September 22, 2025

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

CHILD CARE BULLETIN (CCB) NO. 25-23

The purpose of this Child Care Bulletin (CCB) is to provide information and guidance to child care and development contractors and county administrators regarding approval of the Fiscal Year 2025-2026 Budget Act.

CDSS

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
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September 22, 2025

CHILD CARE BULLETIN (CCB) NO. 25-23

GUIDANCE TYPE: INFORMATIVE AND DIRECTIVE

TO: ALL COUNTY CHILD CARE COORDINATORS
ALL CHILD CARE AND DEVELOPMENT CONTRACTORS
ALL CHILD CARE QUALITY CONTRACTORS AND GRANTEE

SUBJECT: FISCAL YEAR 2025-26 CHILD CARE AND DEVELOPMENT BUDGET OVERVIEW AND GUIDANCE

APPLICABLE PROGRAMS:

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS) STAGES ONE, TWO, AND THREE
ALTERNATIVE PAYMENT PROGRAMS
MIGRANT ALTERNATIVE PAYMENT PROGRAMS
GENERAL CHILD CARE AND DEVELOPMENT PROGRAMS
MIGRANT CHILD CARE AND DEVELOPMENT PROGRAMS
FAMILY CHILD CARE HOME EDUCATION NETWORKS
CHILD CARE AND DEVELOPMENT SERVICES FOR CHILDREN WITH SPECIAL NEEDS
EMERGENCY CHILD CARE BRIDGE PROGRAM FOR FOSTER CHILDREN
CHILD CARE RESOURCE AND REFERRAL PROGRAMS
LOCAL CHILD CARE AND DEVELOPMENT PLANNING COUNCILS QUALITY IMPROVEMENT PROJECTS

REFERENCE: SENATE BILL (SB) 101 (CHAPER 4, STATUTES OF 2025), ASSEMBLY BILL (AB) 102 (CHAPTER 5, STATUTES OF 2025);

SB 120 (EARLY CHILDHOOD EDUCATION AND CHILD CARE,CHAPTER 13; STATUTES OF 2025); WELFARE AND INSTITUTIONS CODE SECTION 10427(A); CCB 23-26; CCB 23-24E, CCB 23-37; CCB 24-01

Purpose

The purpose of this Child Care Bulletin (CCB) is to provide information and guidance to child care contractors and county administrators about policy changes in the 2025 Budget Act. Further CCBs with more detailed guidance regarding Cost of Care Plus, payment based on enrollment and prospective payment are forthcoming.

Background

The Fiscal Year (FY) 2025-26 California State Budget continues to build upon historic investments in California's Child Care and Development Programs and to streamline child care policies while also addressing the budget shortfall. Key budget investments include funding to support paying providers prospectively, rate reform, increased Cost of Care Plus Payments, and payment based on enrollment or maximum certified need. The budget also includes a $30 million reduction for the Emergency Child Care Bridge for Foster Children Program to align with current utilization rates.

The FY 2025-26 State Budget was enacted via the following bills:

SB 101- Budget Act of 2025
AB 102 - Budget Act of 2025 (Budget Jr.)
SB 120 - Early Childhood Education and Child Care Budget Trailer Bill

Guidance

Child Care Collective Bargaining – Licensed Family Child Care Homes (FCCH) and License-Exempt Family, Friend and Neighbor (FFN) providers

The Memorandum of Understanding (MOU) between the State and Child Care Providers United (CCPU) expired on July 1, 2025. Consistent with Welfare and Institutions Code (WIC) 10427(a), the State and the counties and contractors administering its programs must continue to give effect to the provisions of the expired MOU, including those that supersede existing law.

The State and CCPU reached a tentative agreement on August 7, 2025, which was submitted to the Legislature on August 13, 2025. The tentative agreement is effective upon ratification through July 1, 2028. Further guidance will be issued when the agreement is ratified. Pending that further guidance, local contractors and county partners should continue to apply guidance from the following CCBs to family child care providers regardless of expiration dates that the CCBs reference or subsequent statutory changes:

- CCB 23-26 - Extension Of Child Care Reimbursement Based on Enrollment Rather Than Attendance Policy for Child Care and Development Programs Administered by the California Department of Social Services (CDSS)
- CCB 23-34E – Erratum To Implementation of the Provisions of SB 140 (Chapter 193, Statutes Of 2023) Pertaining to Child Care Provider Payment
- CCB 23-37 - Cost Of Care Plus Rate Payments to Child Care Providers Pursuant To SB 140 (Chapter 193, Statutes Of 2023)
- CCB 24-01 – Transitional One-Time Allocation to Family Child Care Homes And Cost Of Care Plus Rate Payments to Child Care Contractors Pursuant to SB 140 (Chapter 193, Statutes Of 2023) with respect to out-of-contract allocations disbursement information.

The MOU covers Licensed Family Child Care Homes (FCCH) and License-Exempt Family, Friend and Neighbor (FFN) providers**,** as centers are not represented by CCPU. Child Care and Development contractors and counties should also follow the CCBs above with respect to child care centers to the extent that the terms of a CCB are unaffected by expiration dates that have passed or subsequent statutory changes.

Payment Based on Enrollment or Max Certified Need

The 2025 Budget Act related legislation, as referenced under the Background section, and the MOU continue, commencing July 1, 2025 and through June 30, 2026, the policies of payment based on enrollment for direct-service contractors and payment based on maximum certified need for centers and family child care providers who accept vouchers.

- Family child care providers and child care centers reimbursed via a voucher:
    - Family child care providers and child care centers receiving vouchers through CalWORKs Stage One, CalWORKs Stage 2 (C2AP), or CalWORKs Stage 3 (C3AP), the Alternative Payment Program (CAPP), the Migrant Alternative Payment Program (CMAP), or the Emergency Child Care Bridge Program for Foster Children (Bridge Program) shall continue to be paid based on families' maximum certified hours of care, regardless of attendance.
    - Pursuant to WIC Section 10227.7, contractors and counties are not required to track absences. In order to receive voucher payments, providers must turn in a monthly attendance record or invoice that includes, at a minimum, the name of the child receiving services, the dates and actual times care was provided each day, including the time the child entered and the time the child left care each day, that is signed under

    - penalty of perjury by both the parent or guardian and the childcare provider, attesting that the information provided is accurate.
    - Budget Act amendments for C2AP, C3AP and CAPP contractors were communicated in CCB 25-20.

- Family Child Care Home Providers who participate in a Family Child Care Home Education Network (FCCHEN):
    - Providers who participate in a FCCHEN through the Family Child Care Home Education Networks Program (CFCC) shall continue to be paid based on families' maximum certified hours of care, regardless of attendance.
    - Providers who participate in a FCCHEN through the General Child Care and Development Program (CCTR), or Migrant Child Care and Development Programs (CMIG) will continue to receive 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.

- For direct service contractors:
    - CMIG, CCTR, and Children with Severe Disabilities (CHAN) contractors that are open and continue operating in accordance with their approved program calendar through the program year shall be reimbursed 100% of the contract maximum reimbursable amount or net reimbursable program cost, whichever is less. Contractors who are not open and do not continue to operate in accordance with their approved program calendar may not be eligible for the reimbursement provisions in SB 120. SB 120 amended WIC section 10290 to codify this policy change and future guidance is forthcoming.

Cost of Care Plus (COC+) Updates

<u>Child Care Centers</u> – Child care centers and direct-service contractors, which are not represented by CCPU or covered by the MOU, will receive an updated Cost of Care Plus (COC+) rate. Pursuant to WIC section 10277.2, as amended by SB 120, centers shall receive the increased COC+ payment commencing July 1, 2025, and through June 30, 2026. Payments to child care providers shall continue in July 2025, with the payment based on the service month June 2025. Payments will continue through service month May 2026, with payments made in June 2026. Timely payment provisions under WIC 10277 remain in effect. Timely payment provisions under WIC 10277 remain in effect.

Centers should be reimbursed at this new COC+ rate, for June 2025 enrollments, following submission of June documentation in July. Prior COC+ rate payments were made for attendance records or invoices covering December 2023 through May 2025 and the COC+ rate applied from January 1, 2024, through June 30, 2025. The rate began in January 2024 and payments have consistently reflected the previous month's enrollments.

Licensed Family Child Care Homes (FCCH) and License-Exempt Family, Friend and Neighbor (FFN) providers – There is no change at this time to the COC+ rate for these child care providers. Pursuant to WIC section 10277.1, as amended by SB 120, the new COC+ rate applies to family child care providers beginning July 1, 2025 and through June 30, 2026, just as it does to child care centers. However, WIC section 10277.1(l) specifies that if the provisions of the section conflict with an MOU reached pursuant to Section 10426 of the Building a Better Early Care and Education System Act, the MOU controls. The existing COC+ rates outlined in Article 7.2 of the Agreement between the State and CCPU are in conflict with the new rate in WIC 10277.1. Therefore, until further notice, Article 7.2 of the MOU that expired on July 1, 2025 continues to govern the COC+ rate for family child care providers.

Per-child plus rate amounts shall be as follows:

Region	Licensed Family Child Care Providers	License-Exempt Providers	Centers (Updated COC+ Rate)
Central	$140	$98	**$152**
Northern	$141	$99	**$154**
Southern	$160	$112	**$174**
Los Angeles	$171	$119	**$186**
Bay Area	$211	$148	**$230**

Child Development Associates will continue to administer COC+ payments for counties where the CalWORKs Stage One Child Care Program and Emergency Child Care Bridge Program for Foster Children is administered in-house.

Future warrants for COC+ advances will update the "Invoice ID" to reflect COC+ as follows: "'Vendor Number'_COC+_QXFY25/26_Advance".

If a county or contractor is unable to make a payment within 21 calendar days due to the change in COC+ rates or other extenuating circumstances, please notify impacted providers within a reasonable timeframe, consistent with the county or contractor's plan for timely payment and WIC section 10277(a)(5).

COC+ advances issued to contractors via warrant will update the "Invoice ID" field to indicate COC+ as follows: "'Vendor Number'_COC+_QXFY25/26_Advance".

Rate Reform:

The CDSS received pre-approval from the Administration for Children and Families (ACF) to use an alternative methodology to inform a single rate structure and has completed and submitted the alternative methodology package to ACF. The FY 2025-26 budget includes $21.8 million in one-time federal funds to support state-level automation updates and start-up costs to implement the single rate structure informed by the alternative methodology. It requires CDSS to continue to submit quarterly reports to the Legislature on its progress towards implementing a new single rate structure until July 1, 2027.

Prospective Payment:

The budget includes $30.1 million in one-time State General Funds to support the implementation of prospective payment to align with the 2024 Final Rule issued by ACF. The Final Rule requires the Lead Agency to demonstrate that it has established payment practices applicable to all Child Care and Development Fund (CCDF) child care providers that reflect generally accepted payment practices of child care providers in the private market. The Lead Agency must ensure payment timeliness to child care providers by paying in advance of or at the beginning of the delivery of child care services. Of the $30.1 million amount appropriated to support prospective payment, $21.9 million is to support additional staff for contractors and counties, and $8.2 million in one-time funds to support county and contractor payment system updates. Allocations will be sent in a forthcoming CCB. The ACF has issued a waiver until August 1, 2026, for California to begin implementing prospective payment. To ensure policy alignment, prospective payment practices will apply to all child care and development programs including the CalWORKs Stage One program and the Bridge program. Guidance with updates on the details of this implementation is forthcoming.

Streamlining Policies through Statutory Cleanup:

SB 120 (Chapter 13, Statues of 2025) included the following two changes to Welfare and Institutions Code (WIC):

1. *WIC Section 10374.5 - Language clean-up for definition of part-time/full-time care*
   a. In CCB 24-04, released on March 8, 2024, pursuant to WIC section 10374.5(k) **at the time,** the daily reimbursement rate was still defined as six hours or more per day that exceeds no more than 14 days per month. Per SB 120, WIC Section 10374.5(k) was updated to reflect that the daily reimbursement rate has been changed **from six hours to five hours** and could be used when a family has an unscheduled but documented need of **five hours** or more per occurrence, or when a family had a documented need of **five hours** or more per day that exceeds no more than 14 days per month.
   b. All other guidance in CCB 24-04 is still applicable.

2. *WIC Section 10271(h)(1) and (h)(5): 12-month eligibility for newly added children*
    a. The Child Care and Development Division (CCDD) released CCB 24-21 on October 1, 2024, indicating that contractors had to ensure that a family had a minimum of 12 months of eligibility after they enrolled a new child during their current 24-month eligibility period. The CCB described scenarios and how to implement this policy consistently. Recent changes to WIC section 10271(h)(1) and (h)(5) in SB 120 have codified this federal requirement in state statue.
    b. All the guidance in CCB 24-21 is still applicable. Please note that this policy does not apply to the CalWORKs Stage One program.

Emergency Child Care Bridge Program for Foster Children

The 2025 Budget Act reduces funding for the Bridge Program by a total of $30 million in General Funds. This reduction is intended to align the program with current utilization rates. Please see County Fiscal Letter 25-26-04 for additional information.

If you have any questions or need additional guidance regarding the information in this letter, please contact your Stage One Policy Analyst or your Program Quality and Improvement Consultant.

Sincerely,

Original Document Signed By

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