

Date of Hearing: April 23, 2026

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 2333 (Pellerin) – As Introduced February 19, 2026

SUBJECT: Child welfare nongovernmental organizations

SUMMARY: Extends the sunset of the liability protections for Foster Family Agencies (FFAs) from 2027 to 2030. Specifically, **this bill** extends the following provisions from 2027 to 2030:

- 1) It is the public policy of the State of California that FFAs or noncustodial adoption agencies provide necessary services to vulnerable youth throughout the state and are integral to the foster care system, and therefore are afforded the rights specified in 3), below.
- 2) An FFA may be held liable for injury or damage caused by the negligence of the FFA, but not for the injury or damage caused by the public entity, including its officers, employees, or volunteers, acting in its capacity; and specifies:
 - a) The FFA and the public entity shall each bear the cost of insuring against their own respective acts and omissions; and,
 - b) The entity and the FFA shall each bear the costs of defending itself against claims arising from its own risks.
- 3) Prohibits 2) above from being waived or suspended by any court and that any provision in a nongovernmental organization contract for child, youth, and family services in which a public entity is indemnified, held harmless, or insured for damages, claims, losses, or expenses arising from injury or damage caused by or resulting from a public entity's negligence or intentional conduct, in whole or in part, shall be void as against public policy and unenforceable.
- 4) Specifies that 2) above does not limit or affect the immunity provided by any other law that would otherwise be an available defense to either party.

EXISTING LAW:

- 1) Provides that every person is responsible, not only for the result of their willful acts, but also for an injury occasioned to another by their want of ordinary care or skill in the management of their property or person, except so far as the latter has, willfully or by want of ordinary care, brought the injury upon themselves. (Civil Code [CIV] § 1714)
- 2) Defines “indemnity” as a contract by which one engages to save another from a legal consequence of the conduct of one of the parties, or of some other person. (CIV § 2772)
- 3) Provides that an agreement to indemnify a person against an act thereafter to be done is void if the person committing the act knew it was unlawful at the time of the act. (CIV § 2773)
- 4) Provides that one who indemnifies another against an act to be done by the latter, is liable jointly with the person indemnified, and separately, to every person injured by such act. (CIV § 2777)

- 5) Establishes a state and local system of child welfare services, including foster care, for children who have been adjudged by the court to be at risk of abuse and neglect or to have been abused or neglected, as specified. (Welfare and Institutions Code [WIC] § 202)
- 6) Establishes a system of juvenile dependency for children for specified reasons, and designates that a child who meets certain criteria is within the jurisdiction of the juvenile court and may be adjudged as a dependent child of the court, as specified. (WIC § 300 *et seq.*)
- 7) Declares legislative intent to, whenever possible, preserve and strengthen a child's family ties and, when a child must be removed from the physical custody of their parents, to give preferential consideration to placement with relatives. States legislative intent to reaffirm its commitment to children who are in out-of-home placement to live in the least restrictive family setting and as close to the child's family as possible, as specified. Further states the legislative intent that all children live with a committed, permanent, nurturing family and states that services and supports should be tailored to meet the specific needs of the individual child and family being served, as specified. (WIC § 16000)
- 8) Requires out-of-home placement of a child in foster care to be based upon the selection of a safe setting that is the least restrictive family setting that promotes normal childhood experiences and the most appropriate setting that meets the child's individual needs and is available, in proximity to the parent's home, in proximity to the child's school, consistent with the selection of the environment best suited to meet the child's special needs and best interests. (WIC § 16501.1(d)(1))
- 9) Defines "placing agency" to mean a county child welfare department, a county probation department, or a foster family agency with responsibility for the placement of the child or nonminor dependent. (WIC § 362.06(a)(4))
- 10) Defines a "resource family" to mean an individual or family that has successfully met both the home environment assessment and the permanency assessment criteria, as specified, necessary for providing care for a child placed by a public or private child placement agency by court order, or voluntarily placed by a parent or legal guardian. (Health and Safety Code [HSC] § 1517; WIC § 16519.5(c)(1))
- 11) Requires the California Department of Social Services (CDSS) to implement the Resource Family Approval (RFA) process as a unified, family-friendly, and child-centered process to replace the existing multiple processes for licensing foster family homes, certifying foster homes by licensed foster family agencies, approving relatives and nonrelative extended family members as foster care providers, and approving guardians and adoptive families. (WIC § 16519.5(a))
- 12) Provides that approval of a resource family does not guarantee an initial, continued, or adoptive placement of a child with a resource family or with a relative or non-relative extended family member. Further, approval of a resource family does not guarantee the establishment of a legal guardianship of a child with a resource family. (WIC § 16519.5(c)(6))
- 13) Establishes requirements for FFAs that approve resource families, including requiring an FFA to be responsible for approving or denying resource family applications, and preparing a

written evaluation of an applicant's capacity to foster, adopt, or provide legal guardianship, as specified. (HSC § 1517(b))

- 14) Provides that it is the policy of this state that all persons engaged in providing care and services to foster children, including, but not limited to, foster parents, adoptive parents, relative caregivers, and other caregivers contracting with a county welfare department, shall have fair and equal access to all available programs, services, benefits, and licensing processes, and shall not be subjected to discrimination or harassment on the basis of their clients' or their own actual or perceived race, ethnic group identification, ancestry, national origin, color, religion, sex, sexual orientation, gender identity, mental or physical disability, or HIV status. Further, clarifies that these provisions shall not be interpreted to create or modify existing preferences for foster parents or to limit the local placement agency's ability to make placement decisions for a child based on the child's best interest. (WIC § 16013)
- 15) States legislative intent recognizing the importance of ensuring that prospective foster family homes meet specified health and safety requirements and acknowledging that there is a further need to evaluate a licensed foster parent's ability, readiness, and willingness to meet the varying needs of children in order to ensure competent placement resources. (WIC §1521.6(a))
- 16) Requires CDSS, in consultation with county placement agencies, foster care providers, and other interested community parties, to establish criteria to be used for conducting a comprehensive home study of a licensed or foster parent that evaluates the ability, readiness, and willingness of the licensed foster parent to meet the varying needs of children. (WIC §16518)

FISCAL EFFECT: This bill was keyed non-fiscal by the Legislative Counsel.

COMMENTS:

Background: *Continuum of Care Reform (CCR)*. Over the last decade, beginning in 2015, California has enacted several pieces of legislation, known as CCR, in a collective effort between the Legislature and the Administration as a way to improve placement and treatment options for youth in foster care. Among its many goals, CCR sought to reduce the use of congregate care as a frequently used placement option for youth. CCR also included the statewide adoption of the RFA program which combines elements of foster parent licensing, relative approval, and adoption/guardianship into one process. The RFA process includes a psychosocial assessment, home environment check, and training for all resource families, including relatives, in order to ensure that caregivers are equipped to best meet the needs of youth in foster care. The provisions of AB 819 (Stone), Chapter 777, Statutes of 2019, allowed for greater RFA portability by allowing resource families to transfer from one oversight organization (licensed FFAs or counties) to another in order to allow greater flexibility for caregivers.

Foster Family Agencies. FFAs contract with county welfare departments to help find placements for children in the child welfare system. They can recruit, certify, approve, and train, and provide support to, resource families; coordinating with county placing agencies to facilitate stable placements while providing comprehensive and administrative support to resource families and the children in their care. Families report preferring to use FFAs due to more accessibility and more services offered. FFAs assist counties with their workload while ensuring families are also following the minimum applicable laws.

There are two categories of FFA programs: treatment foster care and nontreatment foster care. When an FFA providing treatment services determines that a child's needs cannot be met in an available family home, might otherwise require group home placement, and can be addressed by the services offered by the FFA being considered, the child may be referred to that treatment FFA. By contrast, a nontreatment FFA certifies a family home to place a child who is pending adoption by that family.

Nontreatment FFAs do not deliver treatment services; they meet a child's basic needs and may provide specialized care in a certified family home only if the placement agency has found the child's care needs exceed those of a typical foster child and the placement county has a specialized care system.

Insurance Availability for Foster Family Agencies. As a condition of licensure, FFAs are required to have liability insurance. However, FFAs have reported that they are struggling to maintain coverage due to affordability and availability after a series of events. In 2023, a jury awarded nearly \$25 million to three siblings who were sexually abused by a foster parent. The FFA who placed the children in the home, was responsible for paying for 60% of the damages (\$15 million).¹

This decision was appealed on the premise that the FFA could not foresee that abuse would take place. This case prompted, in August 2024, the Nonprofit Insurance Alliance of California (NIAC), which provided coverage to 90% of FFAs, to announce that it would have to stop renewing liability coverage policies. As a result of this announcement, Insurance Commissioner Lara issued a memo² on August 23, 2024, detailing that NIAC had begun issuing nonrenewal notices to some FFAs, as well as paused acceptance of coverage for new FFAs, due to recent high-valued court judgment settlements against FFAs. The memo explains that this has resulted in FFAs being unable to obtain mandatory insurance coverage at an affordable rate. The memo concludes, "This lack of coverage will likely force many FFAs to start shuttering their programs, thus upending the stability of the foster children and youth that they serve. On a larger scale, thousands of foster children and youth are potentially at risk of losing their current FFA placement." Further, the memo urged state-admitted insurance companies to provide coverage options for FFAs.

Due to NIAC announcing they were no longer renewing FFA policies, AB 2496 (Pellerin), Chapter 403, Statutes of 2024, was introduced and signed into law as an urgency measure to offer a temporary solution. AB 2496 created a streamlined process to allow families being serviced by FFAs to more seamlessly transfer their RFA approval to the appropriate county or another operational FFA. And, provided that FFAs shall not indemnify a public entity for harms caused by the entity's own negligent or intentional acts. The indemnification provisions are set to sunset on January 1, 2027, because they were intended as a temporary solution. *This bill* extends only the indemnification language until 2030.

In addition to AB 2496, the Budget Act of 2025 provided \$31.5 million to support the continued operation of FFA providers impacted by the potential increase in liability insurance premiums. This money is administered by CDSS through an application process, which includes

¹ <https://imprintnews.org/youth-services-insider/insurance-cliff-coming-california-foster-care/251572>

² <https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commissioner-opinion/upload/Notice-Foster-Family-Liability-Insurance-Availability-August-2024.pdf>

documentation demonstrating that the provider has experienced an increase in the cost of their liability insurance.³ The majority of the funds were allocated in the first round of funding with about \$7.5 million available for distribution in the second round of funding. The second round of funding was announced on January 21, 2026, with an application deadline of April 30, 2026.⁴

According to CDSS, since July 2024, 28 FFAs have closed their doors. Of these closures, approximately 71% of the homes have ported to an FFA, and 29% have ported to counties. This means that placements for foster youth remain the same despite the FFA that approved the placement closing its doors.

Author’s Statement: According to the Author, “Foster family agencies, known as FFAs, serve some of the most vulnerable children in public care. These nonprofit organizations provide invaluable support and guidance to foster families and are an integral part of California’s foster system. In recent years, FFAs have struggled to access liability insurance and in August of 2024, the insurer of 90% of California’s FFAs announced that it would non-renew its contracts with FFAs. Since then, over two dozen FFAs have closed their doors. FFAs that have been able to secure liability coverage have faced six-digit premium increases, representing increases of 200 to 400%.

“In response to the looming insurance crisis, I authored AB 2496 in 2024, which provided that FFAs could not be held liable for harm caused by the actions or negligence of the county and that FFAs and counties bear the costs of insuring themselves against their respective acts and omissions.

“In 2025, the California Department of Social Services was required to report to the Legislature available options to make insurance available to foster family agencies. Unfortunately, this report has not yet materialized and DSS has yet to make concrete recommendations to the Legislature. In order to ensure that the insurance market does not deteriorate further while a long-term solution is found, [this bill] extends the sunset date of the indemnification provisions of AB 2496 from January 1, 2027 to January 1, 2030.”

Policy Considerations: On February 3, 2026, Speaker Rivas announced an oversight review process that selected legislation to look back upon and review the impact of the implementation. As a part of this process, AB 2496 was selected. As such, this Committee will be conducting a hearing in the summer of 2026 to examine the implementation of AB 2496 and how youth have been impacted. Due to the timing of the oversight and the timing of the legislative process, this bill was introduced to take action. However, pending the full oversight review, it is unclear if a three-year extension is appropriate.

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

- Extend the sunset to 2028 instead of 2030.

³ <https://www.cdss.ca.gov/Portals/9/FCARB/FCARL/FCARL2025-03.pdf?ver=6ao2whsTZqkMBx-dd9e9Lw%3d%3d>

⁴ https://www.cdss.ca.gov/Portals/9/FCARB/FCARL/FCARL2026-01.pdf?ver=TmeRfVrRdZHCd9_C33Ldng%3d%3d

RELATED AND PRIOR LEGISLATION:

AB 2496 (Pellerin), Chapter 403, Statutes of 2024, See comments above.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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