Family Fee Collection Proposal: Frequently Asked Questions

Did legislation requiring agencies to collect family fees pass?
Not yet. Language related to family fee collection is currently being considered as part of the state budget process and has not yet been enacted into law.

What would the proposal do?
The proposal would shift responsibility for collecting family fees to contractors while continuing the current practice of reimbursing providers for the full amount of the certificate or voucher without deducting family fees from provider payments.

When would family fee collection begin?
The proposal contemplates implementation during the 2026-27 fiscal year. However, no final implementation date has been established, and agencies should not assume any specific timeline until final budget language is enacted and guidance is issued by the California Department of Social Services (CDSS).

Will agencies receive implementation guidance from the state?
At this time, no implementation guidance has been issued. There is currently no information available regarding implementation timelines, transition periods, reporting requirements, collection procedures, family notifications, or other operational requirements.

Who would be impacted?
The proposal appears to apply primarily to Alternative Payment Programs and other certificate-based contractors. Agencies should wait for final enacted language and CDSS guidance before making operational assumptions.

What concerns has TFC Foundation raised?
TFC Foundation has elevated and will continue to elevate concerns that implementation of the proposed family fee collection language could have immediate operational and fiscal impacts on both child care providers and agencies, with the potential for unintended consequences for families.

Unfunded Administrative Mandate
The proposal creates new administrative responsibilities for contractors without providing a corresponding funding source for implementation or ongoing administration.

During the family fee waiver period, the state appropriated approximately $56 million to ensure providers continued to receive the full value of certificates and vouchers. While the proposal would shift responsibility for collecting family fees to agencies, it does not currently include funding to support the staffing, training, technology, accounting, collections, reporting, and compliance activities required to administer the program.

TFC has encouraged policymakers to consider a mechanism that would provide agencies with resources to support implementation and ongoing administration.

Significant Implementation Challenges

TFC recently surveyed the field and found that approximately 60 percent of responding agencies do not currently collect family fees.

Many agencies would need time to:

- Hire and train staff
- Update policies and procedures
- Modify software systems
- Establish accounting and collection processes
- Revise family communications
- Implement internal controls and reporting systems

Even agencies that previously collected family fees and still maintain systems would require staff retraining, testing, and process updates before implementation could occur successfully.

Family and Provider Protection Concerns

In many parts of California, providers currently collect family fees directly from families.

If responsibility shifts to contractors, a clear transition process will be necessary. Without adequate communication and implementation guidance, families could unintentionally receive requests for payment from both providers and agencies during the transition period.

This could create confusion, financial hardship, disputes regarding payment responsibility, and potential disruptions to care arrangements.

Need for Clear State Guidance

Contractors will require detailed guidance from CDSS regarding:

- Fee calculations
- Collection procedures
- Reporting requirements
- Delinquent account management
- Provider notifications
- Family communications
- Transition of collection responsibilities

Until this guidance is available, agencies cannot accurately assess staffing, technology, operational, or fiscal impacts.

What is TFC Foundation advocating for?

TFC Foundation supports a thoughtful implementation process that includes:

- Adequate lead time for agencies and providers
- Clear and consistent state guidance
- Funding to support implementation and administration
- Strong family protections
- Measures to prevent duplicate fee collection and service disruptions

TFC will continue to monitor budget negotiations and share updates as additional information becomes available.