CONCURRENCE IN SENATE AMENDMENTS
AB 2314 (Rogers)
As Amended August 21, 2026
Majority vote

SUMMARY

Establishes a Voluntary Temporary Transfer (VTT) process for Alternative Payment Program agencies (APPs), requires the California Department of Social Services (CDSS) to respond to a VTT request within 30 calendar days of receipt by either approving, conditionally approving, or denying the request, and specifies that a VTT request may only be denied under certain circumstances.

Senate Amendments
Address concerns from CDSS and narrow the scope of the bill by doing the following:

1) Remove the requirement for CDSS to conduct period fiscal reviews each fiscal year.

2) Remove the ability of a county to submit a request during the fiscal year regarding allocation adjustments, expenditure projections, documented overenrollment, or voluntary temporary transfer of funds between providers. Instead, allow only a contractor operating an APP to submit a written request for a voluntary temporary transfer of APP funds pursuant to this section at any time during the fiscal year.

3) Establishes that only contractors who possess clear contracts and are in full compliance with all contractual funding terms and conditions, fiscal reporting requirements, regulatory requirements, statutory requirements, and other requirements imposed by CDSS, can submit a written request for a voluntary temporary transfer.

4) Remove the requirement for CDSS to provide a written response to a request submitted as described in 2) above within 30 calendar days of receipt and to send a copy of its response to the local childcare planning council in which the requester is located. Instead, require CDSS to send a written acknowledgment of receipt of the request and the accompanying documentation within 30 calendar days.

5) Remove the requirement for CDSS to consider projected expenditures, enrollment levels, and the objective of maximizing utilization of appropriated funds consistent with state and federal law.

6) Remove the requirement for CDSS to report to the Legislature and post on their website a summary of childcare and development funds allocated and expended during the prior fiscal year.

7) Strike the provision prohibiting 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. Instead, requires CDSS to provide written notice to the local childcare planning council in which the requester is located if a voluntary temporary transfer request is approved.

8) Strikes the provision that would have required 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,

9) Strike the requirement for CDSS to consult with statewide networks of APP contractors and other childcare and development stakeholders to promote transparency, fiscal alignment, and continuity of services to implement the above.

10) Delay implementation of the above until October 1, 2027.

11) Strike legislative intent to promote continuity of care and family stability within subsidized childcare programs.

12) Strike all provisions related to prohibiting an APP from disenrolling a family, transferring a family to another APP contractor, or separating siblings receiving services, as a result of enrollment balancing due to the addition of a newly eligible child to the family.

13) Strike the requirement that CDSS must prioritize the full and timely expenditure of state- and federal-childcare and development funds allocated to alternative payment programs, consistent with federal and state law.

14) Strike the requirement, and instead permit CDSS, to the greatest extent practicable, to prioritize expenditure of funds allocated to APPs within the county or jurisdiction for which the funds were originally allocated before approving transfers outside the county of origin.

15) Strike the requirement that before transferring funds allocated to APPs outside the county of origin, CDSS must determine that reasonable efforts to maximize enrollment and expenditures within that county have been undertaken and documented, and, instead, allow CDSS to make that determination.

COMMENTS

Alternative Payment Programs are one of California's primary delivery systems for subsidized childcare and are administered through contracts between CDSS and local alternative payment agencies, many of which are community-based organizations. APPs provide vouchers that allow families to choose their own childcare provider, including licensed childcare centers, family childcare homes, and license-exempt providers.

Local Childcare Planning Councils (LPCs)were legislatively created in 1991, following the federal establishment of the Child Care and Development Block Grant program to ensure local voices influence how these funds are allocated. Each county in California has an LPC established to identify local childcare priorities and develop policies to address those needs. LPCs are responsible for conducting comprehensive childcare needs assessments at least every five years, developing countywide childcare plans, and establishing zip-code level priorities to guide the allocation of state and federal childcare funding. LPCs facilitate the VTT process by identifying contractors with unspent funds and those with capacity to enroll additional families, and by supporting the local matching and transfer of funds.[1]

The Voluntary Temporary Transfer of Funds process is facilitated by the Child Care and Development Division of CDSS, which allows childcare contractors with unspent funds ("under-earning") to temporarily transfer those funds to contractors that are able to fully utilize additional funding ("over-earning"), in order to maximize the use of appropriate childcare funds. The following contract types are eligible to participate in the VTT process: CCTR, CMIG, Family Child Care Home Education Networks, Severely Handicapped Programs, and APPs.[2]

The VTT process is locally coordinated by LPCs, which must adopt fair and transparent policies, designate a coordinator or subcommittee, and convene contractors to identify voluntary participation and available funding. LPCs, in consultation with CDSS, verify fiscal eligibility and ensure transfers occur only within the same contract type and that receiving contractors have the capacity to immediately serve additional children. Matching is first attempted locally, then statewide if needed. Once matched, contractors submit formal documentation through the LPC to CDSS for review.

CDSS has sole authority to approve, modify, or deny transfers, issues contract amendments upon approval, and provides written justification for denials. While the process is designated to optimize utilization of children funds, statutory timelines for CDSS action are not specified, which may contribute to delays in funding adjustments and service delivery.

Advocates state that the VTT process is administratively complex, lacks clear timelines, relies on outdated structures, and does not support timely reallocation of funds. As a result, some agencies underspend available funding while others are over-enrolled and unable to serve additional families, and funds are not consistently directed to areas with the greatest need.

Nuances for Alternative Payment Program Contracts. According to CDSS' 2024 Childcare Fiscal Handbook,[3] APP contracts have multiyear contracts and ongoing contract adjustments based on actual expenditures and caseload in order to maximize the use of childcare funds. State law allows APP contractors up to 24 months to expend funds allocated in a given fiscal year, allowing unspent funds from a prior fiscal year to be carried over and utilized in a subsequent year through a contract amendment. As a result, contractors may have two active contracts at the same time: a prior-year contract that has been extended into a second-year and a current-year contract. Contractors that fully expend their prior-year funds will generally have a single, current-year contract.

Advocates contend that fiscal processes are largely structured around single fiscal-year assumptions, resulting in contractors having to project enrollment months in advance, account for families who are approved but not yet enrolled, and manage demand across fiscal years. Advocates further note that without fiscal tools that align with these multiyear timelines, contractors face planning challenges and risk both over-enrollment and under-enrollment.

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[1] https://www.cdss.ca.gov/Portals/9/CCDD/Contractor-Resources/CLPC%20Program%20Requirements%20FY%2025.26.docx
[2] https://www.cdss.ca.gov/inforesources/child-care-and-development/quality-improvement-initiatives/local-child-care-and-development-planning-councils/local-planning-council-forms/vtt-guidance
[3] https://www.cdss.ca.gov/Portals/9/CCDD/FiscalResources/Fiscal%20Handbook/FY%2023-24%20Child%20Care%20Fiscal%20Handbook_APU%20Approved.pdf?ver=2024-04-02-133439-770

Furthermore, while the state budget takes effect on July 1, funding is often not distributed to contractors until several months into the fiscal year. As a result, contracts must either enroll families without confirmed funding or delay enrollment despite having approved capacity, which can lead to under-enrollment early in the year and reduce the efficiency of service delivery.

According to the Author
"California has made significant investments in child care, yet there are families still waiting while funds go unspent or are delayed in reaching care. Currently, only 16% of eligible children are enrolled in publicly funded child care programs through CDSS. [This bill] ensures that every dollar appropriated is used efficiently by creating a clear, timely process for transferring funds where they are most needed and requiring transparent, written responses from the California Department of Social Services. This bill strengthens fiscal oversight to prevent resources from sitting idle and ensures funding decisions reflect real-time demand. It also protects families from unnecessary disenrollment, contractor transfers, or sibling separation, promoting stability and continuity of care. By improving access to reliable child care, [This bill] supports working parents, strengthens providers, and boosts California's economy."

Arguments in Support
According to a coalition of supporters, "AB 2314 takes important steps to modernize California's subsidized child care system by better aligning enrollment, funding, and fiscal oversight—ensuring that limited state and federal dollars are deployed efficiently to serve eligible families. With over two million eligible children still waiting for access, even small inefficiencies in funding alignment can result in thousands of missed opportunities to serve families."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee on August 13, 2026, unknown ongoing General Fund costs, potentially hundreds of thousands, for the California Department of Social Services (CDSS) for state administration.

VOTES:

ASM HUMAN SERVICES: 6-0-1
YES: Lee, Calderon, Elhawary, Blanca Rubio, Ahrens, Tangipa
ABS, ABST OR NV: Castillo

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-2
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle

Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Muratsuchi, Celeste Rodriguez

UPDATED

VERSION: August 21, 2026

CONSULTANT: Alexandria Smith / HUM. S. / (916) 319-2089 FN: 0004203