



Senator Josh Becker, 13th Senate District

SB 1110

SUMMARY

SB 1110 will build a more stable and robust childcare subsidy system, based on a solid infrastructure and resourced for consistent services to childcare providers, inclusive of CCPU requirements, and offers more comprehensive whole family supports to families who are engaging in the program.

PROBLEM

In California, hundreds of thousands of children, and their families, rely on subsidized childcare each year. A significant number of these children are served through childcare voucher and contract programs, administered by Alternative Payment (AP) Contractors and Center-Based Contractors. After enduring multiple rounds of budget cuts during prior recessions, these programs began to be funded with a single percentage-based reimbursement.

Rather than the state contracting directly with childcare providers located across our vast state, these local agencies employ staff, who live in and intimately know that community, allowing for culturally and linguistically relevant services for providers and families. Unfortunately, when community partners are mandated to provide support to childcare providers with inadequate funding, then the families being supported or who are waiting to be enrolled are short changed.

Recent changes and new requirements in the last decade have significantly increased the operational burden of contractors and centers - reducing their ability to focus on the children and families they serve. When the state provided one-time stipends and pandemic relief funding, contractors were often reimbursed below statutory rates, even as they took on expanded responsibilities.

More recently, the agreements with the Child Care Providers Union (CCPU), including the most recent contract finalized in September 2025,

have further stretched contractors and centers, which also impacts the families being served. Contractors must now implement five new payments, with all but one being one-time in nature, and with a variety of separate reimbursement amounts for contractors – ranging from no reimbursement to 10% rate on the care cost plus stipends along with a flat \$70 million administrative fee for CCPU services.

At the same time, contractors and centers have experienced inconsistencies with the Department of Social Services' interpretation of their own guidance on how they may use implementation dollars. To deal with these increased requirements over the last decade, contractors and centers have been able to establish precarious stability by keeping personnel and other budget items low and by using these sudden influxes of funding for one-time needs. The one-time nature of the funding makes it difficult to hire the additional staff needed, and strains existing staff leading to quicker burnout and turnover. Now, many agencies are facing growing financial instability – threatening the sustainability of California's childcare infrastructure and the children and families served by this system.

Adding to the pressure of these complexities is that the 5% attendance flex factor no longer reflects the real operating conditions of center-based childcare programs. Families move more frequently, eligibility changes occur mid-year, TK expansion shifts children out of programs with little notice, and fluctuating birth rates reduce the pipeline of age-eligible children. These fluctuations routinely exceed 5%, making the current allowance too narrow to provide meaningful protection as center-based program operational costs remain fixed regardless of classroom enrollment.

CURRENT LAW

Establishes the Child Care and Development Services Act to provide childcare and development services as part of a coordinated, comprehensive, and cost-effective system serving children from birth to 13 years of age and their parents, including a full range of supervision, health, and support services through full- and part-time programs in which the state contracts with local agencies to administer and pay childcare providers.

Provides \$70 million for CCPU contracted services and caps the administrative rates for these local agencies at 17.5% for the base contract, at 10% administration for the cost of care plus supplement, and at 5% for the catch up and stabilization payments each.

Requires center-based programs to maintain 95% attendance to earn 100% of their contract.

THIS BILL

Specifically, this bill:

- 1) Combines existing reimbursement funding and clarifies allowable uses of these funds for those costs that are “indirect/de minimis costs” and “direct program and service costs”—and providing examples of each for both AP contractors and center-based programs.
- 2) Ensures stable and equitable reimbursement of childcare contractors implementing state contracts by:
 - a. Eliminating the need for separate negotiation for Union Administration costs.
 - b. Creating staffing and service stability at the community level for parents and providers.
- 3) Establishes a Minimum Contract Guarantee of \$300,000 for each AP contractor to ensure small agencies can provide services and meet the state requirements.

- 4) Allows flexibility for contractors and centers to roll unspent indirect funds into direct program and service costs.
- 5) Leverages the existing structure of state contractors to adequately resource whole family supports, including mental health consultation, developmental screening with referrals to assessment/evaluation or other resources, and enhanced supports in securing childcare.
- 6) Establishes a realistic attendance flex factor - at 85% - below which penalties begin. This provides stability without completely decoupling funding from enrollment, making it a more sustainable and policy-aligned solution once hold harmless ends.

SUPPORT

Child Care Resource Center (co-sponsor)
Child Action (co-sponsor)
Child Care Alliance of Los Angeles (co-sponsor)
Crystal Stairs (co-sponsor)
Every Child California (co-sponsor)
Thriving Families CA Foundations (co-sponsor)

FOR MORE INFORMATION

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