthly cost of care plus rate commencing July 1, 2025, and through June 30, 2026, inclusive. Commencing July 1, 2026, the monthly cost of care plus rates shall continue. The amount per child shall be equal to the amounts described in subdivision (b) increased by the percentage calculated in clause (iii) of subparagraph (B). The state shall provide the amount of the monthly costs of care plus rate for all family childcare providers serving children described in this paragraph based on the number of subsidized children enrolled. This monthly rate shall be issued to family childcare providers based on monthly child enrollments for subsidized childcare and development and state preschool programs.

(B) The Department of Finance shall make the following calculations based on data provided by the State Department of Social Services and the State Department of Education:

(i) The total cost of providing the statutory cost of living adjustment for childcare programs and State Preschool programs operated by nonlocal educational agencies in the 2025–26 fiscal year pursuant to subdivision (b) of Section 10280 of this code and paragraph (2) of subdivision (b) of Section 42238.15 of the Education Code. These programs include alternative payment programs, including migrant alternative payment programs pursuant to Chapter 3 (commencing with Section 10225), migrant childcare and development programs pursuant to Chapter 6 (commencing with Section 10235), general childcare and development programs pursuant to Chapter 7 (commencing with Section 10240), family childcare home education networks pursuant to Chapter 8 (commencing with Section 10250), and childcare and development services for children with special needs pursuant to Chapter 9 (commencing with Section 10260) of this part, and the California state preschool program pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1 of the Education Code, and exclude state preschool programs operated by local educational agencies.

(ii) The estimated cost of providing the monthly cost of care plus rates described in subdivision (b) of this section and subdivision (b) of Section 10277.2 in the 2025–26 fiscal year, excluding costs for state preschool programs operated by local educational agencies, based on the estimates of child enrollment in 2025–26 provided by the State Department of Social Services and State Department of Education, respectively.

(iii) Divide the amount calculated in clause (i) by the amount calculated in clause (ii).

(C) Family childcare providers shall be paid the increase calculated in clause (iii) of subparagraph (B), per child, for each month or partial month occurring between July 1, 2025, and December 30, 2025, inclusive, as a one-time payment. The one-time payment shall be applicable to all family childcare providers who were reimbursed for subsidized childcare and development or state preschool program services in the month of April 2025, based on enrollment numbers for that month.

(D) (i) The payment described in subparagraph (C) is due to providers by January 1, 2026, contingent upon full ratification by September 30, 2025, of the tentative agreement reached between the State of California and the Child Care Providers United - California on August 7, 2025.

(ii) If full ratification of the tentative agreement reached between the State of California and the Child Care Providers United - California on August 7, 2025, is not achieved by September 30, 2025, providers shall receive an increase to the one-time payment described in subparagraph (C), and the January 1, 2026, deadline described in clause (i) shall not

apply. If the payment is not made to providers by January 1, 2026, the following per-child amounts shall be added to the one-time payment described in subparagraph (C) for each additional month or partial month, occurring after January 1, 2026, for which providers have not received the payment described in subparagraph (C):

(I) For family childcare providers in the central region, twelve dollars (\$12) per child, per each licensed family childcare provider, and nine dollars (\$9) per child, per each license-exempt family childcare provider.

(II) For family childcare providers in the northern region, thirteen dollars (\$13) per child, per each licensed family childcare provider, and nine dollars (\$9) per child, per each license-exempt family childcare provider.

(III) For family childcare providers in the southern region, fourteen dollars (\$14) per child, per each licensed family childcare provider, and ten dollars (\$10) per child, per each license-exempt family childcare provider.

(IV) For family childcare providers in the Los Angeles region, fifteen dollars (\$15) per child, per each licensed family childcare provider, and eleven dollars (\$11) per child, per each license-exempt family childcare provider.

(V) For family childcare providers in the bay area region, nineteen dollars (\$19) per child, per each licensed family childcare provider, and thirteen dollars (\$13) per child, per each license-exempt family childcare provider.

(E) Commencing January 1, 2026, or the date that the one-time payment described in subparagraph (C) is made to family childcare providers, whichever is later, providers shall receive the increased monthly cost of care plus rate calculated pursuant to subparagraphs (A) and (B) as a per-child monthly payment. The per-child monthly rate calculated pursuant to subparagraphs (A) and (B) shall range between one hundred seven dollars (\$107) and two hundred thirty dollars (\$230). Per-child amounts shall be as follows:

(i) For family childcare providers in the central region, one hundred seven dollars (\$107) per each license-exempt family childcare provider, and one hundred fifty-two dollars (\$152) per each licensed family childcare provider.

(ii) For family childcare providers in the northern region, one hundred eight dollars (\$108) per each license-exempt family childcare provider, and one hundred fifty-four dollars (\$154) per each licensed family childcare provider.

(iii) For family childcare providers in the southern region, one hundred twenty-two dollars (\$122) per each license-exempt family childcare provider, and one hundred seventy-four dollars (\$174) per each licensed family childcare provider.

(iv) For family childcare providers in the Los Angeles region, one hundred thirty dollars (\$130) per each license-exempt family childcare provider, and one hundred eighty-six dollars (\$186) per each licensed family childcare provider.

(v) For family childcare providers in the bay area region, one hundred sixty-one dollars (\$161) per each license-exempt family childcare provider, and two hundred thirty dollars (\$230) per each licensed family childcare provider.

(F) The regions described in this paragraph are the same as those defined in paragraph (3) of subdivision (b).

(d) (1) The State Department of Social Services and the State Department of Education shall provide family childcare providers with a one-time stabilization payment. This payment is due to providers no later than January 1, 2026, contingent upon full ratification by September 30, 2025, of the tentative agreement reached between the State of California and the Child Care Providers United - California on August 7, 2025. If full ratification is not reached by September 30, 2025, the January 1, 2026 deadline shall not apply. The payment amounts shall be per-child-served who is enrolled in subsidized childcare, pursuant to paragraph (2). The one-time, per-child stabilization payment shall be applicable to all family childcare providers who were reimbursed for subsidized childcare and development or state preschool program services in the month of April 2025, based on enrollment numbers for that month.

(2) One-time, per-child stabilization payment amounts shall be as follows:

(A) Three hundred dollars (\$300) for license-exempt family childcare providers.

(B) Four hundred thirty-one dollars (\$431) for family childcare providers licensed to operate a family daycare home, as defined in subdivision (b) or (c) of Section 1596.78 of the Health and Safety Code.

(e) The monthly reimbursement rate and the one-time, per-child stabilization payment described in this section shall be payable to family childcare providers operating or serving programs pursuant to Chapter 3 (commencing with Section 10225) of, Chapter 6 (commencing with Section 10235) of, Chapter 7 (commencing with Section 10240) of, Chapter 8 (commencing with Section 10250) of, Chapter 9 (commencing with Section 10260) of, or Chapter 21 (commencing with Section 10370) of, Part 1.8 of Division 9 of this code, or the Emergency Child Care Bridge Program for Foster Children pursuant to Chapter 2 (commencing with

Section 11461.6) of Part 2 of this code, or Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1 of the Education Code.

(f) In addition to the monthly rates and one-time, per-child stabilization payments described in this section, the State Department of Education and the State Department of Social Services shall provide state preschool programs, alternative payment and direct contract programs, or any other agency designated to distribute payments to these providers with a 10-percent administrative fee for processing the monthly rates and a 5-percent administrative fee for processing the one-time payments described in subparagraph (C) of paragraph (2) of subdivision (c) and the one-time, per-child stabilization payments. For payments provided after June 30, 2025, the 10-percent administrative fee for processing the monthly rates shall only apply to the monthly rate amounts specified in subdivision (b).

(g) The State Department of Education shall allocate funding to California state preschool contracting agencies for distribution of rates and payments pursuant to this section to the family childcare providers participating in a state preschool program family childcare home education network, and the State Department of Social Services shall allocate funding to contracting agencies for distribution of rates and payments pursuant to this section to family childcare providers participating in subsidized childcare and development programs administered by the State Department of Social Services.

(h) The State Department of Education and the State Department of Social Services shall exchange any essential data necessary to issue payments to family childcare providers.

(i) The state may designate another agency or agencies to distribute the funds described in subdivision (e) to family childcare providers. Funds allocated pursuant to this section shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, the Public Contract Code, and the State Contracting Manual, and shall not be subject to the review or approval of the Department of General Services.

(j) For purposes of this section, a "family childcare provider" means a provider who participates in a state-funded early care and education program, as defined in subdivision (b) of Section 10421.

(k) Nothing in this section shall be construed to limit the authority of childcare contractors and providers to pass on rates and one-time, per-child stabilization payments pursuant to this section to their employees in the form of compensation, including, but not limited to, salaries, wages, and direct benefits.

(l) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

SEC. 4. Section 10277.2 of the Welfare and Institutions Code is amended to read:

10277.2. (a) Funding shall be allocated to the State Department of Social Services from funds in Schedule (3) of Item 5180-101-0001 of the Budget Act of 2023 and the Budget Act of 2025 and to the State Department of Education from funds specified in Schedule (1) of Item 6100-194-0001 and Schedule (1) of 6100-196-0001 of the Budget Act of 2023, the Budget Act of 2024, and the Budget Act of 2025 to provide a once-per-month, per-child served who is enrolled in a subsidized childcare program cost of care plus rate.

(b) (1) Of the funding described in subdivision (a), the Legislature hereby allocates funds to the State Department of Social Services and the State Department of Education to provide centers with the monthly cost of care plus rate commencing January 1, 2024, and to June 30, 2025, inclusive. The amount per child shall range between one hundred forty dollars (\$140) and two hundred eleven dollars (\$211), per month, to be determined based on the region in which the center is located pursuant to paragraphs (2) and (3). The state shall provide the amount of the monthly cost of care plus rate for all centers serving children described in this paragraph based on the number of subsidized children enrolled. This monthly rate shall be issued to centers based on monthly child enrollments for subsidized childcare and development and state preschool programs.

(2) Per-child rate amounts shall be as follows:

(A) For centers in the central region, one hundred forty dollars (\$140).

(B) For centers in the northern region, one hundred forty-one dollars (\$141).

(C) For centers in the southern region, one hundred sixty dollars (\$160).

(D) For centers in the Los Angeles region, one hundred seventy-one dollars (\$171).

(E) For centers in the bay area region, two hundred eleven dollars (\$211).

(3) Regions are defined as follows:

(A) The central region includes the Counties of Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Monterey, Sacramento, San Benito, San Joaquin, San Luis Obispo, Stanislaus, and Tulare.

(B) The northern region includes the Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Mono, Nevada, Placer, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba.

(C) The southern region includes the Counties of Imperial, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura.

(D) The Los Angeles region includes the County of Los Angeles only.

(E) The bay area region includes the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.

(c) (1) Funding shall be allocated to the State Department of Social Services from funds in Schedule (3) of Item 5180-101-0001 of the Budget Act of 2025 and to the State Department of Education from funds specified in Schedule (1) of Item 6100-194-0001 and Schedule (1) of 6100-196-0001 of the Budget Act of 2023, the Budget Act of 2024, and the Budget Act of 2025 to provide a once-per-month, per-child-served who is enrolled in subsidized childcare cost of care plus rate.

(2) Of the funding described in paragraph (1), the Legislature hereby allocates funds to the State Department of Social Services and the State Department of Education to provide centers with the monthly cost of care plus rate commencing July 1, 2025, and to June 30, 2026, inclusive. Commencing July 1, 2026, the monthly cost of care plus rates shall continue. The amount per child shall be equal to the amounts described in subdivision (b) increased by the percentage calculated in clause (iii) of subparagraph (B) of paragraph (2) of subdivision (c) of Section 10277.1. The state shall provide the amount of the monthly cost of care plus rate for all centers serving children described in this paragraph based on the number of subsidized children enrolled. This monthly rate shall be issued to centers based on monthly child enrollments for subsidized childcare and development and state preschool programs.

(3) (A) The amount per child described in paragraph (2) shall be the monthly cost of care rate. The amount per child shall range between one hundred fifty-two dollars (\$152) and two hundred thirty dollars (\$230) per month to be determined based on the region in which the center is located pursuant to this paragraph. The state shall provide the amount of the monthly cost of care plus rate for all centers serving children described in this paragraph based on the number of subsidized children enrolled. This monthly rate shall be issued to centers based on monthly child enrollments for subsidized childcare and development and state preschool programs. Per-child rate amounts shall be as follows:

(i) For centers in the central region, one hundred fifty-two dollars (\$152).

(ii) For centers in the northern region, one hundred fifty-four dollars (\$154).

(iii) For centers in the southern region, one hundred seventy-four dollars (\$174).

(iv) For centers in the Los Angeles region, one hundred eighty-six dollars (\$186).

(v) For centers in the bay area region, two hundred thirty dollars (\$230).

(B) The regions described in this paragraph are the same as those defined in paragraph (3) of subdivision (b).

(4) If this subdivision is in conflict with a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

(d) The State Department of Social Services and the State Department of Education shall provide centers with a one-time, per-child stabilization payment in the amount of four hundred thirty-one dollars (\$431) in the 2025–26 fiscal year. The four-hundred-thirty-one-dollar (\$431) per-child payment shall be provided to all centers who provided subsidized childcare and development or state preschool program services in the month of April 2025, based on enrollment numbers for that month.

(e) The monthly and one-time, per-child stabilization payments described in this section shall be payable to centers operating or serving programs pursuant to Chapter 3 (commencing with Section 10225) of, migrant childcare and development programs pursuant to Chapter 6 (commencing with Section 10235) of, a general childcare and development program pursuant to Chapter 7 (commencing with Section 10240) of, a family childcare home education network pursuant to Chapter 8 (commencing with Section 10250) of, childcare and development services for children with special needs pursuant to Chapter 9 (commencing with Section 10260) of, or the CalWORKs Stage 1, Stage 2, or Stage 3 program pursuant to Chapter 21 (commencing with Section

10370) of, Part 1.8 of Division 9 of this code, or the Emergency Child Care Bridge Program for Foster Children pursuant to Chapter 2 (commencing with Section 11461.6) of Part 2 of this code, or Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1 of the Education Code.

(f) In addition to the monthly rates and one-time, per-child stabilization payments described in this section, the State Department of Education and the State Department of Social Services shall provide contractors, or any other agency designated to distribute payments to these centers, with a 10-percent administrative fee for processing the monthly rates and a 5-percent administrative fee for processing the one-time, per-child stabilization payments. For payments provided after June 30, 2025, the 10-percent administrative fee for processing the monthly rates shall only apply to the monthly rate amounts specified in subdivision (b).

(g) The State Department of Education shall allocate funding for distribution of payments to state preschool program contractors, and the State Department of Social Services shall allocate funding for distribution of payments to contractors participating in State Department of Social Services subsidized childcare and development programs.

(h) The State Department of Education and the State Department of Social Services shall exchange any essential data necessary to issue payments to centers.

(i) The state may designate another agency or agencies to distribute the funds described in subdivision(d) to centers. Contracts or grants awarded pursuant to this section shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code. Contracts or grants awarded pursuant to this section shall be exempt from the Public Contract Code and the State Contracting Manual and shall not be subject to the review or approval of the Department of General Services.

(j) Nothing in this section shall be construed to limit the authority of childcare contractors and providers to pass on rates and flat-rate one-time, per-child stabilization payments pursuant to this section to their employees in the form of compensation, including, but not limited to, salaries, wages, and direct benefits.

SEC. 5. Section 10277.3 of the Welfare and Institutions Code is amended to read:

10277.3. (a) (1) To support family childcare providers, as defined in subdivision (b) of Section 10421, and encourage their participation in training, forty million dollars (\$40,000,000) was previously appropriated for the establishment of the Joint Child Care Providers United - State of California Training Partnership Fund pursuant to subdivision (b) of Section 264 of Chapter 116 of the Statutes of 2021.

(2) Beginning July 1, 2025, and upon full ratification of the memorandum of understanding between the Child Care Providers United - California and the State of California, entered into on August 7, 2025, and for each year of the agreement until July 1, 2028, funding shall be allocated to the State Department of Social Services in Schedule (3) of Item 5180 of the annual Budget Act, upon approval by the Department of Finance, to make a single contribution of up to fifteen million dollars (\$15,000,000) to the fund described in paragraph (1) within 90 days of receipt of an annual report of the fund's expenditures to restore the fund's balance to fifteen million dollars (\$15,000,000) if the remaining balance of the annual report is less than that amount, in accordance with the memorandum of understanding between the State of California and the Child Care Providers United - California entered into on August 7, 2025. Reports may be submitted no later than June 30 of each year, until July 1, 2028.

(3) Thirty days prior to making the additional contribution specified in paragraph (2), the State Department of Social Services and the Department of Finance shall provide a notice to the Senate Health and Human Services budget subcommittees, Assembly and Senate Education budget subcommittees, and the Legislative Analyst's Office of the intended amount of the additional contribution for purposes of implementing paragraph (2).

(b) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

SEC. 6. Section 10277.4 of the Welfare and Institutions Code is amended to read:

10277.4. (a) (1) One hundred million one hundred thousand dollars (\$100,100,000) was previously appropriated for the establishment and administration of the Child Care Providers United - California (CCPU) Workers Health Care Fund pursuant to Schedule 3 of Item 5180-101-0001 of the Budget Act of 2022 for the purpose of providing health care benefits to currently active family childcare providers, as defined in subdivision (b) of Section 10421.

(2) In accordance with the memorandum of understanding between CCPU and the State of California, entered into on August 7, 2025, CCPU shall provide the state with an annual report detailing the distribution of funds from the prior year and any remaining balance. Reports may be submitted no later than June 30 of each year until July 1, 2028.

(3) Beginning July 1, 2025, and for each year until July 1, 2028, funding shall be allocated to the State Department of Social Services in Schedule (3) of Item 5180 of the annual Budget Act, upon approval by the Department of Finance, to make a single contribution of additional funding to the fund within 90 days of receiving the annual report described in paragraph (2), to restore funding based on provider enrollment in accordance with the memorandum of understanding between the State of California and CCPU entered into on August 7, 2025.

(4) Thirty days prior to making the additional contribution specified in paragraph (3), the State Department of Social Services and the Department of Finance shall provide a notice to the Senate Health and Human Services budget subcommittees, Assembly and Senate Education budget subcommittees, and the Legislative Analyst's Office of the intended amount of the additional contribution for purposes of implementing paragraph (3).

(b) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

SEC. 7. Section 10277.5 of the Welfare and Institutions Code is amended to read:

10277.5. (a) One hundred thousand dollars (\$100,000) was previously appropriated from the General Fund to the State Department of Social Services in the 2023–24 fiscal year for a one-time contribution payable to Child Care Provider United – California (CCPU), or its designee, for the establishment of the CCPU Retirement Trust.

(b) Eighty million dollars (\$80,000,000) was previously appropriated from the General Fund to the State Department of Social Services in the 2023–24 fiscal year for a lump-sum contribution to the trust established pursuant to subdivision (a) for the purpose of providing retirement benefits to family childcare providers, as defined in subparagraph (A) of paragraph (1) of subdivision (b) of Section 10421. An appropriation to the trust established pursuant to subdivision (a) shall not require the state to assume any administrative or fiduciary responsibilities related to the trust, which shall be the sole responsibilities of CCPU and its designated trust administrator.

(c) In accordance with the memorandum of understanding between CCPU and the State of California, entered into on August 7, 2025, CCPU shall provide the state with an annual report detailing the distribution of funds from the prior year and any remaining balance. Reports may be submitted no later than June 30 of each year until July 1, 2028.

(d) (1) Beginning July 1, 2025, and once for each year until July 1, 2028, funding shall be allocated to the State Department of Social Services in Schedule (3) of Item 5180 of the annual Budget Act, upon approval by the Department of Finance, to make a single contribution of additional funding to the trust established pursuant to subdivision (a) to restore the balance to eighty million dollars (\$80,000,000) within 90 days of receiving the annual report described in subdivision (c) if the remaining balance reported in the report is less than eighty million dollars (\$80,000,000), in accordance with the memorandum of understanding between the State of California and CCPU entered into on August 7, 2025.

(2) Thirty days prior to making the additional contribution specified in paragraph (1), the State Department of Social Services and the Department of Finance shall provide a notice to the Senate Health and Human Services budget subcommittees, Assembly and Senate Education budget subcommittees, and the Legislative Analyst's Office of the intended amount of the additional contribution for purposes of implementing paragraph (1).

(e) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 10426, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature.

SEC. 8. (a) (1) The Legislature hereby approves the agreement dated August 7, 2025, entered into by the Governor and Child Care Providers United - California, in its sole capacity as the certified provider organization representing family childcare providers, as defined in Section 10421 of the Welfare and Institutions Code. This paragraph shall be limited to the terms specified in the agreement and shall not be interpreted to expand upon or change the agreement.

(2) The provisions of the agreement prepared pursuant to Section 10426 of the Welfare and Institutions Code and entered into by the Governor and Child Care Providers United - California, dated August 7, 2025, that require the expenditure of funds or legislative action to permit their implementation, are hereby approved by the Legislature for the purposes of subdivision (b) of Section 10426 of the Welfare and Institutions Code.

(b) The sum of one hundred fifty seven million eight hundred fifty two thousand dollars (\$157,852,000) is hereby appropriated from the General Fund to the State Department of Social Services for the purpose of making one-time stabilization payments to both family childcare providers and childcare centers, inclusive of allowable administration cost to contractors, as set forth in

subdivision (d) of Section 10277.1 of, and subdivision (d) of Section 10277.2 of, the Welfare and Institution Code. These funds shall be available for encumbrance until June 30, 2026.

SEC. 9. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.