

California State Assembly



Informational Hearing Agenda

Assembly Budget Subcommittee No. 2 on Human Services

Assemblymember Dr. Corey Jackson, Chair

Wednesday, March 11, 2026
1:30 P.M. – State Capitol, Room 444

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Panels

5180 Department of Social Services (DSS)

Issue 1: Overall Trends, Current Situation for Foster Care and Child Welfare Services, and Forthcoming Impacts of Federal H.R. 1

- Jennifer Troia, Director, California Department of Social Services (CDSS)
- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Daniel Webster, PhD, Principal Investigator, California Child Welfare Indicators Project, School of Social Welfare, University of California at Berkeley
- Andrew Cheyne, Managing Director, Government Relations & Public Affairs, County Welfare Directors Association of California (CWDA)
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office (LAO)
- Soha Manzoor, Finance Budget Analyst, Department of Finance (DOF)

Issue 2: Preparation for Tiered Rate Structure Implementation and Milestones for CWS-CARES

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Dianna Wagner, Assistant Deputy Director for Children and Family Services Division, CDSS
- Brandon Hansard, Chief Deputy Director, Office of Technology and Systems Integration (OTSI), California Health and Human Services Agency (CalHHS)
- Carlos Marquez III, Executive Director, County Welfare Directors Association of California
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Issue 3: Critical Issues for Short-Term Residential Treatment Programs and Foster Family Agencies – Review of Immediate Needs Report and the Insurance Crisis

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Pete Weldy, Chief Executive Officer, California Alliance of Child and Family Services
- Victoria Kelly, Chief Executive Officer, Redwood Community Services
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Issue 4: Bringing Families Home Program

- Hanna Azemati, Deputy Director for Housing and Homelessness Division, CDSS
- Megan Van Sant, Senior Program Manager, County of Mendocino Department of Social Services
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Issue 5: Governor’s Trailer Bill Proposal on Adoption Assistance Program (AAP) Out-of-Home Placement and Wraparound Services

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Diana Boyer, Managing Director, Research and Policy Development, County Welfare Directors Association of California
- Chantel Johnson, Directing Advocate, Youth Law Center
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Issue 6: Proposal for Feasibility Study for State and County Employment Opportunities for Foster Youth

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Issue 7: Proposal for Tribally Developed Foster Prevention Services

- The Honorable Catalina Chacon, Pechanga Bank of Indians Tribal Council, Vice Chair of Tribal Alliance of Sovereign Indian Nations (TASIN), Board Member of California Tribal Families Coalition (CTFC)
- Denise Winn Wright, Senior Staff Attorney, California Tribal Families Coalition
- Dianna Wagner, Assistant Deputy Director for Children and Family Services Division, CDSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Issue 8: Community Care Licensing: Program and Budget Review

- Kevin Gaines, Deputy Director for Community Care Licensing Division, CDSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

5175 Department of Child Support Services (DCSS)

Issue 9: Department of Child Support Services: Program and Budget Review

- Kristen Donadee, Director, California Department of Child Support Services (DCSS)
- Liane Peck, Director, Solano Child Support Services, and President, California Child Support Association
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Kayla Knott, Finance Budget Analyst, Department of Finance

Issue 10: Review of Pass-Through Implementation for Formerly Assisted Cases and Findings for Pass-Through to Currently Assisted Cases

- Kristen Donadee, Director, DCSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Kayla Knott, Finance Budget Analyst, Department of Finance

Public Comment will be taken (in person only) after the completion of all panels and discussion, and this Public Comment will be for all issues covered in the hearing, including issues in the Non-Presentation part of the agenda (starting with Issue 11).

Thank you.

Items To Be Heard

5180 Department of Social Services (DSS)

Issue 1: Overall Trends, Current Situation for Foster Care and Child Welfare Services, and Forthcoming Impacts of Federal H.R. 1

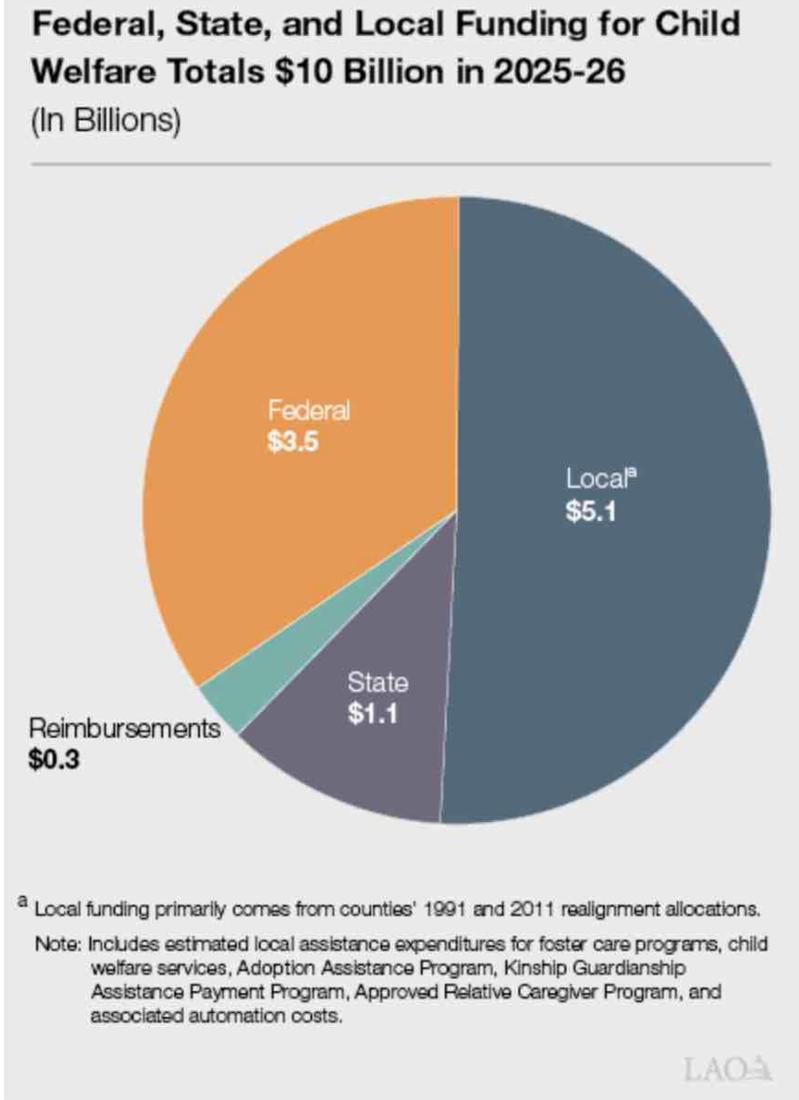
Background. When children experience abuse or neglect, the state provides a variety of services to protect children and strengthen families. The state provides prevention services—such as substance use disorder treatment and in-home parenting support—to families at risk of child removal to help families remain together, if possible.

When children cannot remain safely in their homes, the state provides temporary out-of-home placements through the foster care system, often while providing services to parents with the aim of safely reunifying children with their families. If children are unable to safely return to their parents, the state provides assistance to establish a permanent placement for children, for example, through adoption or guardianship.

Local child welfare agencies implement child welfare programs on behalf of the state, with oversight from the California Department of Social Services (CDSS) and the federal government. Local agencies include county child welfare departments, county probation departments, and certain tribes. Funding for child welfare programs comes from the federal and state governments, along with local funds. The federal and state governments set standards in terms of the service components that all local child welfare agencies must implement, and they additionally oversee the quality of service delivery.

Funding. The state's diverse array of child welfare programs is funded by federal, state, and local funds, as shown in the figure on the next page, provided by the Legislative Analyst's Office (LAO). The proportional mix of funds used to support any particular child welfare payment or service varies depending on whether a family is eligible for federal financial participation. This determination is generally based on the income of the family from which a child was removed in foster care cases.

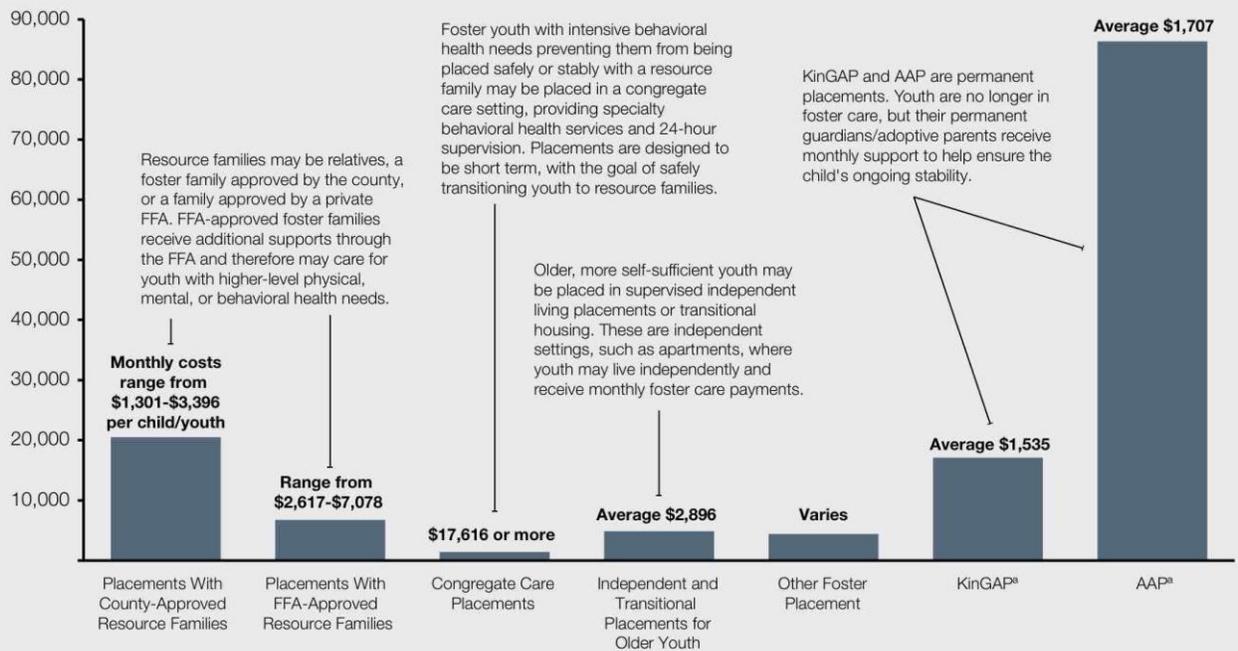
Furthermore, the cost of services and supports may vary greatly based on the needs of the individual child and family, and whether the child has been placed into foster care or is able to remain safely at home. For example, in 2025-26, the estimated average monthly assistance payment for foster care across all placement types is around \$3,500, although for an individual child that payment may range from around \$1,300 to nearly \$18,000 or more depending on where a child is placed and the level of care needed.



The next figure on the following page, also from the LAO, provides more information about the different out-of-home foster placements (that is, for those who are not able to remain safely in their homes) and permanent placement types, along with monthly costs. In addition to the monthly assistance payment amount, other costs related to the child and parents' needs may include, for example, Medi-Cal coverage for behavioral health services. Foster care and permanent placements represent about half of the state's General Fund spending on child welfare programs.

Foster and Permanent Placement Types and Costs

Number of Placements, 2025-26



^a Children remain counted in KinGAP and AAP from the time they are placed until they age out (in most cases at age 18).
 Other foster placement includes pre-adoption placements, tribally approved homes, court specified homes, placements with guardians, and others.
 Number of placements for county-approved and FFA-approved resource families, congregate care, independent and transitional, and other placements reflect reported placements as of July 1, 2025.
 Number of placements for KinGAP and AAP are Department of Social Services' estimates for 2025-26 average monthly placements.
 FFA = Foster Family Agency; KinGAP = Kinship Guardianship Assistance Payment Program, and AAP = Adoption Assistance Program.



2026-27 Governor’s Budget. General Fund local assistance funding for child welfare is proposed to decrease by around \$60 million from the current year to the budget year. There are no new programs proposed, nor any significant discretionary funding expansions or program reductions included in the Governor’s budget. Rather, the General Fund net decrease reflects lower costs primarily due to the expiration of some one-time funding in 2025-26, such as a one-time augmentation for the Bringing Families Home program and one-time patch funding for Foster Family Agencies.

Governor’s Budget Local Assistance Funding for Child Welfare

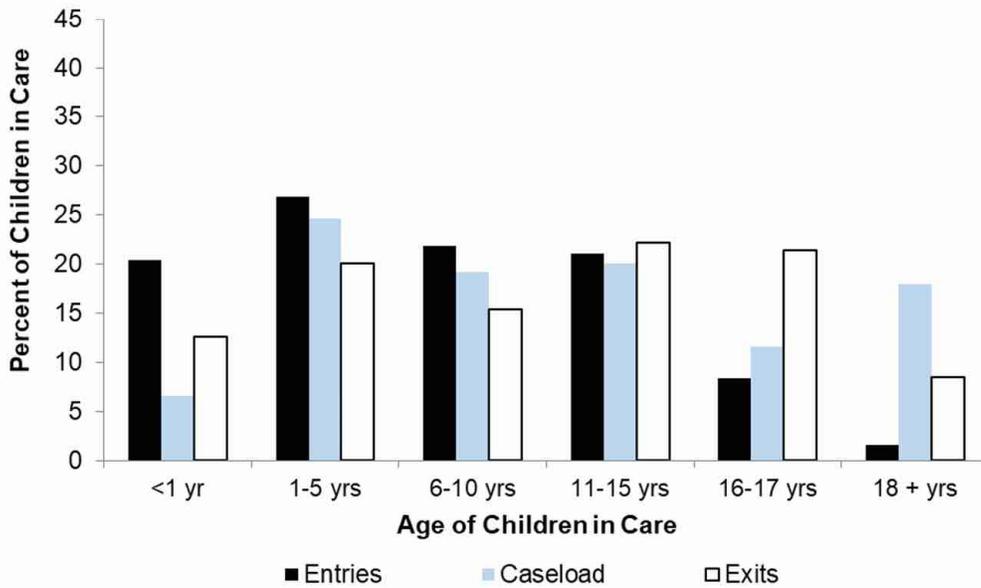
Includes Child Welfare Services, Foster Care, AAP, KinGAP, and ARC (In Millions)

	Total	Federal	State	County	Reimbursement
2026-27 proposed expenditures	\$10,435	\$3,683	\$1,065	\$5,326	\$361
2025-26 revised estimates	10,130	3,531	1,127	5,159	312
Change From 2024-25 to 2025-26	\$305	\$151	(\$62)	\$167	\$49

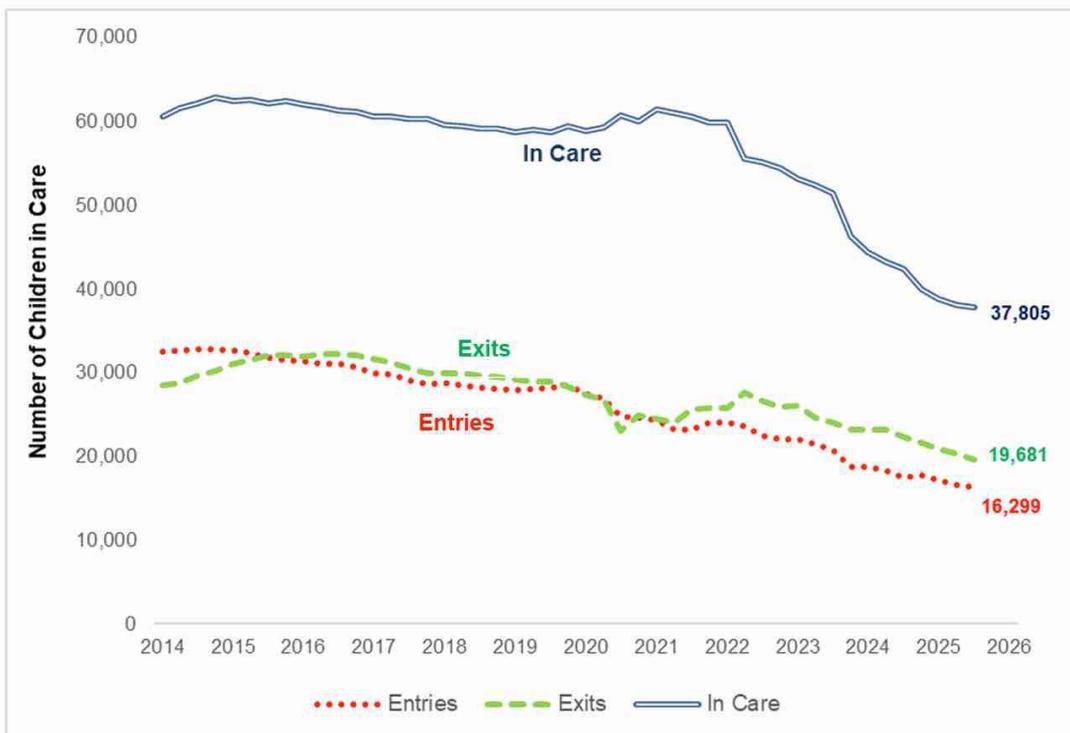
Notes: Includes associated automation costs, Emergency Child Care Bridge, and Bringing Families Home.

AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment Program; and ARC = Approved Relative Caregiver Program.

These figures provided by the California Department of Social Services (CDSS) show the ages of children in foster care, by entries, caseload, and exits, and the trends over time.



Source: Center for Social Services Research, School of Social Welfare, UC Berkeley; entries and exits are from July 2024 through June 2025; caseload is point in time for July 2025.



Source: Center for Social Services Research, School of Social Welfare, UC Berkeley; entries and exits are from July 2024 through June 2025; caseload is point in time for July 2025.

Forthcoming Impacts of Federal H.R. 1 for Children. Children will be impacted substantially as a result of the cuts to Medi-Cal and CalFresh imposed by federal H.R. 1. The Subcommittee’s hearing on February 25, 2025, focused on these impacts. Below is a breakdown of the ages of people in the CalFresh caseload. Children are a third of the CalFresh caseload.

Age breakdown	Totals	Percentage
Children	1,846,033	33%
Age 18-34	1,171,407	21%
Age 35-59	1,259,061	23%
Age 60+	1,310,898	23%
Total	5,587,399	100%

Data source: SAWS, Enterprise Data Pipeline, July 2025 (latest readily available data)

The following information was provided to the Subcommittee on February 25, 2025, so was unable to be included in the agenda. For context and completeness, it is included here to show the projected impacts of H.R. 1 on CalFresh. Please see the [February 25, 2026 Subcommittee No. 2 Agenda](#) for additional background and detail.

California currently has about 2.7 million adults age 18-64 receiving CalFresh statewide. Based on what the state already knows from data, about 1.8 million CalFresh recipients between the ages of 18-64, or two-thirds, are expected to be exempt. For example, roughly 880,000 of these adults live in a household with a child under 14 and therefore qualify for an exemption. This leaves approximately 950,000 adults whose exemption status is unknown at this time or who may be subject to the time limit, including roughly 600,000 people newly subject because of H.R. 1.

Based on initial budget estimates, CDSS anticipates that of these 950,000 individuals:

- About 110,000 will be determined to be exempt based on new information collected by county eligibility workers, and
- About 179,000 will be subject to and meet the work or community engagement requirements.
- This means that an estimated 665,000 Able-Bodied Adults Without Dependents (ABAWDs) who may lose CalFresh eligibility at full implementation.

Rates of Child Welfare System Involvement Correlate with Rates of Poverty in California.

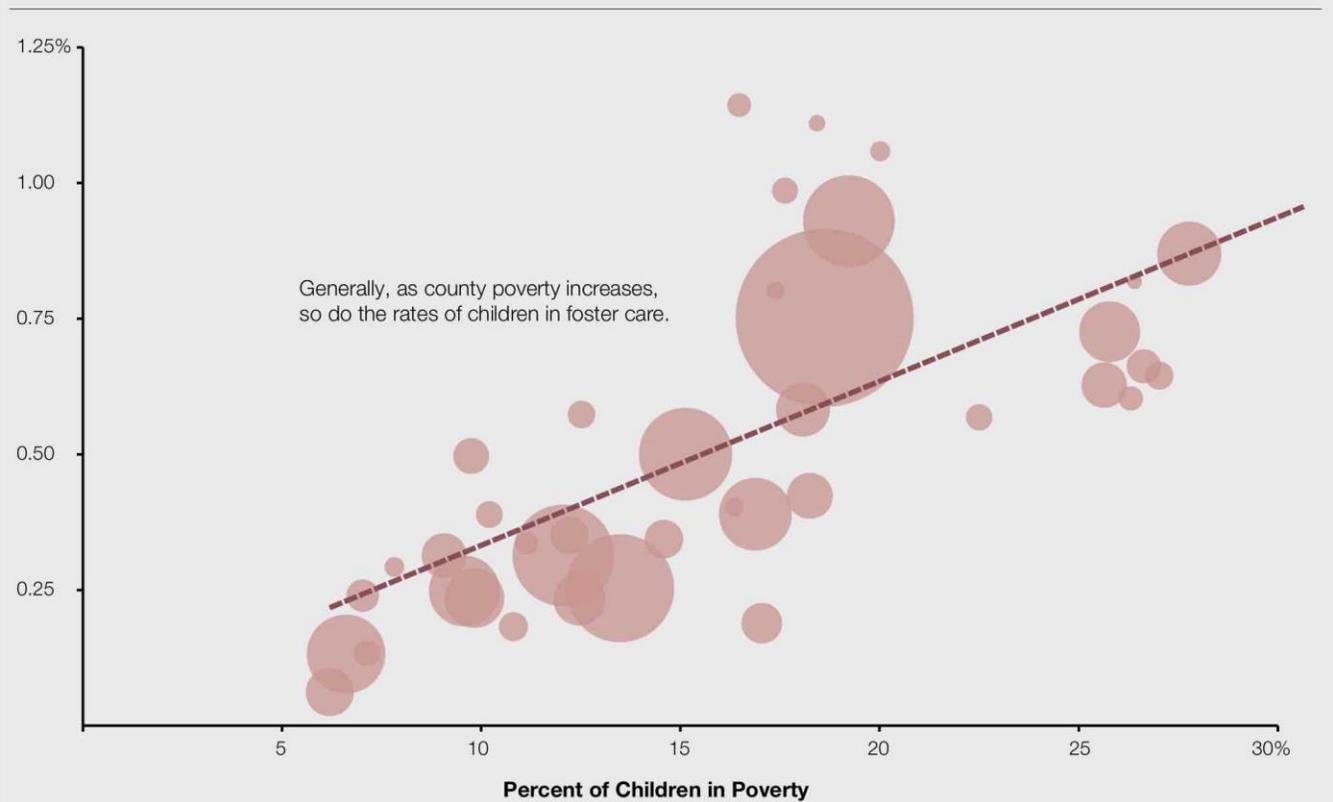
In its report [California's Child Welfare System: Addressing Disproportionalities and Disparities](#), the LAO writes that the majority of California’s families involved in the child welfare system and foster care live in deep poverty. Specifically, an estimated 53 percent of youth in foster care in 2023-24 are removed from families who meet 1996 federal Aid to Families with Dependent Children eligibility requirements. This roughly equates to earnings of under \$1,000 per month for a family of four. Nationally, researchers estimate around 85 percent of families involved with the child welfare system have incomes below 200 percent of the federal poverty level, which is around \$5,000 per month for a family of four in 2023.

Throughout all levels of the child welfare system, families experiencing poverty are more likely to come to the attention of and be impacted by the child welfare system. For example, across California, foster placements by county increase as the rate of poverty increases, as shown in the figure below. As another example, recent research found that lower-income California children—that is, those with public health insurance (Medi-Cal)—experienced child welfare involvement at more than twice the rate of those with private insurance.

These findings reflect the Centers for Disease Control and Prevention (CDC) framework of risk and protective factors for child maltreatment (further outlined in the LAO’s report), given that poverty and correlated factors are known risks that increase the likelihood of child maltreatment. Therefore, the fact that lower-income families are more likely to become involved with the child welfare system is not surprising and to a large extent reflects differences in exposure to risks.

Relationship Between Poverty and Foster Placements Across California Counties

Percent of Children in Foster Care

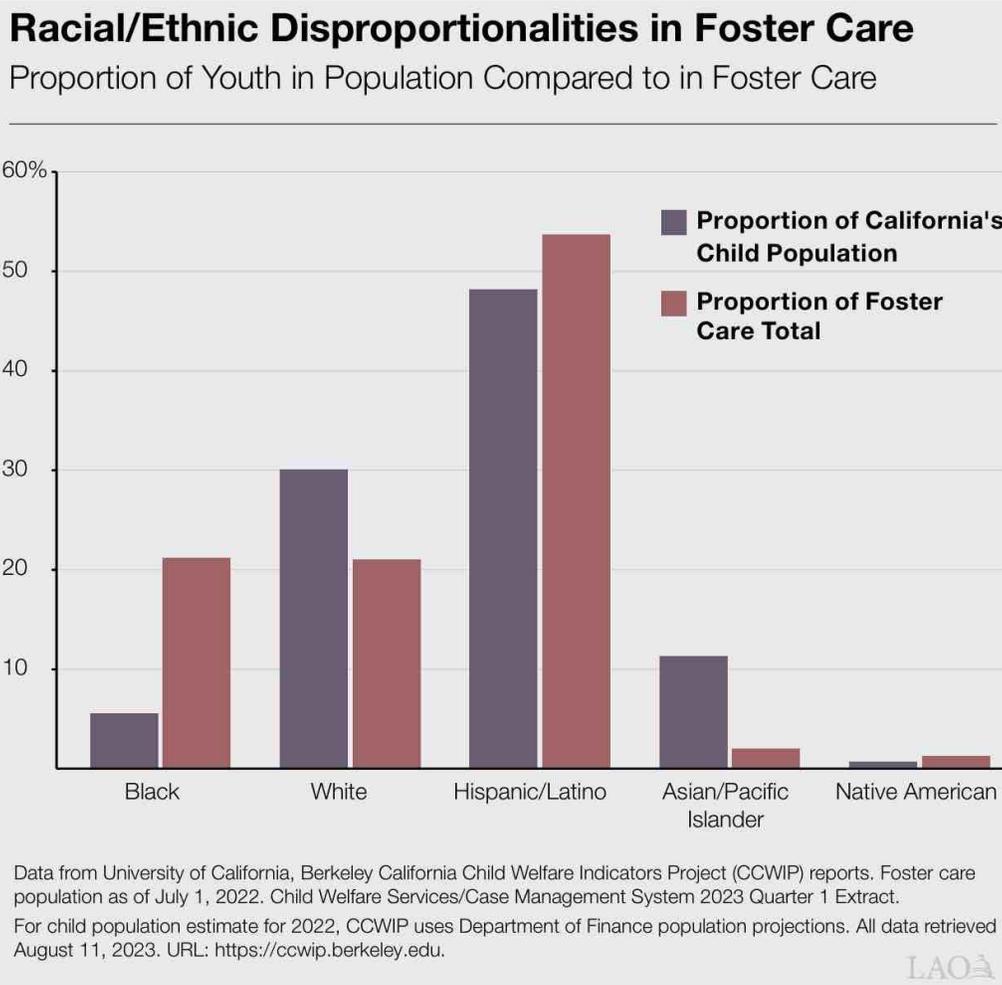


Notes: Size of bubble represents a county’s share of total child population.
 Data was not available for all counties, due to small foster care populations and privacy considerations.
 Data from University of California, Berkeley California Child Welfare Indicators Project (CCWIP) reports. Foster care population (ages 0-17) as of July 1, 2022. Child Welfare Services/Case Management System 2023 Quarter 1 Extract. For child population (ages 0-17) estimate for 2022, CCWIP uses Department of Finance population projections. For child poverty population (ages 0-17) estimate for 2022, CCWIP uses American Community Survey five-year sample (2017-2021). All data retrieved August 11, 2023.
 URL: <https://ccwip.berkeley.edu>.



Black and Native American Children Disproportionately Experience Foster Care Placement. The proportions of Black and Native American youth in foster care are around four times larger than the proportions of Black and Native American youth in California overall. The figure below from the LAO illustrates these disproportionalities. While the figure displays

aggregated state-level data, disproportionalities differ across counties. These disproportionalities have persisted over time.



County Requests for Investment. The Subcommittee is in receipt of two requests from the County Welfare Directors Association of California (CWDA) that are pertinent to this issue. These are described below:

Emergency Response (ER) Funds. Recognizing the critical role of Emergency Response (ER) services, the State Budget Acts of 2021 and 2022 provided a total of \$100 million in one-time funding to counties to enhance ER staffing and operations; the funds expire June 30, 2026. CWDA is requesting: (1) a one-time General Fund appropriation of \$20 million in 2026-27 (available through June 30, 2028) to counties to maintain and increase ER staffing capacity to ensure timely responses to reports of child abuse, neglect, or exploitation, strengthen prevention efforts, and promote kin-based care, and (2) to adopt Budget Bill Language (BBL) to continue outcome reporting for continued state oversight of this funding. Funds will enhance existing ER services to reduce unnecessary foster care entry, reduce the disproportionate representation of children of color entering foster care, and strengthen families through connection to community-based resources. CWDA is particularly concerned with the potential for increased involvement

in the child welfare system among families who experience an erosion of concrete supports, due to H.R. 1. Additionally, without adequate staffing and training in child welfare ER Programs, California risks undermining the progress made in reducing foster care entries and promoting the shift from a Mandated Reporting to Community Supporting approach.

Flexible Family Supports Funds. Flexible Family Supports funding, established through Budget Acts of 2022 and 2023, provided counties with flexible, time-limited resources to strengthen family-based placements and prevent placement disruption. The State Budget Act of 2022 (AB 179, Chapter 249) provided \$50 million and the State Budget Act of 2023 (SB 101, Chapter 12) provided another \$50 million to counties for Flexible Family Supports. The 2023-24 appropriation was set to expire on June 30, 2025, but was extended last year, so that all funds are now set to expire on June 30, 2026. The program was designed to address concrete barriers faced by kinship caregivers and foster families that are not otherwise covered by foster care rates or categorical funding streams. Counties have used Flexible Family Support funds to stabilize new kin placements and remove practical placement barriers, such as home safety and habitability costs (e.g., beds and furnishings, smoke alarms, repairs, and pool fences). Counties have also used these funds to provide respite care to reduce caregiver stress, to support youth enrichment and recreational activities (e.g., camps, sports, tutoring, college tours), and to maintain sibling and family connections through transportation and travel supports. Several counties report that these flexible supports are often the difference between sustaining a family-based placement and a placement disruption or higher level of care. CWDA requests a two-year extension of Flexible Family Supports funding authority to allow counties to sustain placement stabilization gains, complete evaluation efforts currently underway, and continue to build upon the kin-first strategy in partnership with the State.

Panel

Questions for the Panel:

- ◇ What is the status of the foster care population and are their outcomes improving?
- ◇ What additional reforms need to be made to improve their status and outcomes?
- ◇ Where are the gaps and what is needed to increase positive outcomes for children and youth?
- ◇ Is the child welfare system doing better and improving?
- ◇ Are the children and youth doing better?
- ◇ What are the potential impacts of federal H.R. 1 cuts in CalFresh and Medi-Cal on children and families? How can we mitigate these adverse impacts to protect more children?

Panel:

- Jennifer Troia, Director, California Department of Social Services (CDSS)
- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Daniel Webster, PhD, Principal Investigator, California Child Welfare Indicators Project, School of Social Welfare, University of California at Berkeley
- Andrew Cheyne, Managing Director, Government Relations & Public Affairs, County Welfare Directors Association of California (CWDA)

- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office (LAO)
- Soha Manzoor, Finance Budget Analyst, Department of Finance (DOF)

Staff Comments

Staff suggests that the Subcommittee formally request an analysis from the Administration about the expected impacts on children from the pending cuts in CalFresh and Medi-Cal. What are the possible downstream impacts for children in socioeconomically disadvantaged households (i.e. health status, educational experiences, housing insecurity) and what are the possible expected repercussions that could affect entry into the child welfare system and foster care (CWS/FC), with increased costs for care in the CWS/FC system?

Staff suggests that the Subcommittee formally request feedback in writing for the two county proposals described in this item. Are the requests warranted given the experiences with these programs and does the Administration have any concerns, on a technical assistance basis, regarding the requests, apart from these not being part of the Governor’s Budget?

The Chair could request this feedback before or by April 6, 2026.

Staff Recommendation: Hold open.

Issue 2: Preparation for Tiered Rate Structure Implementation and Milestones for CWS-CARES

Overview of Tiered Rate Structure. Continuum of Care Reform (CCR) is a series of state legislation enacted over the past decade making fundamental changes to the way the state cares for youth in the foster care system. As part of implementing CCR, the state developed a new foster care maintenance payment rate structure to replace the previous age-based and group home rate structure. Under CCR, foster care rates must be based on the assessed level of need of individual youth (“level of care,” or LOC), with youth requiring higher levels of behavioral health supports and other more therapeutic and intensive services receiving higher rates. Since 2017, the state has been implementing interim LOC rates for resource families, Short-Term Residential Therapeutic Programs (STRTPs), Foster Family Agencies, Intensive Services Foster Care, and other specialized models of foster care.

The 2024-25 spending plan amended and added substantial new statutory language establishing the permanent rate structure, referred to as the Tiered Rate Structure (TRS), and extending the duration of the interim rate period until permanent rates can be implemented (Chapter 46 of 2024 [AB 161, Committee on Budget]). The Tiered Rate Structure will rely on data collected via the state’s functional assessment tool, the Child and Adolescent Needs and Strengths (CANS) assessment, to determine a youth’s needed level of care and corresponding rate, which will not depend on placement types. In other words, a youth will be able to receive the same level of financial support and services whether they are placed with a resource family, in an STRTP, or another placement type.

In addition to restructuring foster care maintenance payments, the 2024-25 statutory changes also added two new foster care programs and corresponding rate components: (1) Strengths Building and Child and Family Determination Program, and (2) Immediate Needs Program. Over the next few years, CDSS will work toward implementation, in terms of developing detailed program guidance and taking other necessary steps to prepare for the Tiered Rate Structure, with the new rates slated to begin rolling out to youth and caregivers in 2027-28.

Tiered Rate Structure Will Implement Beginning 2027-28, Subject to Appropriation. The 2025-26 spending plan (Chapter 79 of 2025 [SB 119, Committee on Budget and Fiscal Review]) added language around the Tiered Rate Structure’s implementation timeline to specify that the new care and supervision rates as well as the strengths building and immediate needs components shall become operative on July 1, 2027, or the date after both of the following events have occurred, whichever is later:

- The administration notifies the Legislature that the California Statewide Automated Welfare System can perform the necessary automation to implement the Tiered Rate Structure. This automation is reliant on milestones in the development and implementation of the Child Welfare Services-California Automated Response and Engagement System (CWS-CARES), discussed further below.
- The Legislature makes an appropriation for the express purpose of implementing the new rates. The Legislature understands that the administration’s budget estimates for future

years do not include funding for the Tiered Rate Structure. As such, the LAO notes that these costs add to out-year deficits identified by the Governor. The administration estimates that implementing the Tiered Rate Structure will cost more than \$300 million General Fund in 2027-28, \$500 million in 2028-29, and \$700 million General Fund in 2029-30 (with some potential growth thereafter and ongoing).

DSS Making Significant Progress Toward Implementation. In spite of this uncertainty around future funding, CDSS has been undertaking significant efforts to prepare for implementation to begin in 2027-28. For example, in the current year, CDSS is working to build the capacity of local child welfare agencies to conduct timely CANS assessments and Child and Family Team meetings, in alignment with specified criteria for fidelity. DSS also is in the final phases of contracting for the Financial Management Coordinator for the Strengths Building and Child and Family Determination Program. This contracted third-party entity will be responsible for administering payments for foster youth's activities under the strengths building component of the Tiered Rate Structure. Additionally, DSS engaged with multiple stakeholders over several months to prepare and submit a statutorily required report to the Legislature in January 2026 analyzing the services needs of youth who will be eligible for the immediate needs component of the Tiered Rate Structure. This report is discussed further under Issue 3 of this agenda.

From LAO – Questions About Tiered Rate Structure Implementation Within This Context.

Given the significant resources CDSS is dedicating to preparing for Tiered Rate Structure Implementation while future funding is not guaranteed, the LAO states that the Legislature may wish to ask the administration to provide additional information around the department's plans going forward. Some questions could include:

- If the Legislature does not make an appropriation to implement the Tiered Rate Structure beginning in 2027-28, the current, interim LOC rate structure for foster care maintenance payments would remain in place. What would be the impact on foster youth, resource families, service providers, and other stakeholders?
- If the Legislature does not make an appropriation to implement the Tiered Rate Structure beginning in 2027-28, how would the department reallocate resources?
- Our understanding is that a number of DSS staff are working exclusively or primarily on Tiered Rate Structure Implementation preparation. Would these positions still be needed?
- What about the contract for the Financial Management Coordinator, and any other externally contracted parties? Would DSS be able to cancel these contracts?
- The most recent cost estimates we have seen assume a phased implementation approach over three years (2027-28 to 2029-30). Has the administration considered a more gradual or differently structured phase-in of the new rates that could reduce costs at least in the early years of implementation?

- What would be the impact on foster youth and families of a different implementation approach—such as implementing only the new foster care maintenance payment rates but holding off on the strengths building and immediate needs components—while the state addresses its structural deficit?

CWS-CARES Background and Update. The administration has informed the Subcommittee that the CWS-CARES project is on target to deliver the TRS functionality to support the July 2027 implementation.

CWS-CARES submitted its Annual Advance Planning Document Update (APDU) in July of 2025 for Federal Fiscal Year (FFY) 2026. In mid-September, the Administration for Children and Families (ACF) informed the state that they would not be able to approve the Annual APDU as submitted and strongly recommended the state resubmit the Annual APDU for its base funding and separately address concerns raised regarding three specific contract amendments and the activities encompassed within. The amendments related to Production Pilot, Process Simulation and enhanced Sandbox were of concern due to the use of one-time code.

As such, the state resubmitted the Annual APDU for the base funding (not including Production Pilot, Process Simulation and enhanced Sandbox) in mid-October with an expectation of ACF approval by December 19. On December 23, the state received a response from ACF acknowledging provisional approval of the APDU and requesting additional information. The state compiled and submitted the additional information on January 6 and received acknowledgement on January 7 from ACF. As of this writing, the state expects a response no later than March 8.

If ACF were to retroactively deny funding, it would impact the final stages of delivery of version 1 of CWS-CARES and implementation of TRS, FFPSA, and other critical programs which would require the state to reevaluate options to complete delivery and implementation.

There is no CWS-CARES Budget Change Proposal (BCP) included in the Governor’s Budget. However, the Administration states that it plans to submit a BCP at the May Revision.

The total project budget has not been changed since SPR 6 and is displayed on the chart on the next page.

Project Costs (One-Time and Continuing)	CARES Costs	CARES-Live Costs
Staff (Salaries & Benefits)	\$111,625,168	\$20,707,213
Consulting & Prof. Services: Interdepartmental	\$16,684,205	\$3,121,222
Consulting & Prof. Services: External	\$969,938,348	\$85,876,580
Consolidated Data Centers	\$25,561,033	\$4,883,746
Information Technology	\$179,485,291	\$3,375,931
Misc. OE&E Rollup (Departmental Services; Central Administrative Services; Office Equipment; Other; Unclassified/Special Adjustment; Local Assistance)	\$227,183,327	\$21,217,358
Total Project Costs (One-Time and Continuing):	\$1,530,477,372	\$139,182,050
Future Ops IT Staff & OE&E Costs (Maintenance & Operations)	CARES Costs	CARES-Live Costs
Staff (Salaries & Benefits)	\$32,219,160	\$20,141,187
Consulting & Prof. Services: Interdepartmental	\$2,575,306	\$1,976,783
Consulting & Prof. Services: External	\$82,109,226	\$36,366,000
Consolidated Data Centers	\$9,878,543	\$29,161,674
Information Technology	\$39,833,683	\$5,232,437
Misc. OE&E Rollup (Departmental Services; Central Administrative Services; Office Equipment; Other; Unclassified/Special Adjustment; Local Assistance)	\$13,918,154	\$18,932,029
Total Future Ops IT Staff & OE&E (Maintenance & Operations):	\$180,534,072	\$111,810,111
	Total CARES Costs	Total CARES-Live Costs
	\$1,711,011,444	\$250,992,161
Total Project Costs	\$1,962,003,605	

Panel

Questions for the Panel:

- ◇ What is the status of TRS implementation and what are areas of concern or risk?
- ◇ Will CANS assessments and CFT meetings be occurring timely before July 1, 2027?
- ◇ Will automation be tested and ready to launch the TRS, dependent on the appropriation being included?
- ◇ What is the status of CWS-CARES and are there issues with statewide implementation?
- ◇ Will there be a pilot of CWS-CARES V1 before statewide implementation in October 2026? If not, why not, and what are the risks associated with this approach?

Panel:

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Dianna Wagner, Assistant Deputy Director for Children and Family Services Division, CDSS
- Brandon Hansard, Chief Deputy Director, Office of Technology and Systems Integration (OTSI), California Health and Human Services Agency (CalHHS)
- Carlos Marquez III, Executive Director, County Welfare Directors Association of California
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

Staff suggests that the Subcommittee make two requests of the Administration related to this issue:

1. Request for continuing and timely updates on the state and counties' progress to meet CANS and CFT timeliness pursuant to statutory requirements, and on which TRS implementation is highly reliant.
2. Request continuing and timely updates in writing on the ACF decisions regarding CWS-CARES and any concerns in this roll out that might delay or preclude the planned TRS implementation.

Staff Recommendation: Hold open.

Issue 3: Critical Issues for Short-Term Residential Treatment Programs and Foster Family Agencies – Review of Immediate Needs Report and the Insurance Crisis

Immediate Needs Analysis Report to the Legislature. The Immediate Needs Report was prepared and distributed pursuant to Assembly Bill 161 (Chapter 46, Statutes of 2024), which directs CDSS to conduct a stakeholder process and complete an analysis of the identified needs of youth in Tier 2, Tier 3, and Tier 3+ under the new foster care Tiered Rate Structure, scheduled for implementation on July 1, 2027, subject to an appropriation. The analysis includes the types of services necessary to address those needs, the estimated breadth and duration of services, factors related to the need for additional supervision, reasonable administrative and operational activities necessary for providers to address those needs, and a cost analysis of those services.

The intention of the Legislature in requesting the analysis was to assess the resources provided under the TRS for Short-Term Residential Therapeutic Programs (STRTPs) and Foster Family Agencies (FFAs). The conclusion of the report from CDS is that the braiding of Intensive Needs program funding with the Medi-Cal High-Fidelity Wraparound (HFW) reimbursement model represents an important opportunity to create a consistent, data-driven, and high-performing system that maximizes Medi-Cal reimbursement while delivering better outcomes for California's most vulnerable youth. This coordinated approach addresses the historical fragmentation and variation that has left too many youth without access to the intensive supports they need to thrive in family settings. The following chart is from the report's conclusion.

Estimated Monthly Costs and Funding Contributions for Youth in Tier 3

Category for Youth in Tier 3 (Age 6+)	Monthly Cost (FY 2027/28)
Care & Supervision	\$6,296
Provider Administration	\$7,213
Strength Building	\$900 ⁵
Child Welfare Immediate Needs (CW IN)	\$4,100 ⁶
Total Child Welfare Contribution	\$18,509
Braided Medi-Cal HFW and SMHS	TBD
Total Monthly Rate	TBD

CONCLUSION

The Care and Supervision and Administration components of the TRS are aligned with the STRTP model of care, provided the final braided HFW IN program rate and other Medi-Cal service rates are sufficient to fund the clinical staff necessary to meet the needs of youth in an STRTP setting. The CDSS and the Department of Health Care Services (DHCS) will continue to work collaboratively on defining the program parameters and intersections with the Medi-Cal HFW reimbursement model. The Departments look forward to updating the Legislature on this progress over the coming months as California moves toward becoming the first state in the nation to ensure comprehensive, high-fidelity wraparound services for all youth in foster care with complex behavioral health needs.

Funding for FFAs and the Insurance Crisis. The Budget Act of 2025 appropriated \$31.5 million one-time funds to support Foster Family Agencies (FFAs) that are facing increased insurance costs to continue their operations. The California Department of Social Services (CDSS) issued Foster Care Audits and Rates Letter (FCARL) No. 2025-03 on August 19, 2025, to provide eligible FFAs with procedures on how to request this funding, for insurance cost increases that occurred in 2024 and/or 2025. There were approximately 80 FFAs that requested one year of funding and 33 FFAs that requested two years of funding. The FFAs were given an original deadline of September 15, 2025, to submit their requests; this date was then extended to September 19, 2025. A total of 113 funding requests were received, all of which have been fully approved. These requests included documentation that the provider experienced an increase in premium costs.

After accounting for these approvals, approximately \$7.5 million of the \$31.5 million in funding remains available. Given that the funding is available for use through 2027, the Department will keep application submissions open on a rolling basis to allow FFAs to seek additional support as needed. The CDSS issued a follow-up FCARL (i.e., FCARL 2026-01) to FFAs on January 21, 2026, notifying them that they may submit funding requests, to cover increased deductible costs for claims and liability insurance premiums, for 2024 through 2026. The funding requests will be processed on a rolling basis until all funds are allocated or by June 30, 2027. The FFAs may reapply, particularly if they experience premium increases during their 2026 renewal cycle or other insurance-related cost escalations. This approach ensures flexibility and responsiveness to the evolving insurance market while maintaining transparency and accountability in the use of state funds.

The following charts were provided by CDSS.

FFA closure data* for calendar year 2024 and 2025:

	Closed FFAs	Approved Homes	Homes with Placements	Total Placements
2024	4	29	17	34
2025	21	383	226	355

* No placement disruptions occurred. All homes were ported to another FFA or county.

As of February 2, 2026, Statewide FFA Capacity Totals are:

	Total Facilities	Total Capacity
Foster Family Agency	166	5,331 Approved Homes
Foster Family Sub-Agency	127	2,335 Approved Homes
Resource Family Home	8,139	22,531

Panel

Questions for the Panel:

- ◇ What did the report reveal about the needs of STRTPs and FFAs to serve children and youth and does this square with what the providers see and think?
- ◇ What more is needed to stabilize FFAs in light of the continuing insurance crisis?

Panel:

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Pete Weldy, Chief Executive Officer, California Alliance of Child and Family Services
- Victoria Kelly, Chief Executive Officer, Redwood Community Services
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

Staff suggests that the Subcommittee request written responses to the following questions asked by provider stakeholders related to this issue. The Subcommittee could request responses back before or by April 6, 2026.

1. Cost Analysis & Rate Transparency: What financial model, including cost data, formulas, assumptions, and cost drivers did CDSS use to arrive at its conclusions? How does CDSS reconcile its proposed rates with stakeholder analyses showing significantly higher actual costs of service delivery?
2. Beyond Interim Licensing Standards: CDSS has stated that the Care and Supervision and Administration components are aligned with minimum licensing standards. How does the cost model account for services that exceed minimum standards but are routinely required to safely serve high-acuity youth and prevent placement disruption (e.g., enhanced supervision, specialized staffing)?
3. Placement Stability & Security for Children & Youth: What evidence supports the assumption that more families will step forward to care for higher-acuity youth under the proposed structure? What does CDSS project will happen to children and youth should family care settings not materialize?

- If placement availability declines due to lower occupancy or provider strain, what safeguards are in place to maintain continuity of care and ensure children and youth can access the level of support they need without disruption?
4. Medi-Cal HFW Concerns: If provider sustainability depends on participating as HFW/WIN providers, what analysis has CDSS conducted regarding the feasibility, startup costs, and timeline required for existing FFAs and Short Term Residential Therapeutic Programs (STRTPs) to successfully diversify?
 5. Insurance in Rate Assumptions: How were escalating liability insurance premiums incorporated into the TRS administrative component rate assumptions? If insurance costs increase further, is there a mechanism within the TRS to adjust rates?
 6. Inter-Agency Coordination: What coordination has occurred between CDSS and the California Department of Insurance to develop a long-term market solution? What is the Administration's timeline for developing a long-term structural solution to stabilize the FFA insurance market?
 7. Bridge Funding Rationale: What would be the projected system impact if one-time stabilization funding were not provided in 2027? Would the cost of youth displacement, emergency placements, or congregate care exceed the requested \$30 million?

In addition, staff notes that the Subcommittee is in receipt of a letter from Assemblymember James Ramos requesting \$30 million one-time General Fund to continue to provide FFAs with support to continue to weather the insurance crisis.

Staff Recommendation: Hold open.

Issue 4: Bringing Families Home Program

Bringing Families Home Background. Bringing Families Home (BFH), which was established in 2016 and has no ongoing funding, has received multiple rounds of one-time funding, most recently in 2021-22, 2022-23, and 2025-26. As part of the Budget Act of 2024 (Chapter 22, Statutes of 2024, Assembly Bill 107), \$80 million of the 2022-23 funding was reappropriated with up to \$40 million available through June 30, 2026, and up to \$40 million available through June 30, 2027. In 2024-25, 13 counties exhausted available funding and/or shut down BFH programs while 22 counties reduced operations or planned program closures.

The Budget Act of 2025 (Chapter 5, Statutes of 2025, Assembly Bill 102) appropriated \$81 million in new one-time funding, available through June 30, 2028. The additional 2025-26 funding supports the continuation and reopening of programs in impacted jurisdictions. Upon enactment of the Budget Act of 2025 (Chapter 5, Statutes of 2025, Assembly Bill 102), CDSS immediately notified counties of the availability of the new BFH funding and encouraged them to continue or resume program operations. Following release of the 2025 allocations, 56 counties accepted Home Safe funding (non-participating counties are Sierra and Yuba).

County Programs and Status of 2025-26 Funds. Following the 2025 Budget appropriation, CDSS released ACWDL dated July 30, 2025, announcing the availability of BFH one-time funds and authorized current county and tribal grantees to continue spending, pending the final allocation announcement. CDSS announced county BFH funds via ACWDL dated November 3, 2025, and 51 out of 58 counties accepted 2025-26 funds. The final CFL was released January 20, 2026. Non-participating counties are Alpine, Del Norte, Lake, Sierra, Solano, Tehama, and Yuba. These funds appropriated in the 2025 Budget Act are available for encumbrance or expenditure until June 30, 2028.

Status of 2021-22 and 2022-23 Funds. Table 1 below shows statewide status of county spending of the 2021-22 and 2022-23 funds as of September 30, 2025. CDSS is working on more detailed information regarding county spending rates and spending projections and will share these with the Subcommittee soon. As part of the Budget Act of 2024 (Chapter 22, Statutes of 2024, Assembly Bill 107), \$80 million of the FY 2022-23 funding was reappropriated, with up to \$40 million available for encumbrance or expenditure through June 30, 2026, and up to \$40 million available for encumbrance or expenditure through June 30, 2027.

Table 1: County Expenditure Status by BFH Funding Allocation Based on Claiming Data through Sept 2025

<u>Program Funding</u>	<u>Spent Less than 70%</u>	<u>Spent 70-99%</u>	<u>Exhausted All Funding</u>
FY 21/22 One-Time Funds	3 grantees	3 grantees	45 grantees
FY 22/23 One-Time Funds	25 grantees	14 grantees	14 grantees

Provided that counties continue to utilize funds at the same pace as in previous fiscal years, all available funding for BFH is estimated to be exhausted by Quarter 2 of FY 2027-28.

Tribal Programs. A total of \$5 million was set aside for BFH tribal programs from each of the one-time BFH appropriations made in 2021-22 and 2022-23, announced in All Tribal Leaders Letter dated July 26, 2022. The \$10 million in total funds were available to all federally recognized Tribes, tribal organizations (including but not limited to Tribal 638 Providers and Urban Indian Organizations), tribal consortia, and tribally led nonprofits. Twenty-five eligible tribal entities accepted and were allocated BFH funds and executed Memorandums of Understanding (MOUs) with CDSS.

A total of \$3.8 million was set aside for BFH tribal programs from the 2025 BFH budget appropriation. CDSS participated in a Tribal Consultation on September 24, 2025, to discuss allocation methodologies for the 2025 tribal set aside funds. CDSS is working on finalizing an allocation methodology consistent with the feedback received through the Consultation and expect the funds to be awarded later this year.

Tribal spenddown will vary significantly across tribal grantees, and while some have almost exhausted their prior one-time allocations, other tribal grantees have shared that they needed time to complete administrative activities before they were able to implement their programs. Such start up activities include for example, hiring new staff, developing policies and procedures, and securing approval through Tribal Council and General Membership to launch the programs. These important administrative activities pushed back the program implementation date. Therefore, expenditure rates to date are not fully reflective of the interest or need for housing and homelessness programs in tribal communities.

Table 2 below displays Tribal program spending based on invoicing from the 2021-22 and 2022-23 one-time allocations tribal set asides as of January 2026.

Table 2: Tribal Grantee Spending Status as of January 2026

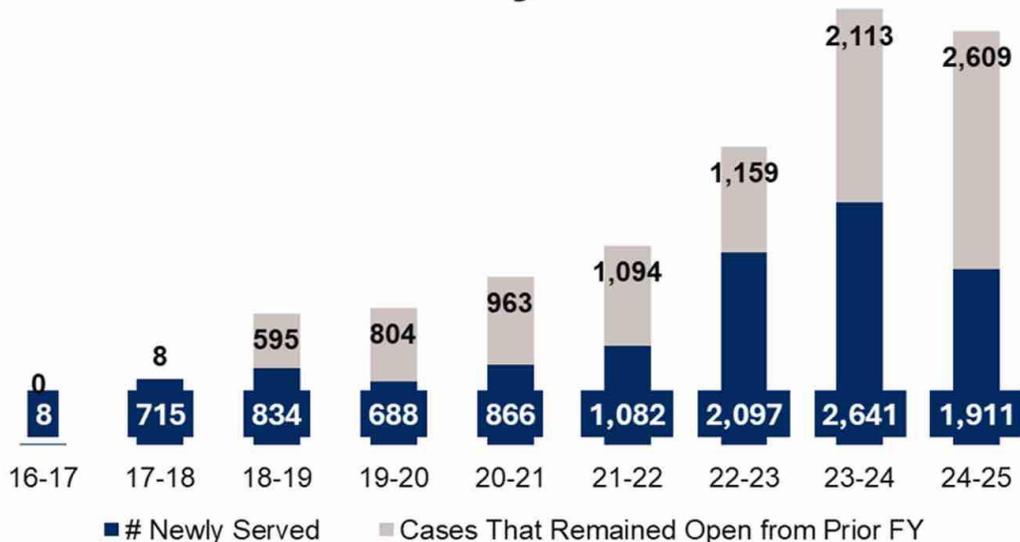
	FY 21/22 Summary	FY 22/23 Summary
Less than 70% spent	14	21
Spent 70 - 99%	4	3
Exhausted all funds	7	1*
Total # of Tribes or Tribal Organizations	25	25

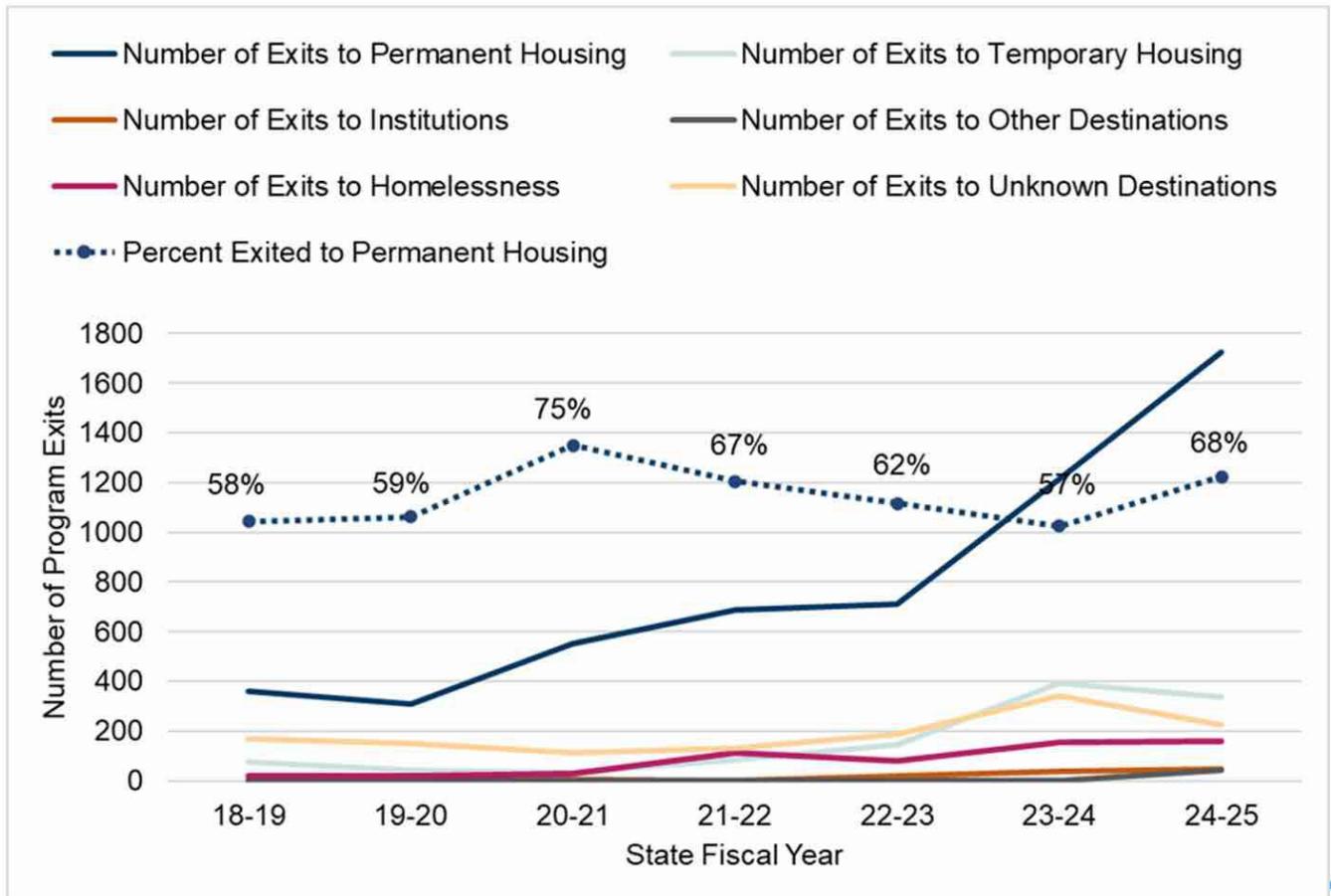
** Enterprise Rancheria of Maidu Indians of California has exhausted all available funding for BFH*

Data and Evaluations specific to the Bringing Families Home (BFH) Program. BFH has demonstrated effectiveness in reducing homelessness among families involved with the child welfare system, while also supporting family reunification. According to the 2024 HDIS (as of November 13, 2025), of the 355,486 individuals receiving Continuum of Care services in California, 120,458 or 34 percent, were members of families with children. More than half of these individuals (66,836, or 56 percent) received assistance through the Bringing Families Home program and the CalWORKs Housing Support Program. Since the BFH program’s inception in 2016 through June 2025, BFH has served more than 10,800 families, permanently housed over 4,100 families experiencing homelessness, and stabilized more than 1,100 families at risk of homelessness. In 2024-25, counties reported that 65 percent of families reunified or children remained in their family home at program exit.

The graph below shows that the BFH program has scaled up significantly over time, with total caseload rising starting in 2022-23 and peaking in 2023-24. The graph on the next page shows that the BFH program maintains strong results in housing stability outcomes, with 68 percent of families exiting to permanent housing in FY 2024-25 (improving on the 57 percent rate in the prior year). This is nearly double the state (35%) and national (32%) Continuum of Care (CoC) rates. These outcomes demonstrate that the BFH program has substantially improved housing stability for participating families and continues to demonstrate effectiveness over time compared to the broader CoC system.

Caseload by Fiscal Year





The Bringing Families Home Program Evaluation (May 2024) conducted by the University of California Berkeley California Policy Lab and University of Southern California Children’s Data Network found that BFH improves housing stability and child welfare outcomes for families experiencing or at risk of homelessness, even among a population with significantly higher levels of need than other child welfare–involved families, specifically:

- Serves families with the highest needs: BFH reaches families with significantly greater child welfare involvement than other child welfare–involved families, including higher rates of prior referrals (7.9% vs. 5.5%) and prior foster care placements (76% vs. 61%).
- Reduces reliance on emergency shelter: BFH families were less likely to use shelter services compared to non-BFH families (8% vs. 17%), indicating reduced episodes of homelessness.
- Increases access to stable housing solutions: BFH families were more likely to receive rapid rehousing services than comparison families (28% vs. 18%), supporting faster transitions to stable housing.
- Improves family reunification outcomes: Among families entering BFH with children in foster care, reunification rates were substantially higher for BFH families compared to non-BFH families (49% vs. 29%).
- Supports housing stability to prevent foster care entry: For families receiving in-home services at enrollment, a higher share of BFH children remained safely supported in the home at 180 days compared to the control group (63% vs. 48%).

Panel

Questions for the Panel:

- ◇ What resources does the Bringing Families Home (BFH) Program need to continue the housing and homelessness services currently being provided under the one-time allocation(s)?
- ◇ Where is the program faltering due to the finite resources?
- ◇ What will families do if the BFH funds expire with no new investment?

Panel:

- Hanna Azemati, Deputy Director for Housing and Homelessness Division, CDSS
- Megan Van Sant, Senior Program Manager, County of Mendocino Department of Social Services
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

Staff suggests that the Subcommittee request updated information about the known expenditure of the remaining funds for Bringing Families Home and if there is any observation of local programs that will exhaust funding in 2026-27. If there are programs at risk in 2026-27, please provide an estimate, on a technical assistance basis, of what appropriation would be necessary to continue all programs at current levels, at least through the next fiscal year.

Staff Recommendation: Hold open.

Issue 5: Governor's Trailer Bill Proposal on Adoption Assistance Program (AAP) Out-of-Home Placement and Wraparound Services

Adoption Assistance Program (AAP) Recent Statutory Changes. The proposed policy follows legislation enacted as part of the Budget Act of 2025, implemented through trailer bill AB 118 (Chapter 7) and amended by trailer bill SB 146 (Chapter 107), which generally restricts the use of Adoption Assistance Program (AAP) payments for out-of-state placements. The law now requires that in order to be eligible for out-of-state placement supported by AAP funds, the placement must be licensed, in good standing, and eligible as a Title IV-E funded placement, must provide an integrated program of specialized, intensive and trauma-informed care, supervision, services and treatment, and include a clinical component to offer therapeutic services to treat a child's mental health needs. The law sets payment rates for eligible out-of-state placements into residential care settings and specifies that AAP payments may be approved for up to a 12-month cumulative period in an out-of-state facility only if one or more of the adoptive parents reside in that same state, with allowance for a 60-day transition when necessary, and authorizes wraparound services to families. Otherwise, the law prohibits any new placements into out-of-state facilities using AAP funds, effective July 1, 2025.

Since passage of AB 118 and SB 146, the County Welfare Directors Association of California (CWDA) states that county child welfare agencies have been working diligently with adoptive families impacted by this law change as their previous adoption agreements expire and are seeking alternative services and supports for their adopted children. CWDA notes that county child welfare agencies are not resourced to provide case management services, but may utilize 2011 Realignment, Adoption Incentive funding, or other fund sources for direct services and supports to adoptive families. County child welfare agencies are required to confirm that the out-of-home placement and services are necessary to meet the child's needs, and to facilitate the AAP payment in response to the adoptive family's request.

Governor's Trailer Bill Language (TBL) Proposal on AAP and In-State Placements. This proposed TBL would enact changes to the use of AAP funding for adoptive children residing within California. Specifically, the TBL would limit AAP payments in two ways: by narrowing the types of facilities those payments can be used, to only Short-Term Residential Treatment Facilities, and by capping those payments to no more than a 12-month cumulative period, allowing for a 60-day transition. The TBL would also authorize use of AAP funds for Wraparound services for up to 12 months, and for additional time if there is continued need to resolve an adoptive child's specific conditions and requires adoptive families to provide verification that providers meet California's Wraparound standards and provider certification requirements.

According to CDSS, the proposed statutory changes amend Welfare and Institutions Code section 16121 and add Welfare and Institutions Code sections 16121.3 and 16121.4 to clarify the allowable use of Adoption Assistance Program (AAP) payments for in-state out-of-home placement and Wraparound Services. The proposed statutory changes include: (1) authorizing AAP payments for Wraparound Services; (2) defining and clarifying eligibility criteria for Wraparound Services and in-state out-of-home placements, including standards and requirements that must be met; (3) updating the AAP payments for in-state out-of-home placement to align with the new Tiered Rate Structure; (4) authorizing the utilization of AAP

payments for Wraparound Services for up to 12 months, after which additional time may be authorized if there is a continued need to resolve a child’s specific condition(s), pursuant to an annual assessment; (5) clarifying eligibility for Wraparound Services upon discharge of in-state out-of-home placement; (6) clarifying the in-state out-of-home placement maximum of 12 months with up to an additional 60 days for transitional planning; and (7) authorization for All-County Letter (ACL)/written instruction.

Stakeholder Comments

CWDA continues to analyze the TBL and its potential impacts and is in the early stages of engaging the Administration on the TBL. Counties have raised initial concerns with certain aspects of the proposed TBL that CWDA plans to raise to the Administration, in hopes of working towards trailer bill language that ensures adoptive families and their adopted children can access needed therapeutic and trauma-informed services when needed, both through residential care settings and through service-based models such as Wraparound.

Primary areas for further exploration with the Administration are described below. We also note that CalSAWS has some questions regarding implementation timing and how the proposed changes will be coordinated with CARES and the Foster Care Eligibility Determination (FCED) interface prior to the implementation of the Tiered Rate Structure, that are also being explored with the Department.

1. Adoptive families need access to high quality, intensive treatment services in residential settings that also minimize lengths of stay in these settings. The Administration proposes a hard cap of 12 months for residential treatment for in-state families. Counties point out that while the majority of stays are less than the 18 months currently provided in state law, for some youth, their level of need is acute, their needs are complex, and those adoptive youth often exhibit a highly acute physical and/or sexually assaultive behaviors that put their adoptive families, including any young children in the home, at risk. Those adoptive youth require a higher level of services and supports simply not available in California. This includes access to psychiatric residential treatment facilities, or PRTFs, which are designed to provide psychiatric services through the Medicaid program to individuals 21 years of age and under. Despite passage of state law to establish PRTFs (AB 2317, Chapter 589, Statutes of 2022), California does not yet have a single operating facility due to delayed implementation. As a result, STRTPs can struggle to meet the very intensive, acute needs of some adoptive youth, and Wraparound simply would not be the appropriate or safe service option. It is imperative that California’s adoptive youth and families have access to intensive services and supports through the Medi-Cal system, including trauma-based treatment settings that avoid unnecessary hospitalization or return into foster care, which can be further traumatizing for youth and families, and that entities responsible for providing such services and supports have the necessary resources to deliver such services.
2. Adoptive families should be able to easily access Wraparound services without delay and unnecessary administrative barriers. The proposed TBL requires adoptive families to search for providers, provide proof that providers meet certification and state standards,

and enter into contracts with service providers. These can serve as barriers to timely access, and county placing agencies may not be able to always assist families if they have relocated to a new county, where the provider network is unknown. CWDA will engage with the Administration to explore potential solutions that will improve access while reducing burdens on adoptive families.

Panel

Questions for the Panel:

- ◇ What is the reaction to the trailer bill proposal?
- ◇ How were stakeholders engaged in formulating this proposal specifically?
- ◇ How does the draft reflect stakeholder feedback? What components of the trailer bill language have support or opposition from child welfare and foster care stakeholders?
- ◇ Are there specific areas where stakeholders are seeking changes?
- ◇ What outcomes will occur for adopted children and youth under the proposal versus under current law?
- ◇ What are potential risks of this proposal?
- ◇ How will stakeholders continue to be engaged if statutory changes are ultimately approved and are implemented on this subject? Can continued stakeholder consultation be codified as part of the language?

Panel:

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Diana Boyer, Managing Director, Research and Policy Development, County Welfare Directors Association of California
- Chantel Johnson, Directing Advocate, Youth Law Center
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst’s Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

Staff suggests that the Subcommittee consider asking the Administration to convene feedback meetings, with legislative staff, counties, and family and youth advocates included, to discuss this proposal and answer questions. In addition, staff suggests that the Subcommittee request that the Administration provide the following information in writing to staff before or by April 6, 2026:

1. How many families served by AAP currently have children in out-of-state and in-state placements? Please provide suitable details to understand types of facility, duration of stay, and challenges for these youth.

2. How would the transition back to California for a formerly out-of-state placed AAP child or youth take place and how would the standards between out-of-state and in-state be reconciled?
3. What are the community supports that will be relied upon if the TBL is adopted, and is there capacity in these to provide the supports necessary for all of the children and youth impacted? If not, where can we work to create these needed supports, with an emphasis on planning for transition back to family settings?
4. What is the data on out-of-state placements that was starting to be collected pursuant to the statute in September 2025? Are any further changes to standards for out-of-state facilities being contemplated?
5. What work has the Administration done to engage with stakeholders on this proposal and what has been the specific feedback and areas of concern?

Staff Recommendation: Hold open.

Issue 6: Proposal for Feasibility Study for State and County Employment Opportunities for Foster Youth

This proposal would require the California Department of Social Services (CDSS), in conjunction with the Department of Human Resources (CalHR), to complete a feasibility study by January 1, 2028, on the creation of a program to guarantee foster youth who have attained 18 years of age, a state civil service entry-level job placement upon termination of jurisdiction by the juvenile court.

Continued financial support of these youth is imperative, as approximately 4,000 California foster youth age out of the system at 18 with no housing, employment, or family safety net released into adulthood by the very state that served as their legal guardian. Research from Chapin Hall's California Youth Transitions to Adulthood (CalYOUTH) longitudinal study and the Public Policy Institute of California document the consequences consistently: within two years of emancipation, up to half of former foster youth experience homelessness, fewer than half will hold gainful employment by age 24, and over 40 percent face incarceration by age 20, with Black, American Indian, Alaska Native youth dramatically overrepresented in these outcomes.

Although California already requires hiring preferences for foster youth in state internships and student assistant roles, a preference is not a guarantee, these programs remain competitive, discretionary, and insufficient in scale. The proposed legislation would mandate a joint feasibility study by CalHR and CDSS, due to the Legislature by January 1, 2028, leaving to the discretion of these two agencies the proper design, cost, civil service examination reforms, and wraparound service requirements necessary to establish a guaranteed entry-level state civil service employment pathway for foster youth reaching age 18. This feasibility study is a measured, fiscally responsible first step, committing the state to rigorous analysis before incurring additional expenditure, while affirming that California's obligation to foster youth does not end at their 18th birthday.

California has over 224,000 civil service employees statewide and is one of the largest public employers in the nation, which is well-positioned to absorb a structured foster youth employment pipeline. Chapin Hall's CalYOUTH data makes clear that stable, supported employment is among the most effective interventions available to this population, with the estimated societal cost of inaction running approximately \$1 million per youth who fails after aging out.

Panel**Questions for the Panel:**

- ◇ What can the state do to facilitate employment opportunities for more foster youth to enable them to skill-build and create more professional pathways for them?
- ◇ Are foster outcomes improving for graduated youth?
- ◇ What does the data tell us regarding the job placements for foster youth in state internships and student assistant roles?
- ◇ What can the state do to improve outcomes for this population?

Panel:

- Angie Schwartz, Deputy Director for Children and Family Services Division, CDSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

This issue is a priority for the Chair. The Chair's office will be in contact with administrative partners to assess costs and gather feedback on the proposal. Once this study is complete, the Chair desires that the Legislature direct its findings into action.

Staff Recommendation: Hold open.

Issue 7: Proposal for Tribally Developed Foster Prevention Services

The Subcommittee is in receipt of a letter from Assemblymember Chris Rogers, signed by seven additional Members, requesting an annual appropriation of \$2,405,740 from the General Fund for the creation of the Tribal Foster Care Prevention Program, to be administered by the California Department of Social Services (CDSS). While tribes and tribal organizations are often on the front-line providing services and support for Native American children and families, they do not receive funding to do so despite reducing county workload and costs.

An annual investment of up to \$2,405,740 will drastically change the disproportionate entry of Native American children into foster care, which has ranged in the last five years from 2-5 times more likely than white children. Services that seek to provide early intervention with Native American families that are tribally led will reduce the number of Native American children that continue to experience the trauma of family separation and long-term foster care. These impacts are long-lasting. For example, youth who were formerly in foster care have been shown to have worse educational and employment outcomes, and experience higher rates of homelessness and incarceration. Funding is needed to ensure tribes and tribal organizations can sustainably build internal capacity to prevent child removal and family separation, which will not only lead to better outcomes for families, but also long-term cost savings for the state.

Prevention programs are an effective investment. With the passage of the Families First Prevention Services Act in 2018, and California's implementation in 2021, California, like other states, has begun a targeted shift from intervening with families by removing children and placing them in foster care to intervening early to address the family challenges that lead to removal in the first place. In a short time, this change in investment has shown very positive results. Between 2020 and 2025, the overall California foster care population has been reduced by 33 percent. In some regions such as Los Angeles, that reduction has been even greater at 46 percent. Child welfare leaders in Los Angeles explain this incredible outcome as a result of focused prevention services both to community-based referrals and early legal support for families.

Like the Los Angeles outcomes, there are similar stories of the successful impacts of prevention programs focused on Native American children. The My Two Aunties Program was created by the Indian Health Council, Inc. a consortium of nine tribes in San Diego County. The program was developed based solely on the tribal values of the communities the program served. The program collaborated with San Diego County in implementation and received funding from the county to support operations. The program reduced the number of Native American children in foster care in the region from 487 to 10, a 98 percent reduction.

Culturally based prevention services remain unfunded. Tribally based prevention services are the most critical part of a prevention continuum that seeks to serve Native American children. While tribes and tribal organizations are in the best position to serve Native American families, they receive no funding and are denied funding that is available to county agencies that complete the exact same work. In 2021, California authorized \$222.4 million to support prevention services programs. These funds were authorized to support counties and tribes but only allowed two of California's 109 tribes to be eligible to receive an allocation. This funding disparity

disadvantages tribes and tribal organizations that provide critical services to provide the most culturally appropriate early interventions services for the most vulnerable children. This problem is not only one of equity and fairness, but also one that undermines the expressed goals of California in addressing the overrepresentation of Native American children in the foster care system.

Although some tribes in California have economic development opportunities to independently support such programming, a majority of tribes in California depend on funding from federal grants to support social services. Unlike states, tribes do not have access to the largest sources of federal funds for these programs, such as the Social Services Block Grant and the Child Abuse Prevention and Treatment Act funds. Therefore, it is incumbent on California to support tribal programs that will prove to be the most effective foster care prevention strategy for Native American children.

The answer to the disproportionate number of Native American children entering foster care is to remedy funding disparities and allocate funding to tribes and tribal organizations that provide culturally based prevention services. This kind of investment would support eligible tribal agencies to receive annual funding to intervene early with families. Under the program proposed, tribes would submit letters of intent to the California Department of Social Services (CDSS) to receive annual support to design and implement prevention services programs.

Administrative Costs Each FY		
<i>Description of Activity</i>	<i>Formula</i>	<i>Cost</i>
One (1) Tribal Funding Program, Associate Governmental Program Analyst	One (1) FTE Associate Governmental Program Analyst at a base salary of \$6,031 per month including benefits.	\$105,740
Annual allocations for tribes in California to receive funding for activities related to providing early intervention services for Native American families to prevent entry into foster care.		\$2,300,000
Estimated Program Total: \$2,405,740		

This budget proposal includes a request for an additional position at the Department of Social Services to oversee the development of agreements, review interest letters, and provide technical assistance to tribes receiving grants. The Department of Social Services currently runs a tribal funding program in which, on average, 50 federally recognized tribes participate each year. The proposal therefore includes a funding estimate based on an average of 50 federally recognized tribes in California participating in the program and receiving an allocation. With an investment of \$2,300,000, each tribe would receive an annual allocation of \$46,000 to support a prevention services program.

The Annie E. Casey Foundation has estimated that the average annual cost per child in foster care ranges from \$6,618 to \$7,311 for only the direct caregiver payment costs to the state. In comparison, additional estimates show that the annual cost per child in foster care ranges from \$32,711 to \$65,422 for associated activities to serve the child and family. This does not consider the costs to the well-being of children and families, and the long-term social costs in negative outcomes for children. Chapin Hall estimates such long-term social costs to the state range between \$119,069 and \$627,501 over the lifetime of one child. These estimated costs also do not include the burdensome costs associated with investigating reports of child abuse and neglect which would substantially decrease as children and families have early intervention preventing incidents of child abuse and neglect.

Based on these estimates, there is a potential for incredible cost savings through more accessible prevention services, with a range in state cost savings per child from \$26,093 to \$58,111 annually. The number of Native American children in California's foster care system ranged between 967 and 1,574 since 1998, though even CDSS has admitted they are undercounted in available datasets. At the lowest estimated cost savings rate per child of \$26,093, if 1,574 children were served early by tribal prevention programs and avoid entry into foster care, the State of California could see close to \$41 million in savings annually.

Panel**Questions for the Panel:**

- ◇ Can tribes be resourced to provide additional services to promote family preservation for more tribal youth at risk of entering the foster care system?
- ◇ What are the outcomes for tribal children and youth now and how can these be improved under the proposal as outlined?

Panel:

- The Honorable Catalina Chacon, Pechanga Bank of Indians Tribal Council, Vice Chair of Tribal Alliance of Sovereign Indian Nations (TASIN), Board Member of California Tribal Families Coalition (CTFC)
- Denise Winn Wright, Senior Staff Attorney, California Tribal Families Coalition
- Dianna Wagner, Assistant Deputy Director for Children and Family Services Division, CDSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

Staff Recommendation: Hold open.

Issue 8: Community Care Licensing: Program and Budget Review

Community Care Licensing. The Subcommittee requested an update from CDSS on functions and timeliness of responsibilities for the Community Care Licensing Division (CCLD).

CCLD's Proposed Fiscal Year 2026-27 Budget is \$275M Total Fund (TF)

- General Fund is \$150.0 million
- Federal Fund is \$95.8 million
- Special Funds are \$29.3 million

CCLD has 1,608.5 authorized positions. Since 2020-21, CCLD's position count has grown steadily with the addition of new programs. In 2020-21, CCLD's authorized position count was 1,520.9 and growing roughly 18 positions each fiscal year. This expansion brought the total authorized positions to 1,608.5, accompanied by an increase in resources from \$184.3 million total funds to \$275 million total funds.

CCLD's current vacancy rate is 5.1% as of February 1, 2026.

Inspection and Complaint Update.

For calendar year 2025, the Adult and Senior Care Program (ASCP) met the one-year annual inspection mandate for its facilities and does not have a substantive backlog in this area. ASCP does have an ongoing complaint backlog that started during the COVID-19 pandemic. The program has not been able to consistently close as many complaints as it receives monthly, which contributes to the backlog. Any disruption to the workload—such as COVID-19, floods or wildfires—significantly affects complaint backlogs. When these disruptions occur, resources are diverted to address the disruption while regular workload is put on hold. To help address the backlog, ASCP is doing the following:

- Diverting staff across regions to assist with complaint backlogs.
- Allowing interested staff to work overtime, when available, to address the backlogs.
- Taking into consideration the annual inspection frequency and how to create a sustainable workload, while also addressing the complaint backlog.

The Child Care Program operates under a three-year inspection mandate. By December 2025, 63 percent of the total licensed facilities had been inspected, exceeding the December goal of 30 percent. In addition, the program conducts random inspections of 30 percent of facilities annually. As of December 2025, 51 percent of the total licensed child care facilities were inspected under this random sampling process, which is a subset of the total licensed facilities that are not yet due for a 3-year inspection. Child Care Program does not have substantive complaint backlogs.

The Children's Residential Program (CRP) met the biennial inspection mandate for calendar year 2025. Additionally, CRP has made meaningful progress in addressing its complaint backlog, achieving a 32 percent reduction in FY 2024/25 through strategic workload distribution and the use of overtime, when available. Effective June 30, 2025, CCLD stopped accepting new

county-contracted complaints. The contract for complaint investigations will conclude on June 30, 2026. This provides some workload relief and could further reduce the backlog.

In 2024-25 the HCSB completed 700 inspections, 33 percent of its biannual inspection requirement. With additional staff resources approved by the FY 23/24 BCP, the Branch is now fully staffed and trained to conduct statewide inspections. Additionally, HCSB is implementing a strategy to support more efficient and effective inspection protocols that should yield higher completion rates in the current year and expects to meet 100 percent compliance with the two-year inspection mandate starting in 2028.

Home Care Services Branch (HCSB) does not have a substantial inspection backlog. The HCSB received 198 new complaints in 2024-25, approved 216, and had 5 complaints pending more than 90 days. In 2023-24, the Branch reported 30 complaints pending more than 90 days. As a result of additional staff resources from the 2023-24 BCP and process improvement practices, the complaints pending more than 90 days was significantly reduced by 83 percent in 2024-25. The Branch continues to monitor complaint measures to ensure complaints are responded to in a timely and effective manner.

CCLD Complaint Data for FY 2024/2025				
Program	Complaints Received	Complaints Approved	Complaints Pending > 90 Days	Complaints Pending > 90 Days % Change Since Last FY
Adult and Senior Care	8,668	8,511	3,891	-0.7%
Child Care	5,171	5,046	85	54.5%
Children's Residential ₁	3,699	3,927	477	-31.9%
Home Care Services	198	215	5	-83.3%
Division Total	17,736	17,699	4,458	-5.2%

1 - Children's Residential includes County RFH Complaints

Source: CCLD Complaint Information Tracking (CIT) Report FY 2024/25

The table below shows the trend in the ASCP complaints going back to 2018-19.

ADULT AND SENIOR CARE PROGRAM COMPLAINT ANALYSIS				
Fiscal Year	Complaints Received	Complaint Approved	Complaints Pending > 90 Days	Complaints Pending > 90 Days % Change Since Last FY
2018-19	6,263	6,720	795	-35.8%
2019-20	6,231	5,688	1,445	81.8%
2020-21	5,826	3,550	3,333	130.7%
2021-22	6,747	5,938	4,188	25.7%
2022-23	7,916	7,785	4,084	-2.5%
2023-24	8,480	8,655	3,917	-4.1%
2024-25	8,668	8,511	3,891	-0.7%

Source: CCLD Complaint Information Tracking (CIT) Report FY 2018/19 to FY 2024/25

Capacity Update

For Adult and Senior Care, in FY 2024-25, there was a 4.1 percent increase in licensed facilities with no change in licensed capacity. This indicates a shift from larger facilities to smaller homes (e.g., six-bed facilities).

Both the number of licensed child care facilities and capacity have increased over the past 3 fiscal years. In 2024-25, there was a 3.8 percent increase in licensed facilities and a 1.2 percent increase in licensed capacity since the prior fiscal year. This upward trend reflects a combination of factors, including historic investments and the implementation of legislation aimed at removing local barriers to licensure, such as Senate Bill (SB) 234 for family child care homes, and Assembly Bill (AB) 176, for child care centers. The average application processing timeline for new child care facility licenses is approximately 97 days, which reflects ongoing efforts to streamline licensing and improve access to child care services.

The number of licensed Children’s Residential facilities has decreased by 8.5 percent, but the capacity has increased by 0.8 percent. Please note that changes in the number of licensed Children's Residential facilities and their associated capacity must be considered: (1) in relation to the goals of the Continuum of Care Reform to shift away from congregate settings to home-based settings; and (2) that it does not necessarily represent a negative trend. Rather, facility capacity is part of a larger picture being evaluated by the Department, led by the Children and Family Services Division, and supported by CCLD, to ensure there is a match between available facility types, capacity within those facilities, and the placement needs of children in care.

Home Care Services has experienced sustained growth since program implementation in 2016, averaging approximately 7 percent growth in licensed organizations per fiscal year. In the most recent fiscal year, 2024-25, licensed organizations increased by 11.1 percent. With regards to capacity, Home Care Services does not have the authority to collect information on the number of clients served per organization, as services are provided within clients’ private residences.

CCLD Facility and Capacity Data FY 2024/2025				
Program	Licensed Facilities Jun 2025	Licensed Facilities Change Since Last FY	Licensed Capacity Jun 2025	Licensed Capacity % Change Since Last FY
Adult and Senior Care	15,664	4.1%	313,614	0.0%
Child Care ¹	46,169	3.8%	1,128,318	1.2%
Children's Residential	10,205 ²	-8.5%	14,116	0.8%
Home Care Services ³	2,283	11.1% ⁴	N/A	-
Division Total	74,321	2.2%	1,456,048	0.8%

Source: LIS County Lists (07/01/2025)

1 - Includes Inactive Facilities

2 - Includes Resource Family Homes (RFH) approved by FFAs

3 - Capacity not applicable as services are provided in client's residence

4 - The 11.1% growth in FY 2024-25 is higher than the average 4-7% year-over-year annual growth reported in other published docs

Panel

Questions for the Panel:

- ◇ What is the update on the state's licensing functions?
- ◇ What is the status of the backlog?
- ◇ Where are we with inspection timeliness and complaint response?
- ◇ Where do we need to improve?
- ◇ Related to Governor's proposals in the Non-Presentation agenda, when will the final report and fee structure related to the Home Care Fund be available and shared with the Legislature? Please provide a date certain.

Panel:

- Kevin Gaines, Deputy Director for Community Care Licensing Division, CDSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Soha Manzoor, Finance Budget Analyst, Department of Finance

Staff Comments

CDSS is asked to provide a date when the final Home Care Fund report will be shared.

Staff Recommendation: Hold open.

5175 Department of Child Support Services (DCSS)

Issue 9: Department of Child Support Services: Program and Budget Review

The Governor’s proposed 2026-27 budget includes \$1.2 billion (\$378 million General Fund) for the Department of Child Support Services (DCSS). DCSS is funded mainly by federal funds (\$746 million) and Child Support Collections Recovery Fund (\$86.2 million), with \$378 million General Funds supporting the department. The Governor’s budget contains two significant adjustments for DCSS that generate an increase of \$22.28 million total funds for the department:

- An increase of \$17.65 million (\$6 million General Fund) for the restoration of a two-year reduction from the 2024 Budget Act for Local Child Support Agency (LCSA) administration.
- An increase of \$4.63 million federal funds for a federal performance incentive.

Child Support Program Highlights
(Dollars in Thousands)

	2025-26 Enacted Budget	2026-27 Governor's Budget	Difference
Child Support Program Total	\$ 1,187,832	\$ 1,210,447	\$ 22,615
State Operations	\$ 215,743	\$ 216,465	\$ 722
General Fund	\$ 64,726	\$ 65,436	\$ 710
Federal Fund	\$ 150,894	\$ 150,856	\$ (38)
Reimbursements	\$ 123	\$ 173	\$ 50
Local Assistance Administration	\$ 899,052	\$ 920,945	\$ 21,893
General Fund	\$ 281,837	\$ 287,768	\$ 5,931
Federal Fund	\$ 533,264	\$ 546,095	\$ 12,831
Child Support Collections Recovery Fu	\$ 82,774	\$ 86,218	\$ 3,444
Section 1115 (Federal Grants)	\$ 1,177	\$ 864	\$ (313)
Local Assistance Automation	\$ 73,037	\$ 73,037	\$ -
General Fund	\$ 24,832	\$ 24,832	\$ -
Federal Fund	\$ 48,205	\$ 48,205	\$ -
Program caseload	1,020,026	988,396	(31,630)
State Positions	699.2	659.2	(40.0)
LCSA Positions	5,390.1	5,220.7	(169.5)

LCSA Spending. LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSAs are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. LCSA administration costs make up the vast majority of the DCSS budget. The budget includes \$797.66 million for 2025-26 and \$815.30 million for LCSA administration in 2026-27. Funding for administration is 34 percent General Fund and 66 percent Federal Financial Participation matching funds.

DCSS expects to nearly expend the full 2024-25 LCSA appropriation and anticipates approximately \$1 million total funds would remain following reallocation of about \$10 million from underspent LCSAs to LCSAs that exceeded their allocation. DCSS anticipates that reallocation in 2025-26 will be similar to the approximately \$10 million in 2024-25. DCSS anticipates that the LCSA appropriation proposed for 2026-27, inclusive of the \$22.28 million increase, will be fully spent in 2026-27. The department states that due to staffing costs such as cost of living adjustments for salaries and benefits, the restoration of the \$17.65 million total funds (\$6 million General Fund) will be necessary to maintain existing staffing levels.

DCSS Caseload. Total child support caseload across LCSAs in 2025 was approximately 988,000 in 2025, compared to 1.02 million in 2025 and 1.06 million in 2023. Over the past three years, overall child support caseload has declined by about 70,000 cases. A majority of case closures (45,000) resulted from AB 1686 (Bryan) Chapter 755, Statutes of 2022, which required a presumption that payment of child support is likely to pose a barrier to family reunification for families whose children have been placed in foster care. As a result, county welfare departments no longer refer parents whose children have been removed from the home to child support agencies unless the parent makes over \$100,000 in income annually. The declining birthrate has also led to gradual attrition from the program each year.

DCSS notes that the AB 1686 change required additional LCSA workload in the short-term because each foster care case required an individual review by a county worker. The bulk of that increased workload was completed about one year ago. DCSS states that increases in staffing costs of about 3-4 percent each year outpace child support caseload decline in terms of overall costs to LCSAs to administer the child support program.

Panel

Questions for the Panel:

- ◇ How are we performing on children support services?
- ◇ Please provide a brief overview of DCSS's proposed budget for 2026-27 including discussion of significant budget adjustments.
- ◇ Why does the Governor's Budget assume that LCSA costs will increase by approximately \$22 million total funds in 2026-27 when child support caseload is declining?
- ◇ What more can we do to support families and make the program more family-friendly?
- ◇ How can DCSS help the state's vulnerable populations weather the impacts of cuts due to H.R. 1 on Medi-Cal and CalFresh?

- ◇ What were the impacts of the prior years' reductions to local child support administration and how would you respond if there was a future cut or scooping of prior or current year funds?
- ◇ Can LCSAs weather any reduction in 2026-27 or future years and what would be the consequences of a reduction?

Panel:

- Kristen Donadee, Director, California Department of Child Support Services (DCSS)
- Liane Peck, Director, Solano Child Support Services, and President, California Child Support Association
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Kayla Knott, Finance Budget Analyst, Department of Finance

Staff Comments

Staff Recommendation: Hold open.

Issue 10: Review of Pass-Through Implementation for Formerly Assisted Cases and Findings for Pass-Through to Currently Assisted Cases

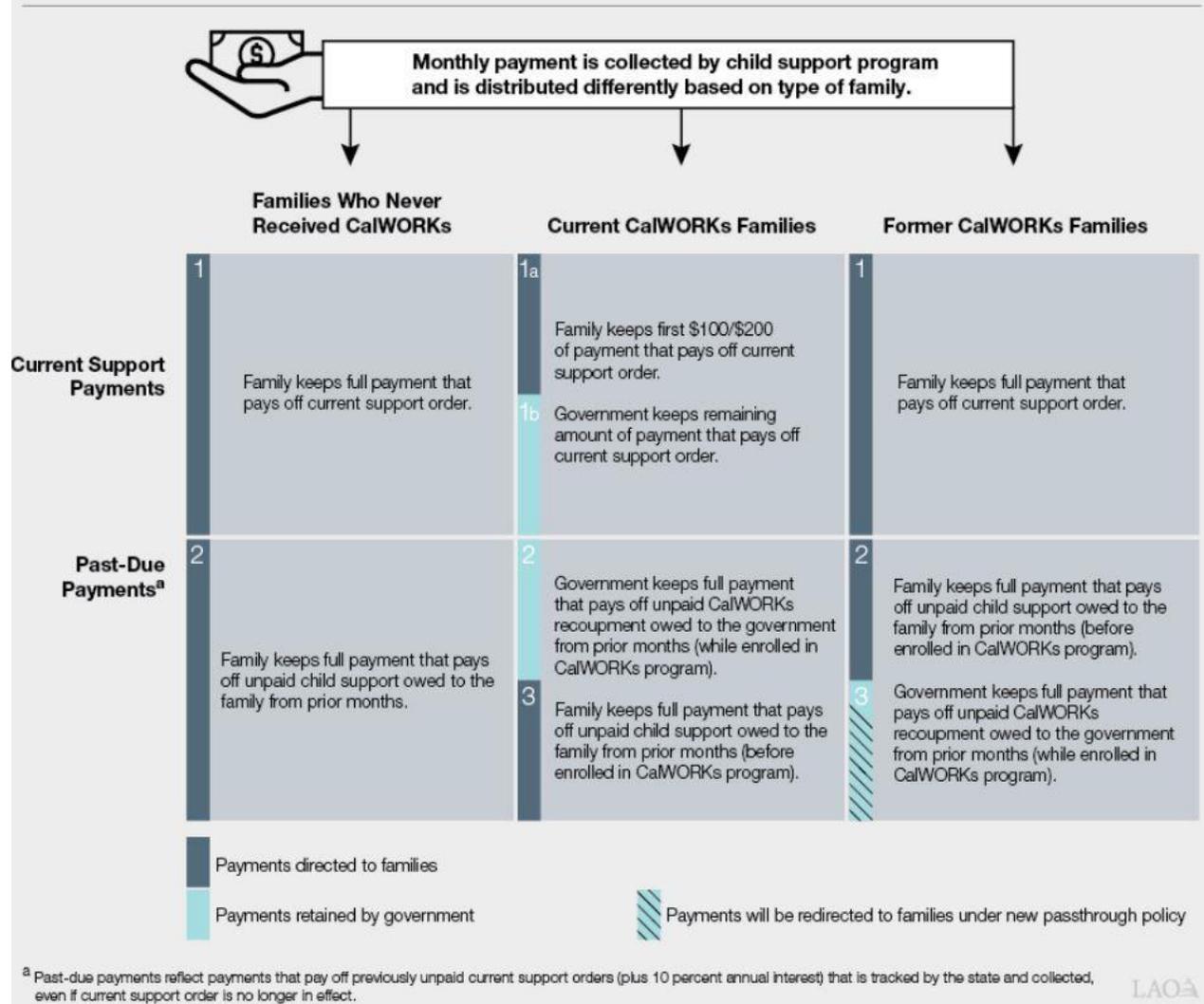
Background. The child support program is a federal-state program that establishes, collects, and distributes child support payments to participating parents with children. These tasks include: locating parents; certifying paternity; establishing, enforcing, and modifying child support orders; and collecting and distributing payments. In California, the child support program is administered by 47 county and regional local child support agencies (LCSAs), in partnership with local courts. Local program operations are overseen by DCSS.

Approximately 75 percent of child support cases are comprised of families who receive or formerly received cash aid from the CalWORKs program. Under federal law, when a parent applies for CalWORKs cash aid (and is not living with the other parent), they generally are required to open a child support case and sign over a portion of their child support payments to the state. The state retains this portion as reimbursement toward the total government costs for the cash aid the family received under the CalWORKs program. This process of retaining child support payments to offset CalWORKs costs is referred to as CalWORKs recoupment. The CalWORKs recoupment payments are generally split between the state (roughly 50 percent), counties (roughly five percent), and federal government (roughly 45 percent). The state's share of CalWORKs recoupment is accounted for as General Fund revenue. The following figure, provided by the LAO, illustrates how current support and past-due payments are directed to the family or government, depending on whether the family is currently receiving, or has ever received, CalWORKs cash aid.

The Legislature has moved in recent years to end the practice of intercepting child support payments from low-income families who received CalWORKs. Current practices differ whether a family formerly received CalWORKs (formerly assisted families), or is currently receiving CalWORKs (currently assisted families):

- Formerly assisted families: As part of the 2022 Budget Act, the state ended the practice of intercepting child support payments from families who were formerly enrolled in CalWORKs. This change took effect May 2024.
- Currently assisted families: In addition to ending the interception of child support payments for formerly assisted CalWORKs families, the 2022 Budget Act included trigger language to implement a full pass-through of child support payments to families currently receiving CalWORKs assistance. This was subject to an evaluation of General Fund availability by the Department of Finance (DOF) in spring 2024 (May Revision). Due to the deficit, the trigger was not activated in 2024, which means the state continues to intercept child support payments from families currently receiving CalWORKs.

Payments Collected by Child Support Program Are Distributed Differently Based on Type of Family



The monthly average child support order owed to families currently receiving child support ranged from \$344 in July 2024 to \$411 in June 2025. Total child support collections for these families averaged \$11.5 million per month in 2025, peaking in March 2025 at an estimated \$18 million. Because state law requires the first \$100 of child support (or \$200 for two or more children) to be passed through to the family, an average of \$2.7 million per month in 2025 out of the approximately \$11.5 million per month was passed through to families currently receiving CalWORKs. On average, \$8.8 million was retained as recoupment for each month in 2024-25. Average child support collections for these families ranged from \$67 per month in July 2024 to \$103 per month in June 2025, with the amount passed through to families ranging from \$16.43 to \$25.94 per month.

Supplemental Report on the Full Pass-through to Currently Assisted Families. The 2024 Budget Act included Supplemental Report Language that required DCSS to summarize challenges and successes from implementation of the child support pass-through to formerly

assisted families that are relevant to the implementation of the full-pass through to currently assisted families, should the Legislature choose to enact this option in the future. DCSS was also tasked with describing the infrastructure changes necessary to implement the full pass-through to currently assisted families, including a fiscal estimate of any one-time or ongoing costs and an estimate of the anticipated timeline following a potential appropriation for that purpose.

The report finds that based on projected CalWORKs recoupment in 2022-23, the full pass-through of child support to currently assisted CalWORKs families is estimated to cost \$150 million annually, based on the state and counties' foregone share of collections. DCSS estimates that the state would incur a General Fund impact of \$80 million if only the nonfederal amount of CalWORKs recoupment payments was passed through to the current CalWORKs family. California is required by federal law to reimburse the federal government for their share of collections. The report notes various policy decisions that would be involved in the implementation of this pass-through, notably whether or not child support payments will be considered unearned income and whether they will be disregarded in calculating CalWORKs grants, among other policy considerations. DCSS states that the estimated timeline for implementing these changes is three to five years contingent on appropriation and the complexity of the final policy.

Panel

Questions for the Panel:

- ◇ Please provide a brief presentation summarizing the Supplemental Report regarding the full pass-through of child support to families currently receiving CalWORKs.
- ◇ How has the pass-through for formerly assisted cases gone and how many families have benefited?
- ◇ Explain what a pass-through for currently assisted cases could look like?
- ◇ What are potential complications that would weigh into the design of a pass-through for currently assisted cases (e.g. impacts on other government benefits)?

Panel:

- Kristen Donadee, Director, DCSS
- Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
- Kayla Knott, Finance Budget Analyst, Department of Finance

Staff Comments

Staff Recommendation: Hold open.

Non-Presentation Items

The following proposals do not require a formal presentation from the Administration, allowing the Subcommittee to focus time in the hearing on the most significant issues. Members of the Subcommittee may ask questions, make comments, or request a presentation by the Administration on these proposals, at the discretion of the Subcommittee Chair. Members of the public can provide public comment on these items during the Public Comment period, after discussion on the issues to be heard has concluded.

5180 Department of Social Services

Issue 11: Related Governor's Budget Change Proposals (BCPs)

- ◇ Child Welfare Training Program: Funding shift from Local Assistance to State Operations
- ◇ SB 540 – Adoption: State Court Jurisdiction
- ◇ AB 896 – Foster Care: Placement Transition Planning
- ◇ AB 1172 – Adult Day Programs: Administration of Inhalable Emergency Antiseizure Medications
- ◇ SB 582 – Health and Care Facilities: Licensing During Emergencies or Disasters
- ◇ Home Care Fund Solvency
- ◇ Facility Management System

A description of each of these proposals in the Governor's Budget is included here. Please see the [Department of Finance's website for more detailed information](#).

Child Welfare Training Program: Funding shift from Local Assistance to State Operations BCP – Requests in their Child Welfare Training Program: Funding Shift from Local Assistance to State Operations BCP to shift \$947,000 (\$568,000 General Fund and \$379,000 federal funds) in fiscal year 2026-27 and \$925,000 (\$555,000 General Fund and \$370,000 federal funds) in 2027-28 and ongoing from existing local assistance to state operations to fund the equivalent of 5 positions to establish a training unit to help develop and implement additional training for county social workers and supervisors to meet state training requirements and come into compliance with federal standards.

SB 540 – Adoption: State Court Jurisdiction BCP – Requests in their Independent Adoption Program (SB 450) BCP two-year limited-term funding of \$355,000 General Fund in fiscal year 2026-27 and \$326,000 General Fund in 2027-28 to support the equivalent of 2 positions to implement the requirements of Chapter 757, Statutes of 2025, related to independent adoptions that are finalized in California.

AB 896 – Foster Care: Placement Transition Planning BCP – Requests in their Foster Care Transition Planning (AB 896) BCP one-time General Fund of \$300,000 in 2026-27 to update, print, and distribute the Foster Youth Bill of Rights to reflect requirements in Chapter 564, Statutes of 2025.

AB 1172 – Adult Day Programs: Administration of Inhalable Emergency Antiseizure Medications BCP – Requests in their Seizure Emergency Response Act (AB 1172) BCP two-year limited-term funding of \$777,000 General Fund in fiscal year 2026-27 and \$757,000 General Fund in 2027-28 to support the equivalent of 4 positions to address the increased workload for training and enforcement related to the implementation of Chapter 448, Statutes of 2025. Chapter 448, Statutes of 2025 (AB 1172), enacts the Seizure Emergency Response Act, authorizing licensed ADP or ARF, as defined in Health and Safety Code (HSC) Section 1502, to train volunteers to recognize and respond to seizures. The bill also permits the volunteers to administer inhalable emergency antiseizure medication to individuals diagnosed with seizures, seizure disorders, or epilepsy. Additionally, this bill codifies requirements for licensed facilities.

SB 582 – Health and Care Facilities: Licensing During Emergencies or Disasters BCP – Requests in their Licensing During Emergencies and Disasters (SB 582) BCP \$939,000 General Fund in 2026-27 and \$919,000 General Fund in 2026-27 for the equivalent of five positions, and \$195,000 General Fund in 2027-28 ongoing to support the equivalent of one position to address the impact of Senate Bill (SB) 582 (Chapter 546, Statutes of 2025).

Home Care Fund Solvency BCP – Requests in their Home Care Services Branch Augmentation BCP \$1,475,000 General Fund, \$2,500,000 Home Care Fund, and 3 permanent positions in 2026-27 and ongoing, which includes funding to continue supporting 15 existing permanent positions. In addition, CDSS requests General Fund loan forgiveness for \$5,681,000 which reflects the current outstanding General Fund loan balance for the Home Care Fund. This proposal will help stabilize the Home Care Fund and enable CDSS to address increased workload as well as maintain effective oversight and enforcement of California’s home care licensing system. This request includes provisional language and related statutory changes.

Facility Management System BCP – Requests in their Facility Management System BCP \$16,093,000 General Fund one-time for fiscal year 2026-27 to support the development, implementation, and maintenance of the Facility Management System (FMS). This includes funding for one existing permanent position and the equivalent of 16 positions to facilitate the successful completion of the FMS project. The most critical objective of the FMS project is to replace eight CCLD legacy systems. Health & Safety Code Sections 1501 (a) and 1596.72 (b) require CDSS to provide a comprehensive, quality system for licensing care facilities to make sure of a quality care environment in California.

Staff Comments

These BCPs remain under review by the Subcommittee.

Staff Recommendation: Hold open.

Issue 12: Related Governor's Trailer Bill Language (TBL) Proposals**Related Governor's Trailer Bill Proposals:**

- ◇ Home Care Biennial Inspections Regulations Extension
- ◇ Home Care Services Branch Funding

A description of each of these proposals in the Governor's Budget is included here. Please see the [Department of Finance's website for more detailed information.](#)

- 1. Home Care Biennial Inspections Regulations Extension TBL.** Chapter 43, Statutes of 2023 (AB 120), contained several provisions related to the Home Care Services Branch within the Department of Social Services, including a requirement for the Department to adopt regulations by January 1, 2026. The proposed statutory change extends the deadline to January 1, 2028. Currently, the regulations are in the development process. Once that is completed, the regulatory package will be submitted to the Office of Regulation Development for review and public comment periods. As a result of the lengthy administrative process, which we anticipate will take 12-18 months, the Department is requesting an extension to adopt the regulations.
- 2. Home Care Services Branch Funding TBL.** Chapter 790, Statutes of 2013 (AB 1217), established the Home Care Services Consumer Protection Act (Act). Existing law, as of January 2016, requires Home Care Organizations to be licensed and creates a public online registry for Home Care Aides who have passed a background check. Chapter 29, Statutes of 2014 (SB 855), made subsequent changes to several provisions of the Act, and created the Home Care Fund to support the program's administration. Chapter 43, Statutes of 2023 (AB 120), enacted additional amendments to the Act, including the provision of temporary General Fund support and a requirement that the Department submit a report to the Legislature regarding the solvency of the Home Care Fund, including identifying any new resources and recommendations on a new fee structure that would facilitate the sustainability of the Home Care Fund. Existing law requires that the program's infrastructure be fully funded by fees, not civil penalties, and has authorized General Fund moneys, as appropriated in the Budget Act of 2023 and the Budget Act of 2024. General Fund loans have also been provided in the Budget Acts of 2014, 2015, and 2016.

Staff Comments

These TBL proposals from the Governor remain under the review of the Subcommittee. The date of the Final Report related to the Home Care Fund is requested under Issue 8 and will inform the review of the Home Care proposals included in the Governor's Budget.

Staff Recommendation: Hold open.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 2 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Nicole Vazquez.