

Assembly Bill No. 116

CHAPTER 41

An act to amend Sections 8208, 8210, 8211, 8217, 8242, 8252, 8281, and 42238.15 of the Education Code, to amend Section 7928.405 of the Government Code, and to amend Sections 10213.5, 10228, 10229.4, 10280, 10290, 10300.5, 10348, 10374.5, 10436, and 11461.6 of, and to add Sections 10227.6 and 10271.6 to, the Welfare and Institutions Code, relating to early childcare and education, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor July 10, 2023. Filed with Secretary of State July 10, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 116, Committee on Budget. Early childcare and education.

(1) Existing law, the Child Care and Development 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 requires the department to contract with local contracting agencies for alternative payment programs for childcare services to be provided throughout the state. Existing law requires an alternative payment program to reimburse a licensed provider for the childcare of a subsidized child based on the rate charged to nonsubsidized families or the rate established by the provider for prospective nonsubsidized families, as specified, and requires a licensed childcare provider to submit to the alternative payment program a copy of the provider's rate sheet listing the rates charged and other specified policies and statements.

This bill would provide that a license-exempt childcare provider is not required to submit rate sheets. The bill would, if a childcare provider's reimbursement rate category could be construed as either full-time weekly or full-time monthly, require the alternative payment program, county, or contractor to reimburse the provider either (A) the applicable rate category that most closely corresponds to the rate category listed on the licensed childcare provider's rate sheet, or (B) if the alternative payment program, county, or contractor cannot determine a single applicable rate category from the licensed childcare provider's rate sheet, or if the license-exempt childcare provider does not have a rate sheet on file, the applicable rate category that results in the higher reimbursement.

Existing law requires the department, in collaboration with the State Department of Education, to implement a reimbursement system plan that establishes reasonable standards and assigned reimbursement rates, and specifies the reimbursement rate for contractors. Existing law requires the

reimbursement rate to be increased by the above-described cost-of-living adjustment.

The bill would suspend the annual cost-of-living adjustment for the reimbursement rate for the 2023–24 and 2024–25 fiscal years. The bill would state the intent of the Legislature that any adjustment in the 2023–24 and 2024–25 fiscal years related to reimbursement for programs funded pursuant to these provisions be subject to a ratified agreement and subject to future legislation, as specified.

Under existing law, for purposes of establishing initial income eligibility for services under the act, “income eligible” means that a family’s adjusted monthly income is at or below 85% of the state median income, adjusted for family size. Existing regulations provide how to calculate a family’s adjusted monthly income for purposes of determining income eligibility and calculating a family fee, and require that when a family’s income fluctuates because of migrant, agricultural, or seasonal work, inconsistent or unstable employment; self-employment; or intermittent income, the adjusted monthly income be determined by averaging the total countable income from the preceding 12 months.

This bill would codify that regulation, except the bill would require that when a family experiences income fluctuation due to any of those previously mentioned reasons, a family may choose to provide up to the 12 preceding months of income information as necessary for purposes of determining income eligibility or calculating a family fee. The bill would require that the monthly income be determined by averaging the total countable income from at least 2 months, as applicable based on the income provided, to determine income eligibility or calculating a family fee. The bill would authorize the department to implement and administer these provisions by all-county letters, bulletins, or similar written instructions until regulations are adopted. The bill would require the department to adopt regulations no later than July 1, 2026. The bill would specify that these provisions would become operative on January 1, 2024.

Existing law provides for state-subsidized childcare programs and childcare for recipients of benefits under the California Work Opportunity and Responsibility to Kids (CalWORKs) program, which is administered by counties. Existing law establishes the Emergency Child Care Bridge Program for Foster Children, to be implemented at the discretion of each county, for the purpose of stabilizing foster children with families at the time of placement. Existing law authorizes counties to provide payment directly to the family or childcare provider or to contract with a local alternative payment program to distribute vouchers for childcare.

This bill would require the department, in collaboration with the State Department of Education, to develop and conduct an alternative methodology, as specified, in order to set reimbursement rates for state-subsidized childcare and development services. The bill would require the department to develop and conduct a survey of market rates for childcare services if the alternative methodology is not approved by the United States

Department of Health and Human Services, Administration for Children and Families. The bill would make various conforming changes.

This bill would require contracting agencies operating various childcare and development programs and preschool programs to be reimbursed the lesser of 100 percent of the contract maximum reimbursable amount or net reimbursable program costs, as specified, from July 1, 2023, to September 30, 2023, inclusive, pursuant to guidance released by the State Department of Social Services, or the Superintendent of Public Instruction, as specified.

(2) Existing law, the Early Education Act, among other things, requires the Superintendent of Public Instruction to administer all California state preschool programs, including, but not limited to, part-day and full-day age and developmentally appropriate programs for 3- and 4-year-old children. Existing law, the Child Care and Development 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 requires the State Department of Social Services, in consultation with the State Department of Education, to establish a fee schedule for families using preschool and childcare and development services and requires families who utilize those services to be assessed a family fee that is based on income, certified family need for full-time or part-time care services, and enrollment. Existing law prohibits those family fees from exceeding 10% of the family's monthly income and prohibits family fees from being collected for the 2022–23 fiscal year.

This bill would, among other changes to that fee structure, prohibit family fees from being based on the cost of care or amount of subsidy payment. The bill would authorize the forgiveness of family fees that accrued but were uncollected prior to October 1, 2023. The bill would, commencing October 1, 2023, prohibit those family fees from exceeding 1% of the family's monthly income and prohibit a family with an adjusted monthly family income below 75% of the state median family income from being assessed a family fee. The bill would also prohibit a California state preschool program or a childcare provider paid with childcare subsidies from being required to absorb a reduction in pay, as specified, and would prohibit the number of California state preschool program contracted spaces or childcare contracted spaces and vouchers from being reduced because of a reduction in the collection of family fees. The bill would appropriate \$56,000,000 from the General Fund to the department for family fees waived or reduced pursuant to those provisions.

The Early Education Act requires at least 7.5% of a part-day or full-day California state preschool program contracting agency's funded enrollment to be reserved for children with exceptional needs commencing July 1, 2023, to June 30, 2024, inclusive, and at least 10% of funded enrollment to be reserved for children with exceptional needs commencing July 1, 2024.

This bill would delay the implementation of those requirements by 2 years so that at least 7.5% of funded enrollment would be required to be reserved for children with exceptional needs commencing July 1, 2025, to June 30,

2026, inclusive, and at least 10% of funded enrollment would be required to be reserved for children with exceptional needs commencing July 1, 2026.

Existing law requires each state preschool program applicant or contracting agency to give priority for enrollment for part-day and full-day programs according to a specified priority ranking. Existing law requires the 3rd priority for services to be given to eligible 4-year-old children who are not enrolled in a state-funded transitional kindergarten program and requires the 4th priority to be given to eligible 3-year-old children.

This bill would instead require the 3rd priority for services to be given to eligible 3- and 4-year old children who are not enrolled in a state-funded transitional kindergarten program, and would revise the remaining priorities accordingly.

Existing law authorizes a provider operating a state preschool program within the attendance boundary of certain public schools where at least 80% of enrolled pupils are eligible for free or reduced-price meals to enroll 3-year-old and 4-year-old children in accordance with the above-described enrollment priorities. Existing law requires the State Department of Education to implement that provision through management bulletins or similar letters of instruction issued on or before December 1, 2022, and requires the department to initiate a rulemaking action to implement that provision on or before December 31, 2023.

This bill would extend those dates by one year to December 1, 2023, and December 31, 2024, respectively.

Existing law requires the department, in collaboration with the State Department of Social Services, to implement a reimbursement system plan that establishes reasonable standards and assigned reimbursement rates for state preschool programs, as provided. Existing law requires those reimbursement rates to be increased annually by a specified cost-of-living adjustment commencing with the 2022–23 fiscal year.

This bill would provide that the cost-of-living adjustment for those reimbursement rates does not apply for the 2023–24 and 2024–25 fiscal years.

The Early Education Act, among other things, requires the Superintendent of Public Instruction to administer all California state preschool programs, including, but not limited to, part-day and full-day age and developmentally appropriate programs for 3- and 4-year-old children. Existing law, the Child Care and Development 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, until July 1, 2023, authorizes the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma, as individual pilot projects, to develop and implement an individualized county childcare subsidy plan, as specified.

This bill would extend the authorization for those counties to develop and implement individualized county childcare subsidy plans to July 1, 2024.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma.

(3) Existing law requires the State Department of Social Services and the State Department of Education to promote full utilization of childcare and development and preschool funds and match available unused funds with identified service needs, and to attempt to arrange intra-agency adjustments between California state preschool program contracts and general childcare contracts for the same agency and funding allocation.

This bill would require the department to promote full utilization of childcare and development program funds and match available unused funds with identified service needs, and to arrange interagency adjustments between different contractors with the same type of contract when both agencies mutually agree to a temporary transfer of funds for the balance of the fiscal year.

(4) Existing law, the California Public Records Act, requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. In this regard, the act exempts certain records of state agencies related to activities governed by the Building a Better Early Care and Education System Act, which generally authorizes collective bargaining by family childcare providers, as specified.

This bill would update an obsolete cross-reference to the Building a Better Early Care and Education System Act in the California Public Records Act provision described above.

(5) Existing law provides for a specified annual funding increase for special education and childcare and development programs if an inflation or cost-of-living adjustment is not otherwise provided for those programs.

This bill would suspend the annual cost-of-living adjustment for childcare and development programs for the 2023–24 and 2024–25 fiscal years, except as specified.

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

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 8208 of the Education Code is amended to read:

8208. (a) (1) A three- or four-year-old child is eligible for the part-day California state preschool program if the child’s family is one of the following:

(A) A current aid recipient.

(B) Income eligible.

(C) Homeless.

(D) One whose children are recipients of child protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited.

(E) (i) One that has children with exceptional needs, as defined in Section 8205.

(ii) Only the children in the family who are children with exceptional needs may be enrolled under the eligibility criteria of this subparagraph. Any other child in the family without exceptional needs may be enrolled pursuant to any of the criteria established in subparagraphs (A) to (D), inclusive.

(F) One who has a member of its household who is certified to receive benefits from Medi-Cal, CalFresh, the California Food Assistance Program, the California Special Supplemental Nutrition Program for Women, Infants, and Children, the federal Food Distribution Program on Indian Reservations, Head Start, Early Head Start, or any other designated means-tested government program, as determined by the department. Children eligible for services pursuant to this subparagraph shall be prioritized by the income declared on the application for the means-tested government program.

(2) Notwithstanding any other law, a part-day California state preschool program may provide services to children in families whose income is no more than 15 percent above the income eligibility threshold, as described in Section 8213, after all eligible three- and four-year-old children have been enrolled. No more than 10 percent of children enrolled, calculated throughout the participating program's entire contract, may be filled by children in families above the income eligibility threshold.

(3) Notwithstanding Section 8213, after all otherwise eligible children have been enrolled as provided in paragraphs (1) and (2), a part-day California state preschool program may provide services to three- and four-year-old children in families whose income is above the income eligibility threshold if those children are children with exceptional needs. Children receiving services pursuant to this paragraph shall not count towards the 10-percent limit in paragraph (2).

(4) Notwithstanding any other law, after all otherwise eligible children have been enrolled as provided in paragraphs (1) to (3), inclusive, a provider operating a part-day state preschool program within the attendance boundary of a public school, as set forth in Section 8217, may enroll three- and four-year-old children.

(b) A part-day California state preschool program contracting agency shall certify eligibility and enroll families into their program within 120 calendar days prior to the first day of the beginning of the new preschool year. Subsequent to enrollment, a child shall be deemed eligible for a part-day California state preschool program for the remainder of the program year and for the following program year, as long as applicable age-eligibility requirements are met, as specified in Sections 8205 and 48000.

(c) (1) (A) Commencing July 1, 2022, until June 30, 2023, inclusive, at least 5 percent of a part-day California state preschool program contracting

agency's funded enrollment shall be reserved for children with exceptional needs, as defined in Section 8205.

(B) Commencing July 1, 2025, to June 30, 2026, inclusive, at least 7.5 percent of a part-day California state preschool program contracting agency's funded enrollment shall be reserved for children with exceptional needs, as defined in Section 8205.

(C) Commencing July 1, 2026, at least 10 percent of a part-day California state preschool program contracting agency's funded enrollment shall be reserved for children with exceptional needs, as defined in Section 8205, and serve those children.

(2) (A) The department shall review data on compliance and provide technical assistance to California state preschool program contracting agencies to assist them in meeting the requirement described in paragraph (1).

(B) Agencies shall be fully funded for the percentage of enrollment specified in paragraph (1), inclusive of the exceptional needs adjustment factor for that enrollment pursuant to Section 8244, to ensure funding is available to enroll children with exceptional needs within the set aside specified in paragraph (1) at any point during the fiscal year. An agency not meeting the requirement to fill the percent of funded enrollment specified in paragraph (1) with children with exceptional needs shall conduct community outreach to special education partners to recruit additional children with exceptional needs into their programs.

(C) (i) On and after July 1, 2026, any agency not meeting the requirement described in paragraph (1) may be put on a conditional contract as described in Section 8314 unless they have applied and been approved for a waiver pursuant to clause (ii).

(ii) The Superintendent shall create an ongoing waiver process for an agency not able to meet the requirement described in paragraph (1).

(3) Children with exceptional needs attending California state preschool programs shall be educated in the least restrictive environment in accordance with Section 1412(a)(5)(A) of Title 20 of the United States Code.

(4) (A) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and Section 33308.5, until regulations are filed with the Secretary of State to implement this subdivision, the department shall implement this subdivision through management bulletins or similar letters of instruction on or before December 31, 2022.

(B) The department shall initiate a rulemaking action to implement this subdivision on or before December 31, 2023.

(d) (1) A three- or four-year-old child is eligible for a full-day California state preschool program if the family meets both of the following requirements:

(A) The child's family is one of the following:

(i) A current aid recipient.

(ii) Income eligible.

(iii) Homeless.

(iv) One whose children are recipients of child protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited.

(v) (I) One that has children with exceptional needs, as defined in Section 8205.

(II) Only the children in the family who are children with exceptional needs may be enrolled under the eligibility criteria of this clause. Any other child in the family without exceptional needs may be enrolled pursuant to any of the criteria established in clauses (i) to (iv), inclusive.

(vi) One who has a member of its household who is certified to receive benefits from Medi-Cal, CalFresh, the California Food Assistance Program, the California Special Supplemental Nutrition Program for Women, Infants, and Children, the federal Food Distribution Program on Indian Reservations, Head Start, Early Head Start, or any other designated means-tested government program, as determined by the department. Children eligible for services pursuant to this subparagraph shall be prioritized by the income declared on the application for the means-tested government program.

(B) The child's family needs the childcare services because of either the following:

(i) The child has been identified by a legal, medical, or social services agency, a local educational agency liaison for homeless children and youths designated pursuant to Section 11432(g)(1)(J)(ii) of Title 42 of the United States Code, a Head Start program, or an emergency or transitional shelter as one of the following:

(I) A recipient of protective services.

(II) Being neglected, abused, or exploited, or at risk of neglect, abuse, or exploitation.

(III) Being homeless.

(ii) The child's parents are one of the following:

(I) Engaged in vocational training leading directly to a recognized trade, paraprofession, or profession.

(II) Engaged in an educational program for English language learners or to attain a high school diploma or general educational development certificate.

(III) Employed or seeking employment.

(IV) Seeking permanent housing for family stability.

(V) Incapacitated.

(2) (A) (i) Commencing July 1, 2022, until June 30, 2023, inclusive, at least 5 percent of a full-day California state preschool program contracting agency's funded enrollment shall be reserved for children with exceptional needs, as defined in Section 8205.

(ii) Commencing July 1, 2025, to June 30, 2026, inclusive, at least 7.5 percent of a full-day California state preschool program contracting agency's funded enrollment shall be reserved for children with exceptional needs, as defined in Section 8205.

(iii) Commencing July 1, 2026, at least 10 percent of a full-day California state preschool program contracting agency's funded enrollment shall be reserved for children with exceptional needs, as defined in Section 8205, and serve those children.

(B) (i) The department shall review data on compliance and provide technical assistance to California state preschool program contracting agencies to assist them in meeting the requirement described in subparagraph (A).

(ii) Agencies shall be fully funded for the percentage of enrollment specified in subparagraph (A), inclusive of the exceptional needs adjustment factor for that enrollment pursuant to Section 8244, to ensure funding is available to enroll children with exceptional needs within the set aside specified in subparagraph (A) at any point during the fiscal year. An agency not meeting the requirement to fill the percent of funded enrollment specified in subparagraph (A) with children with exceptional needs shall conduct community outreach to special education partners to recruit additional children with exceptional needs into their programs.

(iii) (I) On and after July 1, 2026, any agency not meeting the requirement described in subparagraph (A) may be put on a conditional contract as described in Section 8314 unless they have applied and been approved for a waiver pursuant to subclause (II).

(II) The Superintendent shall create an ongoing waiver process for agencies not able to meet the requirement described in subparagraph (A).

(C) Children with exceptional needs attending California state preschool programs shall be educated in the least restrictive environment in accordance with Section 1412(a)(5)(A) of Title 20 of the United States Code.

(D) (i) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and Section 33308.5, until regulations are filed with the Secretary of State to implement this paragraph, the department shall implement this paragraph through management bulletins or similar letters of instruction on or before December 31, 2022.

(ii) The department shall initiate a rulemaking action to implement this paragraph on or before December 31, 2023.

(3) Notwithstanding any other law, a full-day California state preschool program may provide services to children in families whose income is no more than 15 percent above the income eligibility threshold, as described in Section 8213, after all eligible three- and four-year-old children have been enrolled pursuant to paragraph (1). No more than 10 percent of children enrolled, as calculated throughout the participating program's entire contract, may be filled by children in families above the income eligibility threshold.

(4) Notwithstanding paragraph (1), after all families meeting the criteria specified in paragraphs (1) and (3) have been enrolled, a full-day California state preschool program may provide services to three- and four-year-old children in families who do not meet at least one of the criteria specified in subparagraph (B) of paragraph (1).

(5) After all otherwise eligible children have been enrolled as provided in paragraphs (1), (3), and (4), a provider operating a full-day California state preschool program within the attendance boundary of a public school as set forth in Section 8217 may enroll any three- or four-year-old child.

(e) (1) With the exception of the age requirements and paragraphs (3) and (4), upon establishing initial eligibility or ongoing eligibility for full-day California state preschool program services under this chapter, a family shall be considered to meet all eligibility and need requirements for those services for not less than 24 months, shall receive those services for not less than 24 months before having their eligibility or need recertified, and shall not be required to report changes to income or other changes for at least 24 months.

(2) In the event that the eligibility period as described in paragraph (1) ends before the end of a program year, eligibility shall be extended until the end of the program year, as long as applicable age-eligibility requirements are met, as specified in Section 8205.

(3) A family that establishes initial eligibility or ongoing eligibility on the basis of income shall report increases in income that exceed the threshold for ongoing income eligibility, as described in Section 8213, and the family's ongoing eligibility for services shall at that time be recertified.

(4) A family may, at any time, voluntarily report income or other changes. This information shall be used, as applicable, to reduce the family's fees, increase the family's services, or extend the period of the family's eligibility before recertification.

(f) (1) Because a family that meets eligibility requirements at its most recent eligibility certification or recertification is considered eligible until the next recertification, as provided in subdivision (d), a payment made by a preschool program for a child during this period shall not be considered an error or an improper payment due to a change in the family's circumstances during that same period.

(2) Notwithstanding paragraph (1), the Superintendent or the Superintendent's designated agent may seek to recover payments that are the result of fraud.

(g) (1) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and Section 33308.5, until regulations are filed with the Secretary of State to implement subdivision (e), the department shall implement subdivision (e) through management bulletins or similar letters of instruction on or before December 31, 2022.

(2) The department shall initiate a rulemaking action to implement subdivision (e) on or before December 31, 2023.

(h) The Superintendent shall establish guidelines according to which the director or a duly authorized representative of the California state preschool program will certify children as eligible for state reimbursement purposes.

SEC. 2. Section 8210 of the Education Code is amended to read:

8210. (a) Each applicant or contracting agency shall give priority for part-day programs according to the following:

(1) The first priority for services shall be given to three-year-old or four-year-old children who are recipients of child protective services or who are at risk of being neglected, abused, or exploited and for whom there is a written referral from a legal, medical, or social service agency. If an agency is unable to enroll a child in this first priority category, the agency shall refer the child's parent or guardian to local resources and referral services so that services for the child can be located.

(2) (A) To the extent that there are additional three- and four-year-old children with exceptional needs interested in enrolling beyond those already enrolled in the percent of funded enrollment set aside pursuant to Section 8208, the second priority for services shall be given to all three- and four-year-old children with exceptional needs from families with incomes below the income eligibility threshold, as described in Section 8213.

(B) Within this priority category, children with exceptional needs from families with the lowest income according to the income ranking on the most recent schedule of income ceiling eligibility table, as published by the Superintendent at the time of enrollment, shall be enrolled first.

(3) (A) The third priority for services shall be given to eligible three-year-old or four-year-old children who are not enrolled in a state-funded transitional kindergarten program. This priority shall not include children eligible pursuant to subparagraph (E) of paragraph (1) of subdivision (a) of Section 8208 if they are from families with incomes above the income eligibility threshold, as described in Section 8213.

(B) (i) Within this priority category, eligible children with the lowest income according to the income ranking on the most recent schedule of income ceiling eligibility table, as published by the Superintendent at the time of enrollment, shall be enrolled first.

(ii) If two or more families have the same income ranking according to the most recent schedule of income ceiling eligibility table, a child from a family in which the primary home language is a language other than English shall be enrolled first.

(iii) If there are no children from a family in which the primary home language is a language other than English, the child that has been on the waiting list for the longest time shall be admitted first.

(4) The fourth priority, after all otherwise eligible children have been enrolled, shall be children from families whose income is no more than 15 percent above the eligibility income threshold, as described in Section 8213. Within this priority category, priority shall be given to three- and four-year-old children with exceptional needs interested in enrolling beyond those already enrolled in the 10 percent of funded enrollment set aside pursuant to Section 8208, then to four-year-old children before three-year-old children without exceptional needs.

(5) After all otherwise eligible children have been enrolled in the first through fourth priority categories, as described in paragraphs (1) to (4), inclusive, the contractor may enroll the children in the following order:

(A) A California preschool program site operating within the attendance boundaries of a qualified free and reduced priced meals school, in accordance

with Section 8217, may enroll any three- or four-year-old children whose families reside within the attendance boundary of the qualified elementary school. These children shall, to the extent possible, be enrolled by lowest to highest income according to the most recent schedule of income ceiling eligibility table.

(B) Children enrolling in the California state preschool program to provide expanded learning and care to transitional kindergarten or kindergarten pupils, pursuant to subdivision (I) of Section 48000.

(b) The Superintendent shall set criteria for, and may grant specific waivers of, the priorities established in this section for agencies that wish to serve specific populations, including children with exceptional needs or children of prisoners. These new waivers shall not include proposals to avoid appropriate fee schedules or admit ineligible families, but may include proposals to accept members of special populations in other than strict income order, as long as appropriate fees are paid.

(c) (1) Children with exceptional needs enrolled in the percent of funded enrollment set aside pursuant to paragraph (1) of subdivision (c) of Section 8208 shall be enrolled without regard to the priorities listed in subdivision (a).

(2) Within this category, eligible children with the lowest income according to the income ranking on the most recent schedule of income ceiling eligibility table, as published by the Superintendent at the time of enrollment, shall be enrolled first.

(3) If two or more families have the same income ranking according to the most recent schedule of income ceiling eligibility table, the child that has been on the waiting list for the longest time shall be admitted first.

SEC. 3. Section 8211 of the Education Code is amended to read:

8211. (a) Each applicant or contracting agency shall give priority for full-day programs according to the following:

(1) The first priority for services shall be given to three-year-old or four-year-old children who are recipients of child protective services or who are at risk of being neglected, abused, or exploited upon written referral from a legal, medical, or social service agency. If an agency is unable to enroll a child in this first priority category, the agency shall refer the child's parent or guardian to local resources and referral services so that services for the child can be located.

(2) (A) To the extent that there are additional three- and four-year-old children with exceptional needs interested in enrolling beyond those already enrolled in the percent of funded enrollment set aside pursuant to paragraph (1) of subdivision (c) of Section 8208, the second priority for services shall be given to all three- and four-year-old children with exceptional needs from families with incomes below the income eligibility threshold, described in Section 8213.

(B) Within this priority category, children with exceptional needs from families with the lowest income according to the income ranking on the most recent schedule of income ceiling eligibility table, as published by the Superintendent at the time of enrollment, shall be enrolled first.

(3) (A) The third priority for services shall be given to eligible three-year-old or four-year-old children who are not enrolled in a state-funded transitional kindergarten program. This priority shall not include children eligible pursuant to subparagraph (E) of paragraph (1) of subdivision (a) of Section 8208 if they are from families with incomes above the income eligibility threshold, as described in Section 8213.

(B) (i) Within this priority category, eligible children with the lowest income according to the income ranking on the most recent schedule of income ceiling eligibility table, as published by the Superintendent at the time of enrollment, shall be enrolled first.

(ii) If two or more families have the same income ranking according to the most recent schedule of income ceiling eligibility table, a child from a family in which the primary home language is a language other than English shall be enrolled first.

(iii) If there are no children from a family in which the primary home language is a language other than English, the child that has been on the waiting list for the longest time shall be admitted first.

(4) The fourth priority, after all otherwise eligible children have been enrolled, shall be children from families whose income is no more than 15 percent above the income eligibility threshold, as described in Section 8213. Within this priority category, priority shall be given to three- and four-year-old children with an individualized family service plan or individualized education program, then four-year-old children before three-year-old children without an individualized family service plan or individualized education program.

(5) After all otherwise eligible children have been enrolled in the first through fourth priority categories, as described in paragraphs (1) to (4), inclusive, the contractor may enroll the children in the following order:

(A) The contractor may enroll three- and four-year-old children from families that meet eligibility criteria pursuant to paragraph (4) of subdivision (d) of Section 8208. Within this priority, contractors shall enroll families in income ranking order, lowest to highest, and within income ranking order, enroll four-year-old children before three-year-old children.

(B) For California state preschool program sites operating within the attendance boundaries of a qualified free and reduced priced meals school, in accordance with Section 8217, the contractor may enroll any three- and four-year-old children whose families reside within the attendance boundary of the qualified school without establishing eligibility or a need for services pursuant to paragraph (1) or (3) of subdivision (d) of Section 8208. These families shall, to the extent possible, be enrolled in income ranking order, by lowest to highest income according to the most recent schedule of income ceiling eligibility table.

(b) The Superintendent shall set criteria for, and may grant specific waivers of, the priorities established in this section for agencies that wish to serve specific populations, including children with exceptional needs or children of prisoners. These new waivers shall not include proposals to avoid appropriate fee schedules or admit ineligible families, but may include

proposals to accept members of special populations in other than strict income order, as long as appropriate fees are paid.

(c) (1) Children with exceptional needs enrolled in the percent of funded enrollment set aside pursuant to paragraph (1) of subdivision (c) of Section 8208 shall be enrolled without regard to the priorities listed in subdivision (a).

(2) Within this category, eligible children with the lowest income according to the income ranking on the most recent schedule of income ceiling eligibility table, as published by the Superintendent at the time of enrollment, shall be enrolled first.

(3) If two or more families have the same income ranking according to the most recent schedule of income ceiling eligibility table, the child that has been on the waiting list for the longest time shall be admitted first.

SEC. 4. Section 8217 of the Education Code is amended to read:

8217. (a) Notwithstanding any other law, a provider operating a state preschool program within the attendance boundary of a public school, except a charter or magnet school, where at least 80 percent of enrolled pupils are eligible for free or reduced-price meals, may enroll three- and four-year-old children, as defined in Section 8205, in accordance with the enrollment priorities set forth in Sections 8210 and 8211. Any remaining slots may be open to enrollment of any families not otherwise eligible pursuant to Section 8208, subject to both of the following:

(1) Enrollment of eligible three- and four-year-old children pursuant to this paragraph shall be limited to families that establish residency within the attendance boundary of the qualifying public school pursuant to this subdivision. Providers shall require proof of residency as a condition of enrollment.

(2) To the best of their ability, providers shall give first enrollment priority for slots available pursuant to this paragraph to families with the lowest income, and last enrollment priority to families with the highest income.

(b) (1) Notwithstanding the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and Section 33308.5, until regulations are filed with the Secretary of State to implement subdivision (a), the department shall implement subdivision (a) through management bulletins or similar letters of instruction issued on or before December 1, 2023.

(2) The department shall initiate a rulemaking action to implement subdivision (a) on or before December 31, 2024.

(c) For purposes of this section, “magnet school” means an entire school with a focus on a special area of study, such as science, the performing arts, or career education, designed to attract pupils from across the school district who may choose to attend the magnet school instead of their local public school.

SEC. 5. Section 8242 of the Education Code is amended to read:

8242. (a) The department, in collaboration with the State Department of Social Services, shall implement a reimbursement system plan that

establishes reasonable standards and assigned reimbursement rates, which vary with the length of the program year and the hours of service.

(1) Parent fees shall be used to pay reasonable and necessary costs for providing additional services.

(2) The department may establish any regulations deemed advisable concerning conditions of service and hours of enrollment for children in the programs.

(b) (1) (A) Commencing July 1, 2021, the standard reimbursement rate shall be twelve thousand nine hundred sixty-eight dollars (\$12,968).

(B) Commencing July 1, 2021, the standard reimbursement rate for part-day California state preschool programs shall be five thousand six hundred twenty-one dollars (\$5,621).

(2) Commencing in the 2022–23 fiscal year, the standard reimbursement rates described in paragraph (1) shall be increased by the cost-of-living adjustment granted by the Legislature annually pursuant to Section 42238.15.

(c) (1) Commencing January 1, 2022, contractors who, as of December 31, 2021, received the standard reimbursement rate established in this section shall be reimbursed at the greater of the following:

(A) The 75th percentile of the 2018 regional market rate survey.

(B) The contract per-child reimbursement amount as of December 31, 2021, as increased by the cost-of-living adjustment pursuant to paragraph (2) of subdivision (b).

(2) Commencing July 1, 2022, subject to available funding, the department may issue temporary rate increases to contractors that exceed the rates specified in paragraph (1) and the reimbursement rate supplements described in Section 51 of Chapter 571 of the Statutes of 2022.

(3) In accordance with federal requirements for Child Care Stabilization Grants appropriated pursuant to the federal American Rescue Plan Act of 2021 (Public Law 117-2), contractors shall provide information via a one-time application or survey in advance of receiving American Rescue Plan Act funds. The department shall specify the timeline and format in which this information shall be submitted, and the information shall include, but not be limited to, all of the following:

(A) Address, including ZIP Code.

(B) Race and ethnicity.

(C) Gender.

(D) Whether the provider is open and available to provide childcare services or closed due to the COVID-19 public health emergency.

(E) What types of federal relief funds have been received from the state.

(F) Use of federal relief funds received.

(G) Documentation that the provider met certifications as required by federal law.

(4) Rate increases shall be subject to federal usage limitations and federal and state program eligibility requirements.

(d) (1) Notwithstanding subdivisions (b) and (c), for the 2023–24 fiscal year and the 2024–25 fiscal year, the cost-of-living adjustment required pursuant to subdivisions (b) and (c) shall instead be zero.

(2) It is the intent of the Legislature that any adjustments in the 2023–24 fiscal year and the 2024–25 fiscal years related to reimbursement for programs funded pursuant to this section will be subject to a ratified agreement, and subject to future legislation providing for appropriations related to the budget bill.

SEC. 6. Section 8252 of the Education Code is amended to read:

8252. (a) The Superintendent shall use the fee schedule developed in conjunction with the State Department of Social Services for families using full-day preschool services pursuant to this chapter, including families receiving services pursuant to subdivision (a) of Section 8211.

(b) Families shall be assessed a single flat monthly fee for all state subsidized early childhood services received, including California state preschool program services and services received through childcare and development programs administered by the State Department of Social Services, pursuant to Section 10290 of the Welfare and Institutions Code.

(c) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included in total countable income for purposes of determining the amount of the family fee.

(d) Family fees shall be assessed at initial enrollment and reassessed at recertification.

(e) Family fees shall be used by contractors to pay reasonable and necessary costs for providing additional services.

(f) It is the intent of the Legislature that the new family fees shall be cost neutral to the state and generate roughly the same amount of revenue as was generated under the previous family fee schedule.

(g) Family fees shall not be based on the cost of care or amount of subsidy payment.

(h) Notwithstanding any other provision of this article, family fees shall not be collected for the 2021–22 fiscal year pursuant to Section 263 of Chapter 116 of the Statutes of 2021.

(i) (1) Notwithstanding any other law, family fees shall not be collected for the 2022–23 fiscal year.

(2) Contractors shall reimburse providers operating within a family childcare home education network for the full amount of the certificate or voucher without deducting family fees.

(j) (1) Notwithstanding any other law, family fees shall not be collected between July 1, 2023, and September 30, 2023, inclusive.

(2) Contractors shall reimburse providers operating within a family childcare home education network for the full amount of the certificate or voucher without deducting family fees.

(k) Family fees accrued but uncollected prior to October 1, 2023, may be forgiven and not collected.

(l) (1) A California state preschool program or childcare provider paid with childcare subsidies, including, but not limited to, a family childcare home provider participating in a family childcare home education network, shall not absorb a reduction in pay for the California state preschool program space or voucher on account of a waiver of or reduction in family fees.

(2) The number of California state preschool program contracted spaces and childcare contracted spaces shall not be reduced on account of a reduction in the collection of family fees.

SEC. 7. Section 8281 of the Education Code is amended to read:

8281. This article shall become inoperative on July 1, 2024, and, as of January 1, 2025, is repealed.

SEC. 8. Section 42238.15 of the Education Code is amended to read:

42238.15. (a) Notwithstanding any other law, and in lieu of any inflation or cost-of-living adjustment otherwise authorized for the programs enumerated in subdivision (b), state funding for the programs enumerated in subdivision (b) shall be increased annually by the product of the following:

(1) The sum of 1.0 plus the percentage change determined under paragraph (2) of subdivision (d) of Section 42238.02.

(2) The sum of 1.0 plus the percentage of increase, from the prior fiscal year to the current fiscal year, in each of the workload factors described in subdivision (b) or, for paragraph (2) of subdivision (b), zero, whichever is greater.

(b) The programs for which annual state funding increases are determined under this section, and the factors used to measure workload for each of those programs, are as follows:

(1) Special education programs and services, with workload measured by the regular second principal apportionment average daily attendance for kindergarten and grades 1 to 12, inclusive.

(2) Childcare and development programs, and preschool programs, with workload measured by the state population of children up to and including four years of age.

(c) Notwithstanding any other law, childcare and development programs shall not receive a cost-of-living adjustment in the 2012–13, 2013–14, 2014–15, and 2020–21 fiscal years.

(d) Notwithstanding any other law, childcare and development programs shall not receive a cost-of-living adjustment in the 2023–24 and 2024–25 fiscal years, except for resource and referral agencies pursuant to Chapter 2 (commencing with Section 10217) of, and local childcare and development planning councils pursuant to Chapter 31 (commencing with Section 10480) of, Part 1.8 of Division 9 of the Welfare and Institutions Code.

SEC. 9. Section 7928.405 of the Government Code is amended to read:

7928.405. (a) Except as provided in Sections 7924.510, 7924.700, and 7929.610, this division does not require the disclosure of records of state agencies related to activities governed by Chapter 10.3 (commencing with Section 3512), Chapter 10.5 (commencing with Section 3525), and Chapter 12 (commencing with Section 3560) of Division 4, and Chapter 25 (commencing with Section 10420) of Part 1.8 of Division 9 of the Welfare

and Institutions Code, that reveal a state agency's deliberative processes, impressions, evaluations, opinions, recommendations, meeting minutes, research, work products, theories, or strategy, or that provide instruction, advice, or training to employees who do not have full collective bargaining and representation rights under these chapters.

(b) This section shall not be construed to limit the disclosure duties of a state agency with respect to any other records relating to the activities governed by the employee relations acts referred to in this section.

SEC. 10. Section 10213.5 of the Welfare and Institutions Code is amended to read:

10213.5. As used in this part:

(a) "Alternative payments" includes payments that are made by one childcare agency to another agency or childcare provider for the provision of childcare and development services, and payments that are made by an agency to a parent for the parent's purchase of childcare and development services.

(b) "Alternative payment program" means a local government agency or nonprofit organization that has contracted with the department pursuant to Section 10225.5, or a migrant alternative payment program pursuant to Chapter 6 (commencing with Section 10235), to provide alternative payments and to provide support services to parents and providers.

(c) "Applicant or contracting agency" means a school district, community college district, college or university, county superintendent of schools, county, city, public agency, private nontax-exempt agency, private tax-exempt agency, or other entity that is authorized to establish, maintain, or operate services pursuant to this chapter. Private agencies and parent cooperatives, duly licensed by law, shall receive the same consideration as any other authorized entity with no loss of parental decisionmaking prerogatives as consistent with the provisions of this chapter.

(d) "Assigned reimbursement rate" is that rate established by the contract with the agency and is derived by dividing the total dollar amount of the contract by the minimum child day of average daily enrollment level of service required.

(e) "Attendance" means the number of children present at a childcare and development facility. "Attendance," for purposes of reimbursement, includes excused absences by children because of illness, quarantine, illness or quarantine of their parent, 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.

(f) "Capital outlay" means the amount paid for the renovation and repair of childcare and development and preschool facilities to comply with state and local health and safety standards, and the amount paid for the state purchase of relocatable childcare and development and preschool facilities for lease to qualifying contracting agencies.

(g) "Caregiver" means a person who provides direct care, supervision, and guidance to children in a childcare and development facility.

(h) “Childcare and development facility” means a residence or building or part thereof in which childcare and development services are provided.

(i) “Child care “Childcare and development programs” means those programs that offer a full range of services for children from infancy to 13 years of age, for any part of a day, by a public or private agency, in centers and family childcare homes. These programs include, but are not limited to, all of the following:

(1) General childcare and development.

(2) Migrant childcare and development.

(3) Childcare provided by the California School Age Families Education Program (Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title 2).

(4) Resource and referral.

(5) Childcare and development services for children with exceptional needs.

(6) Family childcare home education network.

(7) Alternative payment.

(8) Schoolage community childcare.

(j) “Childcare and development services” means those services designed to meet a wide variety of needs of children and their families, while their parents or guardians are working, in training, seeking employment, incapacitated, or in need of respite. These services may include direct care and supervision, instructional activities, resource and referral programs, and alternative payment arrangements.

(k) “Children at risk of abuse, neglect, or exploitation” means children who are so identified in a written referral from a legal, medical, or social service agency, or emergency shelter.

(l) “Children with exceptional needs” means either of the following:

(1) Infants and toddlers under three years of age who have been determined to be eligible for early intervention services pursuant to the California Early Intervention Services Act (Title 14 (commencing with Section 95000) of the Government Code) and its implementing regulations. These children include an infant or toddler with a developmental delay or established risk condition, or who is at high risk of having a substantial developmental disability, as defined in subdivision (a) of Section 95014 of the Government Code. These children shall have active individualized family service plans, shall be receiving early intervention services, and shall be children who require the special attention of adults in a childcare setting.

(2) Children 3 to 21 years of age, inclusive, who have been determined to be eligible for special education and related services by an individualized education program team according to the special education requirements contained in Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code, and who meet eligibility criteria described in Section 56026 of the Education Code and, Article 2.5 (commencing with Section 56333) of Chapter 4 of Part 30 of Division 4 of Title 2 of the Education Code, and Sections 3030 and 3031 of Title 5 of the California Code of Regulations. These children shall have an active individualized

education program, shall be receiving early intervention services or appropriate special education and related services, and shall be children who require the special attention of adults in a childcare setting. These children include children with intellectual disabilities, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbance (also referred to as emotional disturbance), orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities, who need special education and related services consistent with Section 1401(3)(A) of Title 20 of the United States Code.

(m) “Closedown costs” means reimbursements for all approved activities associated with the closing of operations at the end of each growing season for migrant child development programs only.

(n) “Cost” includes, but is not limited to, expenditures that are related to the operation of childcare and development programs. “Cost” may include a reasonable amount for state and local contributions to employee benefits, including approved retirement programs, agency administration, and any other reasonable program operational costs. “Cost” may also include amounts for licensable facilities in the community served by the program, including lease payments or depreciation, downpayments, and payments of principal and interest on loans incurred to acquire, rehabilitate, or construct licensable facilities, but these costs shall not exceed fair market rents existing in the community in which the facility is located. “Reasonable and necessary costs” are costs that, in nature and amount, do not exceed what an ordinary prudent person would incur in the conduct of a competitive business.

(o) “Elementary school,” as contained in former Section 425 of Title 20 of the United States Code (the National Defense Education Act of 1958, Public Law 85-864, as amended), includes early childhood education programs and all child development programs, for the purpose of the cancellation provisions of loans to students in institutions of higher learning.

(p) “Family childcare home education network” means an entity organized under law that contracts with the department pursuant to Section 10250 to make payments to licensed family childcare home providers and to provide educational and support services to those providers and to children and families eligible for state-subsidized childcare and development services. A family childcare home education network may also be referred to as a family childcare home system.

(q) “Health services” include, but are not limited to, all of the following:

(1) Referral, whenever possible, to appropriate health care providers able to provide continuity of medical care.

(2) Health screening and health treatment, including a full range of immunization recorded on the appropriate state immunization form to the extent provided by the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3) and the Child Health and Disability Prevention Program (Article 6 (commencing with Section 124025) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code), but only to the extent that ongoing care cannot be obtained utilizing community resources.

(3) Health education and training for children, parents, staff, and providers.

(4) Followup treatment through referral to appropriate health care agencies or individual health care professionals.

(r) “Higher educational institutions” means the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the governing bodies of any accredited private nonprofit institution of postsecondary education.

(s) “Intergenerational staff” means persons of various generations.

(t) “Dual language learner” means children whose first language is a language other than English or children who are developing two or more languages, one of which may be English.

(u) “Parent” means a biological parent, stepparent, adoptive parent, foster parent, caretaker relative, or any other adult living with a child who has responsibility for the care and welfare of the child.

(v) “Program director” means a person who, pursuant to Sections 10242 and 10380.5, is qualified to serve as a program director.

(w) “Proprietary childcare agency” means an organization or facility providing childcare, which is operated for profit.

(x) “Resource and referral programs” means programs that provide information to parents, including referrals and coordination of community resources for parents and public or private providers of care. Services frequently include, but are not limited to: technical assistance for providers, toy-lending libraries, equipment-lending libraries, toy- and equipment-lending libraries, staff development programs, health and nutrition education, and referrals to social services.

(y) “Severely disabled children” are children with exceptional needs from birth to 21 years of age, inclusive, who require intensive instruction and training in programs serving pupils with the following profound disabilities: autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbances, or severe intellectual disabilities. “Severely disabled children” also include those individuals who would have been eligible for enrollment in a developmental center for handicapped pupils under Chapter 7 (commencing with Section 56800) of Part 30 of Division 4 of Title 2 of the Education Code as it read on January 1, 1980.

(z) “Short-term respite childcare” means childcare service to assist families whose children have been identified through written referral from a legal, medical, or social service agency, or emergency shelter as being neglected, abused, exploited, or homeless, or at risk of being neglected, abused, exploited, or homeless. Childcare is provided for less than 24 hours per day in childcare centers, treatment centers for abusive parents, family childcare homes, or in the child’s own home.

(aa) “Site supervisor” means a person who, regardless of their title, has operational program responsibility for a childcare and development program at a single site. A site supervisor shall hold a permit issued by the Commission on Teacher Credentialing that authorizes supervision of a childcare and development program operating in a single site. The

department may waive the requirements of this subdivision if the department determines that the existence of compelling need is appropriately documented.

(ab) “Standard reimbursement rate” means that rate established by the department pursuant to Section 10280.

(ac) “Startup costs” means those expenses an agency incurs in the process of opening a new or additional facility before the full enrollment of children.

(ad) “California state preschool program” means part-day and full-day educational programs for low-income or otherwise disadvantaged three- and four-year-old children.

(ae) “Support services” means those services that, when combined with childcare and development services, help promote the healthy physical, mental, social, and emotional growth of children. Support services include, but are not limited to: protective services, parent training, provider and staff training, transportation, parent and child counseling, child development resource and referral services, and child placement counseling.

(af) “Teacher” means a person with the appropriate permit issued by the Commission on Teacher Credentialing who provides program supervision and instruction that includes supervision of a number of aides, volunteers, and groups of children.

(ag) “Underserved area” means a county or subcounty area, including, but not limited to, school districts, census tracts, or ZIP Code areas, where the ratio of publicly subsidized childcare and development program services to the need for these services is low, as determined by the department.

(ah) “Workday” means the time that the parent requires temporary care for a child for any of the following reasons:

(1) To undertake training in preparation for a job.

(2) To undertake or retain a job.

(3) To undertake other activities that are essential to maintaining or improving the social and economic function of the family, are beneficial to the community, or are required because of health problems in the family.

(ai) “Homeless children and youth” has the same meaning as defined in Section 11434a(2) of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301 et seq.).

(aj) “Local educational agency” means a school district, a county office of education, a community college district, or a school district acting on behalf of one or more schools within the school district.

(ak) “Alternative methodology” means a cost-based method, including a cost estimation model, on which to base payment rates pursuant to the requirements set forth in Section 98.45 of Title 45 of the Code of Federal Regulations.

SEC. 11. Section 10227.6 is added to the Welfare and Institutions Code, to read:

10227.6. (a) It is the intent of the Legislature to utilize an alternative methodology, as defined in subdivision (ak) of Section 10213.5, to inform the setting of reimbursement rates for subsidized childcare.

(b) Reimbursement rates are subject to agreement and codification by the Legislature.

(c) The department, in collaboration with the State Department of Education, shall develop and conduct an alternative methodology. The department shall begin the process of data collection and analysis pursuant to developing an alternative methodology by July 1, 2023, and consult with the State Department of Education on data collection, analysis, and methodology for preschool programs. The alternative methodology shall build on the recommendations of the working group established pursuant to Section 10280.2 and shall be aligned with the recommendations of the Joint Labor Management Committee established pursuant to Section 10280.2.

(d) If the United States Department of Health and Human Services, Administration for Children and Families does not approve the alternative methodology developed pursuant to this section, the department shall develop and conduct a survey of the market rates for childcare services.

SEC. 12. Section 10228 of the Welfare and Institutions Code is amended to read:

10228. If the market rate survey is used to set reimbursement rates, the following shall apply:

(a) Payments made by alternative payment programs shall not exceed the applicable market rate ceiling. Alternative payment programs may expend more than the standard reimbursement rate for a particular child. However, the aggregate payments for services purchased by the agency during the contract year shall not exceed the assigned reimbursable amount as established by the contract for the year. No agency may make payments in excess of the rate charged to full-cost families. This section does not preclude alternative payment programs from using the average daily enrollment adjustment factor for children with exceptional needs as provided in Section 10281.5.

(b) Alternative payment programs shall reimburse licensed childcare providers in accordance with a biennial market rate survey pursuant to Section 10436, at a rate not to exceed the ceilings established pursuant to Section 10374.5.

(c) An alternative payment program shall reimburse a licensed provider for childcare of a subsidized child based on the rate charged by the provider to nonsubsidized families, if any, for the same services, or the rates established by the provider for prospective nonsubsidized families. A licensed childcare provider shall submit to the alternative payment program a copy of the provider's rate sheet listing the rates charged, and the provider's discount or scholarship policies, if any, along with a statement signed by the provider confirming that the rates charged for a subsidized child are equal to or less than the rates charged for a nonsubsidized child. A license-exempt childcare provider is not required to submit rate sheets.

(d) An alternative payment program shall maintain a copy of the rate sheet and the confirmation statement.

(e) A licensed childcare provider shall submit to the local resource and referral agency a copy of the provider's rate sheet listing rates charged, and

the provider's discount or scholarship policies, if any, and shall self-certify that the information is correct.

(f) Each licensed childcare provider may alter rate levels for subsidized children, as needed, and shall provide the alternative payment program and resource and referral agency with the updated information pursuant to subdivisions (c) and (e), to reflect any changes. Updated rates shall be effective within 60 days of submission of the updated information pursuant to subdivisions (c) and (e).

(g) A licensed childcare provider shall post in a prominent location adjacent to the provider's license at the childcare facility the provider's rates and discounts or scholarship policies, if any.

(h) An alternative payment program shall verify provider rates no less frequently than once a year by randomly selecting 10 percent of licensed childcare providers serving subsidized families. The purpose of this verification process is to confirm that rates reported to the alternative payment programs reasonably correspond to those reported to the resource and referral agency and the rates actually charged to nonsubsidized families for equivalent levels of services. It is the intent of the Legislature that the privacy of nonsubsidized families shall be protected in implementing this subdivision.

(i) The department shall develop regulations for addressing discrepancies in the provider rate levels identified through the rate verification process in subdivision (h).

(j) If a childcare provider's reimbursement rate category could be construed as either full-time weekly or full-time monthly pursuant to Section 18075 of Title 5 of the California Code of Regulations, the alternative payment program, county, or contractor shall reimburse the provider in accordance with either of the following:

(1) The applicable rate category that most closely corresponds to the rate category listed on the licensed childcare provider's rate sheet.

(2) If the alternative payment program, county, or contractor cannot determine a single applicable rate category from the licensed childcare provider's rate sheet, or if the license-exempt childcare provider does not have a rate sheet on file, the applicable rate category that results in the higher reimbursement.

SEC. 13. Section 10229.4 of the Welfare and Institutions Code is amended to read:

10229.4. If the market rate survey is used to set reimbursement rates, the following shall apply:

(a) Payments made by the Migrant Alternative Payment Program shall not exceed the applicable market rate ceiling.

(b) The reimbursement for the Migrant Alternative Payment Program shall include the cost of childcare paid to childcare providers plus the administrative and support services costs of the Migrant Alternative Payment Program. The total cost for administration and support services shall not exceed an amount equal to 21 percent of the total contract amount. The

administrative costs shall not exceed the costs allowable for administration under federal requirements.

SEC. 14. Section 10271.6 is added to the Welfare and Institutions Code, to read:

10271.6. (a) To calculate a family's adjusted monthly income for purposes of determining income eligibility or calculating a family fee, the calculation shall be done by the use of an income calculation worksheet, and in accordance with subdivisions (b) and (c).

(b) When a family's income is regular and steady, the adjusted monthly income shall be determined by the use of an income calculation worksheet that specifies all of the following:

(1) The frequency of the pay periods.

(2) The gross amount of the payroll check stubs.

(3) All other sources of countable income to determine the adjusted monthly income, as defined in Section 18078 of Title 5 of the California Code of Regulations, as any of the following:

(A) Weekly for 52 pay periods.

(B) Every two weeks for 26 pay periods.

(C) Twice monthly for 24 pay periods.

(D) Monthly for 12 pay periods.

(c) When a family experiences income fluctuation, as defined in Section 18078 of Title 5 of the California Code of Regulations, a family may choose to provide up to the 12 preceding months of income information as necessary for purposes of determining income eligibility or calculating a family fee. The adjusted monthly income shall be determined by averaging the total countable income from at least two months, as applicable based on the income provided, to determine average adjusted monthly income for purposes of determining income eligibility or calculating a family fee.

(d) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the department may implement and administer this section by all-county letters, bulletins, or similar written instructions until regulations are adopted. The department shall adopt regulations implementing this section no later than July 1, 2026.

(e) This section shall become operative on January 1, 2024.

SEC. 15. Section 10280 of the Welfare and Institutions Code is amended to read:

10280. (a) The department, in collaboration with the State Department of Education, shall implement a reimbursement system plan that establishes reasonable standards and assigned reimbursement rates, which vary with the length of the program year and the hours of service.

(1) Parent fees shall be used to pay reasonable and necessary costs for providing additional services.

(2) When establishing standards and assigned reimbursement rates, the department and the State Department of Education shall confer with applicant agencies.

(3) The reimbursement system, including standards and rates, shall be submitted to the Joint Legislative Budget Committee.

(4) The department may establish any regulations deemed advisable concerning conditions of service and hours of enrollment for children in the programs.

(b) Commencing July 1, 2021, the standard reimbursement rate shall be twelve thousand eight hundred eighty-eight dollars (\$12,888) and, commencing with the 2022–23 fiscal year, shall be increased by the cost-of-living adjustment granted by the Legislature annually pursuant to Section 42238.15 of the Education Code.

(c) (1) Commencing January 1, 2022, contractors who, as of December 31, 2021, received the standard reimbursement rate established in this section shall be reimbursed at the greater of the following:

(A) The 75th percentile of the 2018 regional market rate survey.

(B) The contract per-child reimbursement amount as of December 31, 2021.

(2) (A) Commencing July 1, 2022, subject to available funding, the department may issue temporary rate increases to contractors that exceed the rates specified in paragraph (1). The department shall have discretion in determining how funding may be used to increase the rates, including, but not limited to, providing one-time lump-sum payments. The department may contract with another entity to distribute this funding to contractors.

(B) Notwithstanding any other law, contracts or grants awarded pursuant to this subparagraph 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 review or approval of the Department of General Services.

(3) In accordance with federal requirements for Child Care Stabilization Grants appropriated pursuant to the federal American Rescue Plan Act of 2021 (Public Law 117-2), contractors shall provide information via a one-time application or survey in advance of receiving American Rescue Plan Act funds. The department shall specify the timeline and format in which this information shall be submitted, and information shall include, but not be limited to, all of the following:

(A) Address, including ZIP Code.

(B) Race and ethnicity.

(C) Gender.

(D) Whether the provider is open and available to provide childcare services or closed due to the COVID-19 public health emergency.

(E) What types of federal relief funds have been received from the state.

(F) Use of federal relief funds received.

(G) Documentation that the provider met certifications as required by federal law.

(4) Rate increases shall be subject to federal usage limitations and federal and state program eligibility requirements.

(d) Notwithstanding subdivision (b), for the 2023–24 and 2024–25 fiscal years, the cost-of-living adjustments required pursuant to subdivision (b) shall instead be zero. It is the intent of the Legislature that any adjustment in the 2023–24 and 2024–25 fiscal years related to reimbursement for programs funded pursuant to this section will be subject to a ratified agreement, and subject to future legislation providing for appropriations related to the budget bill.

SEC. 16. Section 10290 of the Welfare and Institutions Code is amended to read:

10290. (a) The department, in consultation with the State Department of Education, shall establish a fee schedule for families using preschool and childcare and development services pursuant to this part including families receiving services pursuant to paragraph (1) of subdivision (b) of Section 10271. It is the intent of the Legislature that the new fee schedule shall be simple and easy to implement.

(b) The family fee schedule shall retain a single flat monthly fee per family. The schedule shall differentiate between fees for part-time care and full-time care.

(c) Using the most recently approved family fee schedule pursuant to subdivision (e) of Section 10436, families shall be assessed a single flat monthly fee for all state-subsidized services, including California state preschool program services administered by the State Department of Education, based on income, certified family need for full-time or part-time care services, and enrollment, and shall not be based on actual attendance. No recalculation of a family fee shall occur if attendance varies from enrollment unless a change in need for care is assessed, as requested by the parent.

(d) Family fees shall not be based on the cost of care or amount of subsidy payment.

(e) (1) The department shall design the new family fee schedule based on the most recent census data available on state median family income in the past 12 months, adjusted for family size, according to the methodology provided in subdivision (c) of Section 10271.5. The department shall first submit the adjusted fee schedule to the Department of Finance for approval.

(2) Commencing October 1, 2023, both of the following apply:

(A) The revised fees described in paragraph (1) shall not exceed 1 percent of the family's monthly income.

(B) A family with an adjusted monthly family income below 75 percent of the state median family income shall not be charged or assessed a family fee.

(f) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and Chapter 3 (commencing with Section 12000) of Part 3 shall not be included in total countable income for purposes of determining the amount of the family fee.

(g) Family fees shall be assessed at initial enrollment and reassessed at update of certification or recertification.

(h) The implementation of this section shall comply with the requirements specified in subdivision (h) of Section 10271.

(i) Notwithstanding any other provision of this chapter, family fees shall not be collected for the 2021–22 fiscal year pursuant to Section 263 of Chapter 116 of the Statutes of 2021.

(j) Notwithstanding any other provision of this chapter, family fees shall not be collected for the 2022–23 fiscal year.

(k) During the 2022–23 fiscal year, contractors shall reimburse subsidized childcare providers for the full amount of the certificate or voucher without deducting family fees.

(l) (1) Notwithstanding any other provision of this chapter, family fees shall not be collected between July 1, 2023, and September 30, 2023, inclusive.

(2) Between July 1, 2023, and September 30, 2023, inclusive, contractors shall reimburse subsidized childcare providers for the full amount of the certificate or voucher without deducting family fees.

(3) Notwithstanding any other law, federal funds that were previously appropriated in Sections 263 and 265 of Chapter 116 of the Statutes of 2021 to expand childcare access slots and provide for family fee waivers and the reimbursement for waived family fees shall be available in the 2023–24 fiscal year in an amount that is equal to the cost to extend family fee waivers between July 1, 2023, and September 30, 2023, inclusive, for all families receiving subsidized childcare services from childcare providers through programs administered by the State Department of Social Services pursuant to Chapter 3 (commencing with Section 10225), Chapter 6 (commencing with Section 10235), Chapter 7 (commencing with Section 10240), Chapter 8 (commencing with Section 10250), Chapter 9 (commencing with Section 10260), Chapter 21 (commencing with Section 10370), and Section 11461.6.

(m) Family fees accrued but uncollected prior to October 1, 2023, may be forgiven and not collected.

(n) (1) A childcare provider paid with childcare subsidies, including, but not limited to, a family childcare home provider participating in a family childcare home education network, shall not absorb a reduction in pay for the contracted childcare space or voucher on account of a waiver of or reduction in family fees.

(2) The number of childcare contracted spaces and vouchers shall not be reduced on account of a reduction in the collection of family fees.

(3) Fifty-six million dollars (\$56,000,000) is hereby appropriated from the General Fund to the State Department of Social Services in fiscal year 2023–24 to reimburse childcare providers described in paragraph (1) for family fees waived or reduced pursuant to paragraph (2) of subdivision (e).

SEC. 17. Section 10300.5 of the Welfare and Institutions Code is amended to read:

10300.5. (a) The department and the State Department of Education shall promote full utilization of childcare and development and preschool

funds and match available unused funds with identified service needs. The department and the State Department of Education shall attempt to arrange intra-agency adjustments between California state preschool program contracts and general childcare contracts for the same agency and funding allocation. The department and the State Department of Education shall establish timelines for intra-agency contract fund transfers.

(b) The department shall promote full utilization of childcare and development program funds and match available unused funds with identified service needs. Notwithstanding the requirements of Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, the department shall arrange interagency adjustments between different contractors with the same type of contract when both agencies mutually agree to a temporary transfer of funds for the balance of the fiscal year. The department shall establish timelines for interagency contract fund transfers.

(c) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the department and the State Department of Education may implement and administer this section through the issuance of guidance or other written directives, which may include, but is not limited to, establishing timelines for submittal of requests to transfer funds.

SEC. 18. Section 10348 of the Welfare and Institutions Code is amended to read:

10348. This chapter shall become inoperative on July 1, 2024, and, as of January 1, 2025, is repealed.

SEC. 19. Section 10374.5 of the Welfare and Institutions Code is amended to read:

10374.5. (a) Recipients of childcare services provided pursuant to this chapter shall be allowed to choose the childcare services of licensed childcare providers or childcare providers who, by law, are not required to be licensed, and the cost of that childcare shall be reimbursed by counties or agencies that contract with the department. For purposes of this section, “regional market rate” means care costing no more than 1.5 market standard deviations above the mean cost of care for that region. It is the intent of the Legislature to reimburse childcare providers at the 85th percentile of the most recent regional market rate survey. If the market rate survey is used to set reimbursement rates, the following shall apply:

(b) (1) The regional market rate ceilings shall be established at the greater of either of the following:

(A) The 75th percentile of the 2016 regional market rate survey for that region.

(B) The regional market rate ceiling that existed in that region on December 31, 2017.

(2) Commencing January 1, 2022, the regional market rate ceilings shall be established at the greater of either of the following:

(A) The 75th percentile of the 2018 regional market rate survey for that region.

(B) The regional market rate ceiling that existed in that region on December 31, 2021.

(c) (1) Reimbursement to license-exempt childcare providers shall not exceed 70 percent of the family childcare home rate established pursuant to subdivision (b).

(2) Commencing January 1, 2022, license-exempt childcare providers shall be reimbursed at 70 percent of the family childcare home rate established pursuant to subdivision (b), including hourly, daily, weekly, and monthly, for both full- and part-time reimbursement categories.

(d) (1) Commencing July 1, 2022, subject to available funding, the department may issue temporary rate increases to licensed childcare providers that exceed the rates specified in paragraph (2) of subdivision (b) and to licensed-exempt childcare providers that exceed the rates specified in paragraph (2) of subdivision (c). The department shall have discretion in determining how funding may be used to increase the rates, including, but not limited to, providing one-time lump-sum payments. The department may contract with another entity to distribute this funding to childcare providers.

(2) Notwithstanding any other law, contracts or grants awarded pursuant to this subparagraph 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 review or approval of the Department of General Services.

(e) (1) In accordance with federal requirements for Child Care Stabilization Grants appropriated pursuant to the federal American Rescue Plan Act of 2021 (Public Law 117-2), childcare providers shall provide information via a one-time application or survey in advance of receiving American Rescue Plan Act funds pursuant to paragraph (2) of subdivision (b) or paragraph (2) of subdivision (c). The department shall specify the timeline and format in which this information shall be submitted, and information shall include, but not be limited to, all of the following:

(A) Address, including ZIP Code.

(B) Race and ethnicity.

(C) Gender.

(D) Whether the provider is open and available to provide childcare services or closed due to the COVID-19 public health emergency.

(E) What types of federal relief funds have been received from the state.

(F) Use of federal relief funds received.

(G) Documentation that the provider met certifications as required by federal law.

(2) Rate increases shall be subject to federal usage limitations and federal and state program eligibility requirements.

(f) Reimbursement to childcare providers shall not exceed the fee charged to private clients for the same service.

(g) Reimbursement shall not be made for childcare services when care is provided by parents, legal guardians, or members of the assistance unit.

(h) A childcare provider located on an Indian reservation or rancheria and exempted from state licensing requirements shall meet applicable tribal standards.

(i) For purposes of this section, “reimbursement” means a direct payment to the provider of childcare services, including license-exempt providers. If care is provided in the home of the recipient, payment may be made to the parent as the employer, and the parent shall be informed of their concomitant legal and financial reporting requirements. To allow time for the development of the administrative systems necessary to issue direct payments to providers, for a period not to exceed six months, a county or an alternative payment agency contracting with the department may reimburse the cost of childcare services through a direct payment to a recipient of aid rather than to the childcare provider.

(j) Counties and alternative payment programs shall not be bound by the rate limits described in subdivisions (a) and (b), when there are, in the region, no more than two childcare providers of the type needed by the recipient of childcare services provided under this chapter.

(k) (1) Notwithstanding any other law, reimbursements to childcare providers based upon a daily rate may only be authorized under either of the following circumstances:

(A) A family has an unscheduled but documented need of six hours or more per occurrence, such as the parent’s need to work on a regularly scheduled day off, that exceeds the certified need for childcare.

(B) A family has a documented need of six hours or more per day that exceeds no more than 14 days per month. Reimbursements to a childcare provider based on the daily rate over one month’s time shall not exceed the childcare provider’s equivalent full-time monthly rate or applicable monthly ceiling.

(2) This subdivision shall not limit childcare providers from being reimbursed for services using a weekly or monthly rate, pursuant to Section 10228.

SEC. 20. Section 10436 of the Welfare and Institutions Code is amended to read:

10436. (a) The Legislature hereby finds and declares that greater efficiencies may be achieved in the execution of state-subsidized childcare and development program contracts with public and private agencies by the timely approval of contract provisions by the Department of Finance, the Department of General Services, and the department, and by authorizing the department to establish a multiyear application, contract expenditure, and service review, as may be necessary, to provide timely service while preserving audit and oversight functions to protect the public welfare.

(b) (1) The Department of Finance and the Department of General Services shall approve or disapprove annual contract funding terms and conditions, including both family fee schedules and rate schedules that are required to be adhered to by contract, and contract face sheets submitted by the department not more than 30 working days from the date of submission, unless unresolved conflicts remain between the Department of Finance, the

department, and the Department of General Services. The department shall resolve conflicts within an additional 30-working day time period. Contracts and funding terms and conditions shall be issued to childcare contractors no later than June 1. Applications for new childcare funding shall be issued not more than 45 working days after the effective date of authorized new allocations of childcare moneys.

(2) If the market rate survey is used to set reimbursement rates, and notwithstanding paragraph (1), the department shall implement the regional market rate schedules based upon the county aggregates, as specified in Section 10374.5 and the annual Budget Act.

(3) It is the intent of the Legislature to fully fund the third stage of childcare for former CalWORKs recipients.

(c) With respect to subdivision (b), it is the intent of the Legislature that the Department of Finance annually review contract funding terms and conditions for the primary purpose of ensuring consistency between childcare contracts and the childcare budget. This review shall include evaluating any proposed changes to contract language or other fiscal documents to which the contractor is required to adhere, including those changes to terms or conditions that authorize higher reimbursement rates, modify related adjustment factors, modify administrative or other service allowances, or diminish fee revenues otherwise available for services, to determine if the change is necessary or has the potential effect of reducing the number of full-time equivalent children that may be served.

(d) If the market rate survey is used to set reimbursement rates, alternative payment programs, as set forth in Chapter 3 (commencing with Section 10225), shall be subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments, and the department shall contract to conduct a regional market rate survey no more frequently than once every two years, consistent with federal regulations, with a goal of completion by March 1.

(e) By March 1 of each year, the Department of Finance shall provide to the department the state median income amount for a four-person household in California using the methodology provided in subdivision (c) of Section 10271.5. The department shall adjust its fee schedule for childcare providers to reflect this updated state median income, and changes based on revisions to the state median income amount shall not be implemented midyear.

(f) Notwithstanding the June 1 date specified in subdivision (b), changes to the regional schedules and fee schedules may be made at any other time to reflect the availability of accurate data necessary for their completion, provided these documents receive the approval of the Department of Finance. The Department of Finance shall review the changes within 30 working days of submission and the department shall resolve conflicts within an additional 30-working day time period. Contractors shall be given adequate notice before the effective date of the approved schedules. It is the intent of the Legislature that contracts for services not be delayed by the timing of the availability of accurate data needed to update these schedules.

SEC. 21. Section 11461.6 of the Welfare and Institutions Code is amended to read:

11461.6. (a) The Emergency Child Care Bridge Program for Foster Children is hereby established, to be implemented at the discretion of each county, for the purpose of stabilizing foster children with families at the time of placement by providing a time-limited payment or voucher for childcare following the child's placement, or for a child whose parent is in foster care, and by providing the family with a childcare navigator to assist the family in accessing long-term subsidized childcare.

(b) The Emergency Child Care Bridge Program for Foster Children shall be administered by county welfare departments that choose to participate in the program.

(c) (1) As determined by the county welfare department, and consistent with guidance issued by the State Department of Social Services, counties may establish local priorities and may either provide payment directly to the family or childcare provider, or contract with a local alternative payment program to distribute vouchers for childcare.

(2) If the market rate survey is used to set reimbursement rates, counties that elect to provide payment directly to a family or childcare provider shall pay commensurate with the regional market rates, as described in Section 10374.5.

(3) The market rate survey is used to set reimbursement rates, counties that elect to contract with a local alternative payment agency, as described in Section 10225, to distribute childcare vouchers, the vouchers shall be in an amount commensurate with the regional market rates, as described in Section 10374.5, and the contract shall not displace, or result in the reduction of, an existing contract with a current local alternative payment program.

(d) (1) Participating county welfare departments shall determine eligibility of a child for the Emergency Child Care Bridge Program for Foster Children using the criteria outlined in paragraphs (2) and (3).

(2) Family placements eligible to receive payment or a voucher for childcare include both of the following:

(A) Approved resource families, as described in Section 16519.5 of this code and Section 1517 of the Health and Safety Code, and families that have a child placed with them in an emergency or for a compelling reason, as described in Section 16519.5.

(B) Parents under the jurisdiction of the juvenile court, including, but not limited to, nonminor dependent parents.

(3) A participating county welfare department may provide a payment or voucher if work or school responsibilities preclude resource families from providing care when the child for whom they have care and responsibility is not in school or for periods when the family, as described in paragraph (2), is required to participate, without the child, in activities associated with parenting a child that are beyond the scope of ordinary parental duties, including, but not limited to, attendance at administrative or judicial reviews, case conferences, and family training.

(e) Each child receiving a monthly childcare payment or voucher shall be provided with a childcare navigator, pursuant to paragraph (5) of subdivision (a) of Section 10219, who shall work directly with the child's family, social worker, and the child and family team to assist in accessing childcare at the time of placement as well as long-term, subsidized childcare for the child, as necessary.

(f) Each child receiving a monthly childcare payment or voucher shall be eligible to receive the payment or voucher for up to six months. If the child and family access long-term, subsidized childcare prior to the end of the six-month period covered by the payment or voucher, eligibility for the monthly payment or voucher shall terminate upon enrollment in long-term, subsidized childcare.

(g) (1) Eligibility for the monthly payment or voucher may be extended beyond the initial six-month period for an additional six-month period, not to exceed 12 months in total, at the discretion of the county welfare department, if the child and family have been unable to access long-term, subsidized childcare during the initial six-month period.

(2) Notwithstanding paragraph (1), the county welfare department may extend eligibility for the monthly payment or voucher beyond 12 months based on a compelling reason that may include, but is not limited to, the inability of the foster child to successfully transition to other subsidized childcare, the loss of the payment or voucher would jeopardize a successful reunification or permanency plan, or other reasons authorized pursuant to guidance issued by the department, with input from stakeholders. This paragraph shall become operative September 1, 2022.

(h) The department shall seek all federal approvals necessary to claim federal reimbursement under Title IV-E of the federal Social Security Act in order to maximize state and local funding for childcare.

(i) This section shall not be interpreted to create an entitlement to a childcare payment or voucher.

(j) The program established pursuant to this section is intended to complement county child welfare agency efforts to recruit, retain, and support resource families as described in Section 16003.5, and any funding provided to counties pursuant to this section shall supplement those county activities to support the goals of Chapter 773 of the Statutes of 2015 and Chapter 612 of the Statutes of 2016.

SEC. 22. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances in the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma. In order to prevent the individualized childcare pilot projects in these counties from sunseting before the State Department of Social Services and the State Department of Education can identify and implement a transition plan, this act is necessary to prevent children and families from having childcare benefits reduced.

SEC. 23. (a) Of the amount to be appropriated in Item 6100-196-0001 of Section 2.00 of the Budget Act of 2024, one-time funds of four hundred forty-five million six hundred sixty-six thousand dollars (\$445,666,000) shall be available in the 2024–25 fiscal year to make any adjustments related to the reimbursement provided under all programs funded pursuant to Section 8242 of the Education Code, subject to a ratified agreement, and subject to future legislation providing for appropriations related to the budget bill.

(b) Of the amount to be appropriated in Item 6100-194-0001 of Section 2.00 of the Budget Act of 2024, one-time funds of one hundred eighty-six million five hundred twenty-nine thousand dollars (\$186,529,000) shall be available in the 2024–25 fiscal year to make any adjustments related to the reimbursement provided under all programs funded pursuant to Section 8242 of the Education Code and Sections 10280 and 10374.5 of the Welfare and Institutions Code, subject to a ratified agreement, and subject to future legislation providing for appropriations related to the budget bill. Notwithstanding any other law, upon approval of the Department of Finance, the expenditure authority identified in this subdivision may be transferred to any of the following items for the State Department of Education or State Department of Social Services:

- (1) Item 5180-001-0001 of Section 2.00 of the Budget Act of 2024.
- (2) Item 6100-194-0001 of Section 2.00 of the Budget Act of 2024.

SEC. 24. (a) (1) Notwithstanding any other law, contracting agencies operating a migrant childcare and development program pursuant to Chapter 6 (commencing with Section 10235) of, a general child care and development program pursuant to Chapter 7 (commencing with Section 10240) of, a family child care home education network program pursuant to Chapter 8 (commencing with Section 10250) of, or a child care and development services for children with special needs program pursuant to Chapter 9 (commencing with Section 10260) of, Part 1.8 of Division 9 of the Welfare and Institutions Code shall be reimbursed according to paragraph (2), July 1, 2023, to September 30, 2023, inclusive, if the program is open and operating in accordance with their approved program calendar and remains open and offering services through the program year.

(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 State Department of Social Services.

(b) (1) Notwithstanding any other law, contracting agencies operating a California state preschool program pursuant to Article 2 (commencing with Section 8207) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code shall be reimbursed according to paragraph (2), July 1, 2023, to September 30, 2023, inclusive, if the program is open and operating in accordance with their approved program calendar and remains open and offering services through the program year.

(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 of Public Instruction.

(c) Twenty-two million dollars (\$22,000,000) shall be allocated from funds specified in Provision 22 of Item 5180-101-0001 of the Budget Act of 2023 to provide support, as described in paragraph (2) of subdivisions (a) and (b), July 1, 2023, to September 30, 2023, inclusive, to alternative payment programs, including migrant alternative payment programs, and to state-subsidized childcare providers, including day care centers, family daycare homes, and license-exempt providers, that serve children through an alternative payment program, including a migrant alternative payment program pursuant to Chapter 3 (commencing with Section 10225) of, migrant child care and development programs pursuant to Chapter 6 (commencing with Section 10235) of, a general child care and development program pursuant to Chapter 7 (commencing with Section 10240) of, a family child care home education network pursuant to Chapter 8 (commencing with Section 10250) of, child care 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 the Welfare and Institutions Code, or providers that serve children through the Emergency Child Care Bridge Program for Foster Children pursuant to Section 11461.6 of the Welfare and Institutions Code.

SEC. 25. 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.