June 9, 2026

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

CHILD CARE BULLETIN (CCB) NO. 26-15

The purpose of this Child Care Bulletin is to inform child care and development contractors of the new policy, beginning July 1, 2026, for reimbursement based on enrollment introduced in Senate Bill (SB) 120 (Statutes of 2025) and codified through Welfare Institution Code (WIC) 10280.

CDSS

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June 9, 2026

CHILD CARE BULLETIN (CCB) NO. 26-15

GUIDANCE TYPE: DIRECTIVE

TO: ALL CHILD CARE AND DEVELOPMENT CONTRACTORS

SUBJECT: NEW REIMBURSEMENT BASED ON ENROLLMENT POLICY

APPLICABLE PROGRAMS: GENERAL CHILD CARE AND DEVELOPMENT PROGRAMS (CCTR); MIGRANT CHILD CARE AND DEVELOPMENT PROGRAMS (CMIG); CHILDREN WITH SEVERE DISABILITIES (CHAN) PROGRAM

REFERENCE: SENATE BILL (SB) 140 (CHAPTER 193, STATUTES OF 2023), SB 120 (CHAPTER 13, STATUTES OF 2025), SB 151 (CHAPTER 108, STATUTES OF 2025), WELFARE INSTITUTION CODE (WIC) 10227.5, WIC 10421, WIC 10280, CCB 25-24, CCB 25-24E, TITLE 5 OF THE CALIFORNIA CODE OF REGULATIONS (5 CCR), SECTION 18054

Purpose

The purpose of this Child Care Bulletin is to inform child care and development contractors of the new policy, beginning July 1, 2026, for reimbursement based on enrollment introduced in Senate Bill (SB) 120 (Statutes of 2025) and codified through Welfare Institution Code (WIC) Section 10280.

Background

Prior to July 1, 2020, direct service contractors were reimbursed based on the lesser of the following:

1. The contractor's Maximum Reimbursable Amount (MRA);

2. The net reimbursable program cost; or

3. The product of the adjusted child days of enrollment for certified children, times the contract rate per child day of enrollment, times the actual percentage of attendance plus five percent, but in no case to exceed one hundred percent of enrollment.

Under this policy, service earnings were calculated by multiplying the adjusted certified enrollment by the contract rate. The certified service earnings were then adjusted based on the attendance percentage. Contracts were allowed a five percent flex factor for attendance; service earnings were multiplied by “the actual percentage of attendance plus five percent, but in no case to exceed one hundred percent of enrollment” (5 CCR Section 18054) to determine adjusted contract earnings. This five percent flex factor was applied as an allowance, and it is added to the actual attendance percentage. Service earnings were adjusted for attendance if the attendance percentage for a program was less than 95 percent. For example, service earnings calculations for a contractor with 94 percent attendance would have been adjusted at 99 percent of actual service earnings or a one percent reduction due to low attendance.

Since July 1, 2020, center-based contractors have been reimbursed at the contract MRA or net reimbursable program costs, whichever is less. This is sometimes called “hold harmless” and does not require reimbursements to be based on either attendance or actual enrollment.

Guidance

Commencing July 1, 2026, General Child Care and Development (CCTR), Migrant General Child Care (CMIG), and Child Care and Development Services for Children with Special Needs (CHAN) contractors' reimbursement shall be based on the lesser of the following:

(1) The maximum reimbursable amount stated in the contract;

(2) Net reimbursable program costs; or

(3) The product of the adjusted child days of enrollment for certified children multiplied by the contract rate set forth in WIC Section 10280.

As a result of this change, service earnings calculations will no longer be adjusted if the attendance percentage falls below 100 percent, pursuant to 5 CCR Section 18054. For example, if the attendance percentage is 94, service earnings calculations will be calculated at 100 percent. To achieve this change, contract earnings calculations will be reprogrammed to always assume 100 percent attendance when determining actual service earnings to reflect 100 percent enrollment-based reimbursements.

The following scenarios are provided to demonstrate how the policy, effective July 1, 2026, is different from the current reimbursement policy.

Scenario Number 1

Reimbursement Type	Amount
(A) MRA	$1,300,000
(B) Expenses	$1,250,000
(C) Service Earnings	$ 995,000

Policy Sunsets June 30, 2026: The contractor is reimbursed $1,250,000 lesser of A or B
Policy Effective July 1, 2026: The contractor will be reimbursed $995,000 lesser of A, B, or C

Scenario Number 2

Reimbursement Type	Amount
(A) MRA	$2,500,000
(B) Expenses	$2,750,000
(C) Service Earnings	$2,000,000

Policy Sunsets June 30, 2026: The contractor is reimbursed $2,500,000 lesser of A or B
Policy Effective July 1, 2026: The contractor will be reimbursed $2,000,000 lesser of A, B, or C

Scenario Number 3

Reimbursement Type	Amount
(A) MRA	$900,000
(B) Expenses	$910,050
(C) Service Earnings	$900,000

Policy Sunsets June 30, 2026: The contractor is reimbursed $900,000 lesser of A or B
Policy Effective July 1, 2026: The contractor will be reimbursed $900,000 lesser of A, B, or C

Direct service contractors will continue to submit enrollment and fiscal reports through the Child Development Enrollment Attendance and Fiscal Reporting (CDPR).

While contractors are not reimbursed based on service earnings in Fiscal Year (FY) 2025-26, all contract earnings calculations include service earnings. Contractors should review the projected service earnings for FY 2025-26 in preparation for the contract earnings and reimbursement changes in FY 2026-27.

If you are a contractor and have any questions regarding the information in this CCB, contact your assigned Program Quality and Improvement Consultant. The list of assigned consultants can be found on the Child Care and Development Contacts webpage.

CCTR and CMIG Reimbursements for Providers Participating in a Family Child Care Home Education Networks (FCCHENs)

Pursuant to the Agreement between the State of California and the Child Care Providers United, Family Child Care Home Education Network providers funded through CCTR and CMIG shall receive 100 percent of reimbursement based on the family's certified need for services at the maximum authorized hours of care less any allowable administrative expenses withheld by the contractor.

Program Closures

If a CCTR, CMIG, and CHAN contractor is required to close their site(s), classroom(s), or family child care home(s) due to circumstances outside of the contractor's control, the contractor shall follow the latest guidance for emergency closures issued by the Child Care and Development Division in order to be reimbursed for any day(s) of operation and child days of attendance or services for these closures.

Sincerely,

Original Document Signed By

LUPE JAIME-MILEHAM, EdD
Deputy Director
Child Care and Development Division