

Date of Hearing: May 1, 2025

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 349 (Dixon) – As Introduced January 29, 2025

SUBJECT: Foster care supplement

SUMMARY: Requires, commencing January 1, 2026, the rate to cover the cost of care and supervision of a child of a foster youth to be adjusted by an amount equal to the California Necessities Index (CNI).

EXISTING LAW:

- 1) Requires the California Department of Social Services (CDSS), for each category of eligible licensed community care facility, as defined, to adopt regulations setting forth a uniform rate to cover the cost of care and supervision of a child of a foster youth. (Welfare and Institutions Code [WIC] § 11465(b))
- 2) Defines a “community care facility” to mean any facility, place, or building that is maintained and operated to provide nonmedical residential care, day treatment, adult daycare, or foster family agency (FFA) services for children, adults, or children and adults, including, but not limited to, the physically handicapped, mentally impaired, incompetent persons, and abused or neglected children. (Health and Safety Code [HSC] § 1502(a))
- 3) Requires, if a child is living with a parent who receives Aid to Families with Dependent Children-Foster Care (AFDC-FC) or Kinship Guardian Assistance Payment Program (Kin-GAP) benefits or Approved Relative Caregiver Funding Program (ARC) payments, the rate paid to the provider on behalf of the parent to include an amount for care and supervision of the child. (WIC § 11465(a))
- 4) Requires foster care providers to be paid a per-child, per-month rate in return for the care and supervision of the AFDC-FC child placed with them. Designates CDSS as the single organizational unit whose duty it shall be to administer a state system for establishing rates in the AFDC-FC program. Requires state functions to be performed by CDSS or by delegation of CDSS to county welfare departments or Indian tribes, consortia of tribes, or tribal organizations that have entered into an agreement. (WIC § 11460(a)(1))
- 5) Defines “care and supervision” to include food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement. Requires reimbursement for the costs of educational travel, to be made pursuant to procedures determined by CDSS, in consultation with representatives of county welfare and probation directors, and additional stakeholders, as appropriate. (WIC § 11460(b))
- 6) Increased, as of July 1, 1998, the uniform rate to cover the cost of care and supervision of a child by 6%, rounded to the nearest dollar. (WIC § 11465(c)(1))

- 7) Adjusted as of July 1, 1999, the uniform rate to cover the cost of care and supervision of a child by an amount equal to the CNI, rounded to the nearest dollar. (WIC § 11465(c)(2)(A))
- 8) Required, in addition to the adjustment specified in 7) above, on and after January 1, 2000, the new uniform rate to cover the cost of care and supervision of a child to be increased by 2.36%, rounded to the nearest dollar. (WIC § 11465(c)(2)(B))
- 9) Required, on and after January 1, 2008, the new uniform rate to cover the cost of care and supervision of a child to be increased by 5%, rounded to the nearest dollar. (WIC § 11465(c)(2)(B)(4))
- 10) Specifies that on or after July 1, 2017, the payment made for care and supervision of a child who is living with a teen parent in a whole-family foster home shall be the uniform rate developed pursuant to 6) above. (WIC § 11465(d)(1)(B))
- 11) Requires minimum basic standards of adequate care to be distributed to the counties and to be binding upon them. Specifies the standards are determined based on the schedule set forth in existing law, as adjusted for cost-of-living increases or decreases, designed to ensure safe, healthful housing; minimum clothing for health and decency; low-cost adequate food budget meeting recommended dietary allowances of the National Research Council; utilities; other items including household operation, education and incidentals, recreation, personal needs, and insurance; and, allowance for essential medical, dental, or other remedial care to the extent not otherwise provided at public expense. (WIC § 11452(a)(1))
- 12) Specifies that nothing shall preclude a county from using a portion of its county funds to increase rates paid to family homes, foster family agencies, group homes, and short-term residential therapeutic programs (STRTPs) within that county, and to make payments for specialized care increments, clothing allowances, or infant supplements to homes within that county, solely at that county's expense. (WIC § 11460(d))
- 13) Requires the amounts set forth as described in 11) above, to be adjusted annually by CDSS to reflect any increases or decreases in the cost of living. Requires these adjustments to become effective July 1 of each year, unless otherwise specified by the Legislature. Requires the cost-of-living adjustment to be calculated by the Department of Finance based on the changes in the CNI, which means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers, and specifies the steps in which computation of annual adjustments in the CNI shall be made. (WIC § 11453(a))
- 14) Required, commencing July 1, 2016, the uniform rate to cover the cost of care and supervision of a child to be supplemented by an additional monthly amount of \$489, as long as funding for this purpose is appropriated in the annual Budget Act. (WIC § 11465(c)(5))
- 15) Encourages, in order to recruit, train, and retain qualified and supportive foster care providers for parenting foster youth, CDSS and local child welfare agencies, in consultation with other interested stakeholders, to collect information to be used to develop a more cost-effective infant supplemental payment rate structure that more adequately reimburses caregivers for the costs of infant care and teen parent mentoring. (WIC § 16004.5(d))

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

COMMENTS:

Background: *Parenting Foster Youth.* SB 1178 (Kuehl), Chapter 841, Statutes of 2004, required, to the greatest extent possible, county child welfare agencies, in conjunction with providers and the state, to identify and utilize whole family placements that provide foster care to teen parents and their infants, and other placement models in order to provide supportive family-focused care for minor foster youth and their children. SB 1178 further required, in identifying these placements, county child welfare agencies to work with providers and stakeholders to identify and develop programs and program models designed to meet these goals.

SB 1178 also made findings and declarations related to the urgent need to develop placement resources to permit minor parents and their children to remain together in out-of-home care when the minor parent is removed from the custody of their parents due to abuse or neglect. To address these considerations, SB 1178 encouraged CDSS and local child welfare agencies to collect data on the number of minors in foster care who give birth and the number of minor parents who remain in placement with their minor children and to aggregate the data annually.

According to data from CDSS, between July and December 2024, there were 663 youth identified in the Child Welfare Services/Case Management System who were receiving the infant supplement.

SB 1178 also directed CDSS and local child welfare agencies, to recruit, train, and retain qualified foster care providers for parenting foster youth, in consultation with other stakeholders, to collect information to be used to develop a more cost-effective infant supplemental payment rate structure that more adequately reimburses caregivers for the costs of infant care and teen parent mentoring. Twenty years beyond the establishment of this policy, many providers report they are still struggling to meet the needs of their parenting foster youth under their care.

It should be noted that existing law specifies that nothing precludes a county from using a portion of its county funds to increase rates paid to family homes, foster family agencies, group homes, and STRTPs within that county, and to make payments for specialized care increments, clothing allowances, or infant supplements to homes within that county, solely at that county's expense.

Foster Care Rate Structure. California state law mandates that CDSS administer a system for establishing rates within the AFDC-FC program. This system is intended to ensure appropriate rates are set to support children in foster care. Specifically, CDSS is responsible for implementing a rate structure that covers various aspects of foster care, including:

- *Resource Family Rates:* For foster parents (resource families) who provide care for children in their homes;
- *Level of Care Resource Family Rates:* Considers the specific needs and circumstances of each child;
- *Kin-GAP Rates:* For kinship caregivers who have legal guardianship of a child;

- *Adoption Assistance Program Rates*: For adoptive parents who receive assistance;
- *FFA Rates*: For agencies that provide foster care services;
- *STRTP Rates*: For specialized residential programs;
- *Intensive Services (ISFC) Rates*: For intensive services provided to children with complex needs;
- *Transitional Housing Placement Nonminor Dependent (THP-NMD) Rates*: For older youth in transitional housing; and,
- *Supervised Independent Living Placements (SILP) Rates*: For nonminor dependents (NMDs) as they transition to independent living.

Existing law required, for the 2016-17 fiscal year, CDSS to develop a basic rate in coordination with the development of the FFA rate that ensures a child placed in a home-based setting, and a child placed in a certified family home or with a resource family approved by an FFA, is eligible for the same basic rate.

The 2022-23 budget package extended the date that the interim foster care rates would remain operative. These rates were in effect through December 31, 2024, with a permanent rate structure to be finalized as of January 1, 2025.

The creation of a permanent rate structure includes the Level of Care Rate Determination Protocol for home-based foster care and the rates for FFAs, Community Treatment Facilities (CTFs), and STRTPs. CDSS convened a number of stakeholder workgroups in the fall of 2022 to provide input into the permanent rate structure. Specifically, four workgroups were convened comprising relevant stakeholders to consider rates for resource families, FFAs, ISFC, and STRTPs. CDSS developed a proposal for the permanent rate structure to be implemented by January 1, 2025, as required by statute, and indicated that the infant supplement was not proposed to be included in their forthcoming rate reform.

Those workgroups resulted in a consensus that a foster care rate structure should be child/NMD centric, follow a child/NMD regardless of the placement setting, and meet more than just the basic care and supervision needs of the child/NMD. The new rate structure, called the Tiered Rate Structure, was created based on Tribal and stakeholder engagement and introduced in the 2024-25 Governor's Budget with payments to be phased in beginning July 1, 2027.

The assignment to a specific tier is determined through the Child and Adolescent Needs and Strengths (CANS) assessment. This tool evaluates various aspects of a child's well-being, including behavioral and emotional needs, risk behaviors, and functioning in areas like school and social relationships. The assessment results inform the tier placement, ensuring that funding aligns with the individual needs of each youth.

According to All County Letter (ACL) 24-94, the Tiered Rate Structure consists of three components: a Care and Supervision Rate, Strengths Building Funding, and Immediate Needs Funding (for children assigned to Tiers 2, 3 or 3+). All children/NMDs, except for those in SILP or Transitional Housing Placement, will receive a Care and Supervision rate consistent with their

tier, which is paid to the foster care or pre-adoptive provider or Tribally Approved Home. Children/NMDs placed with a CTF, FFA, or in an STRTP will also receive a Provider Administrative Rate consistent with their tier, as determined by CANS, as part of the Care and Supervision component. In addition, all eligible children/NMDs will receive Strengths Building Funding consistent with their tier. Immediate Needs Funding is available for children/NMDs in Tiers 2, 3, or 3+, except those living in a SILP.

Infant Supplement. The infant supplement is an additional payment tied to the AFDC-FC program, Kin-GAP, or ARC to provide for children of parenting foster youth who live with their parent in a foster care setting. While foster youth can continue to be in foster care until they reach of 21 years of age, their child is not born into the system. Several other categories of parenting foster youth who are living with their child are also eligible for the infant supplement, including probation-supervised youth who are living in foster care, NMDs in extended foster care, and youth in non-related legal guardianships who are receiving AFDC-FC.

According to an All County Information Notice (I-10-20) issued by CDSS in February 2020, both male and female parenting youth can be eligible for an infant supplement, and all eligible teens and NMDs should be regularly screened for current or impending parenthood. The information notice states that a best practice is for social workers/probation officers to ask at monthly visits and to follow up on information that indicates a youth has a child living with them or is expecting a child. When this payment is provided to foster youth before giving birth, it is called the expectant parent payment but is the same non-optional, federally required supplemental uniform payment designed to help with the care and supervision of a child living with a parenting foster youth.

An infant supplement payment is typically given to the youth's caregiver on their behalf, with the exception of NMDs living in a SILP who receive their payment directly. The SILP is the only foster care placement where the monthly foster care rate is paid directly to the youth.

The infant supplement was established in federal law in 1985 and in California in 1986. The rate varied based on the placement type that the foster youth was in, but was originally set at \$326 per month for whole-family foster homes, and foster family homes, and increased to \$411 or \$890 a month if in a group home placement, where it remained for approximately 20 years. In 2008, the rate was increased by 5% and was not adjusted until 2016, when it was raised to \$1,379 for residents of STRTPs and \$900 per month for those in other settings. It has remained at this rate since.

The infant supplement payment is one of only two foster care rates that are not automatically increased each year by a CNI-based cost-of-living adjustment. This supplement is expected to pay for all of the baby's needs, such as childcare while the teen parent attends high school or works, diapers, clothing, formula, food, parenting classes, supervision, and transportation to all medical visits for the baby.

In July of 2023, CDSS issued ACL 23-6 to provide the adjusted schedule of rates that reflect the CNI increase of 6.85% for fiscal year 2023-24, effective July 1, 2023. The CNI increase was applicable to out-of-home placements and the AFDC-FC program. The ACL also discussed FFAs being provided a one-time 8.8% increase to specified components of certain rate classifications.

The CNI is a measure of price inflation for basic goods such as food and clothing that is relevant for many human services programs. When there are changes to rates based on the CNI, CDSS issues letters and guidelines to inform counties and providers about rate changes and requirements. According to the Legislative Analyst's Office in November of 2022, the CNI grew by 6.6% in 2021, compared to an average of 3.6% over the previous five years. Because the CNI directly influences foster care rates when the CNI rises, adjustments are made to ensure that support adequately reflects the rising costs of essential goods and services.

This bill proposes to address the issue of rising costs by requiring the supplement used to cover the cost of care and supervision of a child of a foster youth to be adjusted by an amount equal to the CNI.

A supporter of this measure, Mary's Path, states that the current rate is woefully inadequate and does not begin to cover the expenses of having a baby, especially given rising costs due to inflation. For example, in July of 2021, Bloomberg reported that the cost of Pampers experienced a 90% increase in cost per diaper. Formula prices additionally increased by an average of 11% between March 2021 and May 2022.

Author's Statement: According to the Author, "We have a responsibility to support the parenting foster youth in California through continuing to secure sufficient resources relevant to their specialized situations. These young parents are facing immense challenges as they are working towards the prosperity of not only themselves, but their child or children. We need to continue to fight against the traumatic stressors presented to these vulnerable communities as they enter the challenging world of parenthood.

"Prioritizing these youths at the beginning of their difficult, yet admirable, journey is necessary in order to promote healthy physical and mental development for generations. [This bill] demonstrates California's dedication to taking the steps needed to combat inflation for those struggling with accessibility issues, specifically regarding infant necessities.

"Increasing the monthly supplement rate for parenting foster youth will not only bring much needed relief among high inflation rates, but demonstrate how our state's priorities are focused on assisting and strengthening those who are in vulnerable situations."

Equity Implications: The provisions of this bill are aimed at addressing the need for additional financial support for providers who are caring for parenting foster youth. The state has a responsibility to support parenting foster youth and to secure sufficient resources to address their specialized situations. These young parents are facing tremendous challenges as they are working toward independence for themselves and their children. The sponsor notes that the average age of a teen mom giving birth at a California STRTP is 15.5 years of age.

According to the Mary's Path, 100% of residents in an STRTP are low-income, 66% are Latino, and 33% are Black, which reflects the disproportionality that exists in the child welfare system, both along racial and ethnic lines, but also along income levels. Furthermore, parenting foster youth requires more support and specialized needs. Young adults living in foster care receive minimum if any, familial support compared to their peers, and they face difficulties with unemployment and underemployment, finding safe, affordable housing, and avoiding hunger and homelessness.

These stressors are compounded when young people are parenting, which can cause trauma across multiple generations. Parenting foster youth encounters more challenges than their peers, including accessing childcare.

Policy Considerations: This bill seeks to align the infant supplement with the CNI, which may not be sufficient to cover the needs of a parenting foster youth.

Should this bill move forward, the Author may wish to consider simultaneously increasing the base payment and aligning any future adjustments to the CNI.

This bill sets a January 1, 2025 date for the new rate to take effect.

Should this bill move forward, the Author may wish to consider moving the effective date to July 1, 2025, to be in alignment with the Fiscal Year.

Proposed Committee Amendments: The Committee proposes amendments to address policy considerations stated above to do the following:

- Supplement the uniform rate to cover the cost of care and supervision of a child of a parenting foster youth by an additional monthly amount of \$517.24, to be adjusted by an amount equal to the CNI.
- Commence the supplement to take effect on July 1, 2026.

RELATED AND PRIOR LEGISLATION:

AB 1952 (Dixon) of 2024, would have required the rate to cover the cost of care and supervision of a child of a foster youth to be supplemented by an additional monthly amount of \$517.24, if funding was appropriated in the annual Budget Act, to be adjusted by an amount equal to the CNI. *AB 1952 was held on the Assembly Committee on Appropriations suspense file.*

AB 2189 (Friedman) of 2022, would have required the rate paid for a pregnant minor or NMD for the three-month period immediately prior to the month in which the birth is anticipated to include the amount that would otherwise be paid to cover the care and supervision of a child if born. Would have required any amount paid to an expectant parent to be used to meet the specialized needs of the pregnant minor or NMD and to properly prepare for the needs of the infant. *AB 2189 was vetoed by Governor Newsom due to cost.*

AB 153 (Committee on Budget), Chapter 86, Statutes of 2021, was the budget trailer bill that accompanied the appropriations made in the 2021 Budget Act and among other provisions, allowed a pregnant minor or NMD to be eligible for the infant supplement for a specified period before the expected date of birth. Required CDSS to develop and implement automated payments for these purposes.

AB 2880 (Ting) of 2020, would have required, subject to an appropriation, the rates paid to a transitional housing provider to be supplemented at a rate based on a percentage of the average foster care expenditures for foster youth according to their age and the county in which the program operates. *AB 2880 was set to be heard by this committee but the hearing was postponed by the committee. This policy was subsequently enacted through the Budget Act, AB 79 (Committee on Budget), Chapter 11, Statutes of 2020.*

SB 1178 (Kuehl), Chapter 841, Statutes of 2004, see comments above.

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance for Community Advocacy dba Just Advocates
Aspiranet
Association of Regional Center Agencies
California Alliance of Child and Family Services
County of Orange
County Welfare Directors Association of California

Opposition

None on file.

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