

Date of Hearing: April 29, 2025

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 1528 (Committee on Human Services) – As Introduced March 25, 2025

**SUBJECT:** Childcare

**SUMMARY:** Clarifies that for reimbursement purposes, “attendance” includes excused absences for medical and educational appointments, and days when a provider is required to hold a child’s space while the family is presumed to have abandoned care or is appealing disenrollment. Extends family fee exemptions from 12 to 24 months for children referred for or at risk of receiving child protective services. Specifically, **this bill:**

- 1) Clarifies that for reimbursement purposes, “attendance” includes excused absences by children because of medical and educational appointments.
- 2) Specifies that for the purposes of reimbursement, a contractor may claim attendance for days that the contractor or provider is required to hold a space for a child during the period that a family is assumed to have abandoned care or is engaging in the appeal process based on disenrollment for abandoning care.
- 3) Extends family fee exemptions for families with children who are referred in writing by a legal, medical, or social services agency for receiving child protective services due to neglect or abuse, or who are at risk of neglect or abuse from 12 to 24 months.

**EXISTING LAW:**

- 1) 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. (Welfare and Institutions Code [WIC] § 10207 *et seq.*)
- 2) States legislative intent that all families have access to childcare and development services, through resource and referral where appropriate, and regardless of demographic background or special needs, and that families are provided the opportunity to attain financial stability through employment while maximizing growth and development of their children and enhancing their parenting skills through participation in childcare and development programs. (WIC § 10207.5)
- 3) Defines “attendance” to mean the number of children present at a childcare and development facility. For reimbursement purposes, includes excused absences by children because of illness, quarantine, illness or quarantine of their family, 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. (WIC § 10213.5(e))
- 4) Describes “abandonment of care” as when a family has not been in communication with the provider for seven consecutive calendar days and has not notified the provider of the reason the family is not using services. Further requires the contractor to attempt to contact the

parent through a variety of communication methods, document all communication attempts, and inform the parent in these communications that failure to communicate may result in termination of childcare services. Requires the contractor to issue a notice of action to disenroll the family on the basis of abandonment of care when there has been no communication with the provider or contractor for a total of 30 consecutive calendar days. (6 California Code of Regulations § 18066.5)

- 5) Requires a family, except as provided in state law, upon establishing initial eligibility or ongoing eligibility for childcare services to be considered to meet all eligibility and need requirements for those services for not less than 24 months, to receive those services for not less than 24 months having their eligibility or need recertified, and to not be required to report changes to income or other changes for at least 24 months. (WIC § 10271(h))
- 6) Requires the California Department of Social Services (CDSS), in consultation with the California Department of Education (CDE), to establish a fee schedule for families using preschool and childcare and development services, and, further states legislative intent that the new fee schedule be simple and easy to implement. (WIC § 10290(a))
- 7) Requires the family fee schedule to retain a single flat monthly fee per family and to differentiate between fees for part-time and full-time care. (WIC § 10290(b))
- 8) Requires, using the most recently approved family fee schedule pursuant to state law, families to be assessed a single flat monthly fee for all state-subsidized services, including California State Preschool Program (CSPP) services administered by CDE, based on income, certified family need for full-time or part-time care services, and enrollment, and to not be based on actual attendance. Requires no recalculation of a family fee to occur if attendance varies from enrollment unless a change in need for care is assessed, as requested by the parent. (WIC § 10290(c))
- 9) Provides that family fees shall not be based on the cost of care or amount of subsidy payment. (WIC § 10290(d))
- 10) Requires CDSS to 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 state law. (WIC § 10290(e))
- 11) Requires family fees to be assessed at initial enrollment and reassessed at update of certification or recertification. (WIC § 10290(g))
- 12) Authorizes a family that receives services pursuant to children who are referred in writing by a legal, medical, or social services agency for receiving child protective services due to neglect or abuse, or who are at risk of neglect or abuse to be exempt from family fees for up to 12 months. (WIC § 10291(a))
- 13) Establishes a state and local system of child welfare services, including foster care, for children who have been adjudged by the court to be at risk of abuse and neglect or have been abused or neglected, as specified. (WIC § 202)

**FISCAL EFFECT:** Unknown, this bill has not been analyzed by a fiscal committee.

**COMMENTS:**

**Background:** *Subsidized Childcare.* California’s subsidized childcare system is designed to provide assistance to parents and guardians who are working, in training, seeking employment, incapacitated, or in need of respite. California’s subsidized childcare is made up of a system of programs serving children from birth through 13 years of age, funded through a mix of federal and state dollars, and administered through a mixed delivery system by local educational agencies, community-based providers, and family childcare providers. Parents participating in California Work Opportunity and Responsibility to Kids (CalWORKs), as well as families transitioning from and no longer receiving CalWORKs aid, can be eligible for childcare, which is offered in three “stages.” The largest programs are: General Child Care, which includes contracted centers and family childcare homes; the CSPP, which provides developmentally, culturally, and linguistically appropriate curriculum to eligible three- and four-year olds; and, alternative payment programs, which provide vouchers that can be used to obtain childcare in a center, family childcare home, or from a license-exempt provider.

Certain eligibility and prioritization rules apply to subsidized childcare in California. Families qualify for non-CalWORKs subsidized childcare if they satisfy at least one requirement in each of two areas: eligibility and need. First, they must meet one of the eligibility criteria, which includes currently receiving assistance, meeting income eligibility, experiencing homelessness, having children receiving protective services or identified as being at risk of abuse, neglect, or exploitation, or having a household member certified to receive benefits from specified means-tested government programs. Secondly, the family must meet one of the prerequisites for need. This could involve the child being identified by a legal, medical, or social services agency, or residing in an emergency shelter. Alternatively, the parents must either be employed or actively seeking employment, participating in vocational training or educational programs tailored for English language learners or aimed at achieving a high school diploma or general educational development certificate. They may also be in pursuit of permanent housing for family stability, or be incapacitated. Families eligible for subsidized care must demonstrate an income below 85% of the state median income (SMI). Effective July 1, 2024, that amount is \$6,593 per month for a family of three, totaling \$79,116 annually.

Once a family is determined eligible for childcare services, either at initial enrollment or during a recertification, they are considered to meet all eligibility and need requirements for at least 24 months. During this 24-month period, the family is entitled to receive services without having to recertify their eligibility or need, and they are not required to report any changes to income or other circumstances, unless their circumstances result in income exceeding the 85% of SMI eligibility threshold.

*Abandonment of Care Excused Absences.* Under the Child Care and Development Fund, federal regulations guide states in ensuring program integrity within subsidized childcare systems. Specifically, it requires Lead Agencies, such as CDSS, to implement safeguards that prevent improper payments, reduce administrative errors, and maintain accountability in program administration. A key component of this regulation is the recommendation that states establish clear policies regarding child absences, particularly to differentiate between excused and unexcused absences.

In California’s subsidized childcare system, providers are reimbursed based on children’s attendance rather than enrollment. This model ensures that public funds are directed toward

active care, but it also creates vulnerabilities when families experience disruptions that temporarily affect attendance. While the state has outlined certain categories of excused absences that qualify for reimbursement—such as illness, under quarantine, family emergencies, or visiting a parent or relative under court order or in the best interest of the child—there remains a significant gap when it comes to periods of non-communication, also referred to as “abandonment of care.”

Under current regulations, if a family stops communicating with a childcare provider for seven consecutive days, the provider is required to attempt to contact the family using various methods, including at least one written communication. If the family does not respond, the provider is still required to hold the child’s space for a full 30 calendar days before issuing a Notice of Action for disenrollment. During this 30-day window, the child remains enrolled, and the provider is obligated to maintain the vacancy—without statutory authority guaranteeing reimbursement for that time.

Currently, reimbursement during this period is permitted under the Child Care Providers United-California Memorandum of Understanding, which allows contractors to be reimbursed based on enrollment rather than attendance, and to obtain reimbursement during the 30-day period of non-communication. However, this agreement is set to expire on June 30, 2025. Without legislative action to codify this flexibility, contractors and providers may be left uncompensated for holding spaces during mandatory abandonment timelines, which could result in financial losses, program instability, and reduced willingness to serve high-need populations.

Additionally, as mentioned earlier, certain absences are considered “excused” and eligible for reimbursement. According to CDSS, contractors are required to adopt reasonable, written policies that define what constitutes an excused absence under categories such as “family emergency” and “in the best interest of the child.” These policies must align with state guidelines, and CDSS plays an oversight role to ensure consistency and fairness. Each contractor’s assigned CDSS Child Care Consultant reviews these policies, typically during the agency’s triennial monitoring review. If a policy appears unreasonable—for example, overly restrictive or out of alignment with best practice—the consultant provides technical assistance to help the contractor revise it. For reference, a reasonable policy might define transportation-related emergencies as excused for up to three days per year, or allow up to two weeks of excused absence in the event of a death in the family. Contractors are encouraged to submit any policy changes to their CDSS consultant as they arise so they can receive timely feedback and support.

While these categories provide a basic framework for handling child absences, they do not fully reflect the range of valid and necessary reasons families may miss care—particularly when it comes to essential appointments that support a child’s health and development. Currently, absences for routine medical checkups, dental visits, and educational assessments, such as those related to an Individualized Education Program or Individualized Family Service Plan are not explicitly listed as excused in statute. This means families must rely on a limited pool of 10 allotted “best interest days” for these types of excused absences. Once those days are exhausted, additional absences are treated as unexcused. If a family accumulates 30 consecutive unexcused days, the family is then considered to have abandoned care and the child may be disenrolled from care, even when there may be cases where it is in the best interest of the child to be absent. This creates difficulties in which families must choose between attending critical medical or educational appointments or maintaining their child’s access to early care and education.

*This bill* aims to provide statutory authority for reimbursing childcare providers during the 30-day period when a family is nonresponsive and care is considered abandoned, in case current reimbursement flexibilities expire after June 30, 2025. *This bill* also expands the definition of excused absences to include essential medical and educational appointments, which aligns with federal regulations.

*Family Fees.* California's subsidized childcare programs assess family fees as a flat monthly contribution toward the cost of care, based on the family's size, adjusted monthly income, and certified hours of need. These fees are required for most families receiving childcare and development services unless they fall into specific exempt categories. One such exemption applies to families whose children are recipients of child welfare services or have been identified as abused, neglected, or at risk of abuse or neglect. These families often face significant instability, and temporary relief from family fees helps ensure continued access to childcare during difficult circumstances.

State law currently authorizes a 12-month exemption from family fees for these families. However, this timeframe is not aligned with the broader eligibility framework outlined in statute, which establishes a 24-month continuous eligibility for subsidized care. This 24-month eligibility rule was adopted to reduce administrative burdens and create greater stability for families, allowing them to receive services without the need to report changes or recertify eligibility during that time. The 12-month fee waiver, however, forces families to re-engage with the system midway through their eligibility period, often requiring unnecessary paperwork and increasing the risk of administrative error or service disruption.

This misalignment between the family fee schedule and eligibility period creates confusion for families and childcare administrators alike. It also undermines the intent of the 24-month continuous eligibility policy by inserting a point of reevaluation that may lead to inadvertent disenrollment or payment obligations that families are ill-equipped to manage. In practice, it results in higher administrative costs for providers and state agencies, while placing added stress on families already navigating child welfare involvement.

*This bill* aims to extend the family fee exemption period from 12 months to 24 months for families in which children have experienced abuse or neglect and who are recipients of child welfare services, and for families in which children are at risk of being neglected or abused, upon written referral from a legal, medical, or social services agency, bringing it into alignment with the established eligibility period for these families.

**Author's Statement:** According to the Chair of this Committee, "Stable, accessible childcare is essential to the success of families. This bill modernizes childcare reimbursement policies by expanding the definition of excused absences to include essential medical and educational appointments, and provide statutory clarification for providers holding a child's space during periods of non-communication. It further aligns the family fee waiver with the existing 24-month eligibility period to reduce administrative burdens and promote service continuity."

**Equity Implications:** *This bill* particularly impacts low-income families, children involved in the child welfare system, and historically marginalized communities. By expanding the definition of excused absences, aligning the family fee exemption period with the 24-month eligibility timeline, and codifying provider reimbursement during periods of non-communication, *this bill* seeks to address structural barriers that have long contributed to unequal access to stable childcare.

For families receiving child protective services or those at risk of abuse or neglect, *this bill* offers much needed-financial and administrative relief by extending the fee exemption to match the full eligibility period. This may reduce the burdens of navigating the recertification process and promote greater continuity of care by ensuring that bureaucratic hurdles do not further disrupt children experiencing trauma or instability. *This bill* also recognizes that families may need to temporarily miss care or attend to essential medical or educational appointments, which are especially common among families with children with disabilities or complex health conditions, who are often from communities of color and face compounded barriers to access. Additionally, codifying reimbursement during periods of non-communication ensures providers, especially those in underserved areas, can continue serving high-need families without financial loss.

#### **RELATED AND PRIOR LEGISLATION:**

***AB 2381 (Bonta) of 2024***, would have required as of July 1, 2025, a CSPP contractor be reimbursed based upon the lesser of the contract amount, the net costs to operate the program, or the reimbursement rate multiplied by the number of children enrolled. *AB 2381 was vetoed by Governor Newsom.*

***AB 1808 (Nguyen), Chapter 356, Statutes of 2024***, aligned CalWORKs eligibility period for families with other subsidized childcare programs at 24 months.

***SB 1047 (Limón), Chapter 923, Statutes of 2022***, expanded, from 12 months to 24 months, the period of a family's eligibility after establishing initial eligibility for state preschool and subsidized child care and development programs, and expanded priority for eligibility, enrollment, and services to include families who receive specified human services benefits.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

None on file.

##### **Opposition**

None on file.

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