SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2314 (Rogers) - Childcare: alternative payment program: report

Version: April 16, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: HUMAN S. 5 - 0
Mandate: No
Consultant: Agnes Lee

Bill Summary: AB 2314 would establish a process for the transfer of funds between child care providers in the alternative payment program.

Fiscal Impact: Unknown ongoing General Fund costs, potentially hundreds of thousands, for the California Department of Social Services (CDSS) for state administration.

Background: California's subsidized child care system is designed to provide assistance for income eligible parents and guardians who are working, in training, seeking employment, incapacitated, or in need of respite. CDSS administers both voucher-based programs and direct contract programs. Voucher-based programs provide vouchers for families to obtain care at a licensed child care center, licensed family child care home, or from a license-exempt provider (family, friend, and neighbor). Voucher-based programs include the Alternative Payment Program, Migrant Alternative Payment Program, CalWORKs Child Care, and the Emergency Child Care Bridge Program for Foster Children. Alternative payment programs help families arrange child care services and make payments for those services directly to the child care provider selected by the family.

The voluntary temporary transfer (VTT) of funds is a process that allows for the transfer of funds between over-earning and under-earning contractors within the same contract type. In subsidized child care, over-earning a contract means the contractor has expended, or is projected to expend, more dollars than they are allocated in their maximum reimbursable amount, or total contract funding. Over-earning is associated with over-enrolling, which means enrolling more children than the contractor has funding to cover. Conversely, under-earning a contract means the contractor has expended, or is projected to expend, fewer dollars than they are allocated in their maximum reimbursable amount. Similarly, under-earning may be due to under-enrolling, which means enrolling fewer children than the contractor has funding to cover. The VTT process allows under-earning contractors to voluntarily and temporarily transfer their excess funds to an over-earning contractor to cover expenses above the over-earning contractor's maximum reimbursable amount. The VTT process is facilitated by local child care planning councils and CDSS and is meant to support the full utilization of child care funding.

Proposed Law: Specific provisions of the bill would:

- Require CDSS to prioritize the full and timely expenditure of state- and federal-child care and development funds allocated to alternative payment programs, as specified.

- Prohibit, if a family is certified for services through an alternative payment program and remains within its eligibility period, including a 24-month eligibility period, if applicable, the addition of a newly eligible child, including, but not limited to, a newborn child, from resulting solely from enrollment balancing in any of the following occurring:
    - Disenrollment of the family.
    - Transfer of the family to another contractor.
    - Separation of siblings receiving services.
- Prohibit CDSS from moving or reassigning a family to a different contractor or service area if the family is actively enrolled and receiving services through an alternative payment program, unless both the current contractor and the proposed receiving contractor mutually agree in writing to the transfer.
- Require CDSS to ensure that fiscal monitoring and enrollment practices of alternative payment programs do not require the separation of siblings or disruption of services if the family remains eligible and sufficient funds have been allocated.
- Require CDSS, in administering the programs, to utilize fiscal projection methodologies, as specified.
- Provide that CDSS may authorize the use of unexpended funds for alternative-payment programs in a subsequent fiscal year if those funds are reasonably attributable to families who were certified for services in the prior fiscal year but had not yet begun receiving care.
- Require CDSS to conduct periodic fiscal reviews during each fiscal year to identify projected overexpenditures and underexpenditures in alternative payment programs and to ensure full and timely utilization of appropriated funds, consistent with state law.
- Provide that a contractor, county, or other authorized alternative payment program may submit a written request at any time during the fiscal year regarding allocation adjustments, expenditure projections, documented overenrollment, or voluntary temporary transfer of funds between providers; and require CDSS to provide a written response to a request submitted within 30 calendar days of receipt and to send a copy of its response to the local child care planning council in which the requester is located, as specified.
- Prohibit fund transfers approved from being deferred, delayed, or reallocated to a subsequent fiscal year if the documented overenrollment, service obligation, or allowable expenditure occurred during the fiscal year for which the request was submitted.
- Prohibit CDSS from recapturing, reducing, or otherwise penalizing a contractor’s allocation for a fiscal year due to administrative processing delays attributable to the department, including delays in reviewing requests, issuing determinations, or processing allocation adjustments or voluntary temporary transfers.

- Provide that administrative or procedural delays by the CDSS cannot serve as the basis for denying a funding transfer request that is otherwise supported by timely and sufficient documentation.

- Require CDSS to maintain publicly accessible information regarding voluntary funding transfer requests, including timelines, aggregate transfer amounts, and general program impacts, consistent with state and federal confidentiality requirements.

- Require CDSS, on or before September 1 of each year, to provide to the Legislature and the Department of Finance, and to publish on its internet website, a summary of child care and development funds allocated and expended during the prior fiscal year.

Related Legislation:

AB 150 (Committee on Budget, Chapter 25, Statutes of 2026) authorizes CDSS to transfer funding, including funds that are not allocated to contracts or otherwise fully expended, across and within alternative payment programs and across and within direct contract child care programs, as specified.

AB 2258 (Ávila Farías) would require CDSS to identify unspent or projected unexpended moneys from all subsidized child care and development programs for the purpose of enrolling additional eligible families in alternative payment programs, as specified. The bill is scheduled to be heard August 3, 2026 in this committee.

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