

Date of Hearing: June 30, 2026

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

SB 1421 (McGuire) – As Amended March 26, 2026

SENATE VOTE: 33-0

SUBJECT: California Child and Family Service Review System: nonminor dependents

SUMMARY: Requires the California Child and Family Service Review System (CFSR) to track how many nonminor dependents (NMDs) are using benefits designed to reduce poverty and support college access, including, but not limited to, the Foster Youth Tax Credit (FYTC) and the Free Application for Federal Student Aid (FAFSA). Specifically, **this bill:**

- 1) Requires the California CFSR to include data measures related to the utilization of NMDs programs designed to reduce poverty and increase participation in postsecondary education, including the FYTC and the FAFSA.
- 2) Adds those new measures to the comprehensive review of county performance that the state conducts at least once every five years.
- 3) Permits the California Department of Social Services (CDSS) to consider feedback from researchers, county representatives, advocates, and individuals with lived experience in determining which additional related measures to include.

EXISTING LAW:

- 1) Requires CDSS to establish the California CFSR in order to review all county child welfare systems, covering child protective services, foster care, adoption, family preservation, family support, and independent living. (Welfare and Institutions Code [WIC] § 10601.2(a))
- 2) Requires those reviews to maximize compliance with the federal requirements for foster care and adoption assistance funding and to ensure compliance with the federal child welfare services state plan. (WIC § 10601.2(b))
- 3) Requires the review system's outcome indicators to be consistent with the measures and standards used in the federal child and family service review. (WIC § 10601.2(d))
- 4) Requires the California Health and Human Services Agency to convene a multi-agency and stakeholder workgroup to establish the work plan for the reviews, and authorizes consideration of additional outcome indicators in subsequent review cycles. (WIC § 10601.2(c), (d)(3))
- 5) Holds counties accountable to CDSS for specified federal and state child welfare performance measures, and requires CDSS to conduct a comprehensive review of county performance on those measures at least once every five years. (WIC § 10601.2(j))
- 6) Authorizes the review system to include data from the Child and Adolescent Needs and Strengths assessment and other readily available behavioral health data, subject to appropriation. (WIC § 10601.2(l))

- 7) Establishes extended foster care for NMDs, generally up to 21 years of age, and defines the conditions of their continued eligibility. (WIC § 11400 *et seq.*).
- 8) Establishes the FYTC, a refundable credit available to qualifying current and former foster youth 18 to 25 years of age. (Revenue and Tax Code § 17052.2)

Federal law:

- 9) Establishes the child welfare services state plan requirements that states must meet to receive federal child welfare funding. (42 United States Code [U.S.C.] §§ 621 *et seq.*)
- 10) Establishes federal foster care and adoption assistance funding, conditioned on an approved state plan. (42 U.S.C. § 670 *et seq.*)
- 11) Establishes the federal CFSR and the measures and standards for child and family outcomes and systemic factors that it uses to assess state conformity. (45 Code of Federal Regulations Parts 1355-1357)

FISCAL EFFECT: According to the Senate Committee on Appropriations on May 1, 2026:

- The California Department of Social Services (CDSS) estimates ongoing General Fund costs of \$181,000 for state administration related to data collection activities. CDSS also indicates unknown potential automation costs.
- Unknown potential costs to counties for administration related to additional data measure requirements

COMMENTS:

Background: *The California Child and Family Service Review System.* California's child welfare system is state-supervised but county-administered, which means CDSS sets policy and the 58 counties deliver services. In 2001, through the enactment of the Child Welfare System Improvement and Accountability Act, AB 636 (Steinberg), Chapter 678, Statutes of 2001, the California CFSR was designed to keep this decentralized system accountable and replaced an older compliance structure that asked whether counties followed prescribed processes, in favor of an outcomes-based approach that asks whether children and families are actually safer and better served.

In practice, the review operates on a multi-year cycle. Each county completes a self-assessment of its own performance, including a qualitative peer review of cases, develops a multi-year system improvement plan, and submits annual progress reports against that plan. CDSS monitors county performance on an ongoing basis and conducts a comprehensive review of each county at least once every five years.

California's CFSR is modeled on and aligned with the federal CFSR, administered by the Children's Bureau within the United States (U.S.) Department of Health and Human Services. Federal funding for foster care and child welfare services is conditioned on each state operating an approved plan, and the federal review is the mechanism the federal government uses to test conformity with it.

The federal review evaluates states across the same broad outcome measures: safety, permanency, and well-being, together with a set of systemic factors such as case review, quality assurance, and the agency's responsiveness to the community. When a state is found out of conformity, they do not lose funding outright but instead enters into a program improvement plan with negotiated targets and timelines. California's review imports the federal measures and standards, and then layers state-specific indicators on top of them. *This bill* would add data measures on the extent to which NMDs use the FYTC and the FAFSA. These new measures would be added to the comprehensive review of county performance that the state conducts at least once every five years.

This Bill in Practice. Currently, the California CFSR focuses on the federal safety, permanency, and well-being measures and on operational metrics like caseworker visits and the timeliness of abuse investigations. *This bill* extends the system into outcomes based on the economic and educational self-sufficiency of older foster youth as they prepare to leave care. *This bill* names two specific benefits and asks the system to measure how many NMDs are connected to them through the receipt of the FYTC and completion of the FAFSA, while leaving room for CDSS to add related anti-poverty and college-access measures over time. These new measures would then be attached to the existing every-five-year comprehensive county review, so they become part of the recurring accountability cycle rather than a one-time data pull.

A recent example comes from Los Angeles County, which voluntarily implemented the type of data collection proposed in this bill: the Los Angeles County Department of Children and Family Services (DCFS) began tracking whether foster youth were receiving assistance with completing college financial aid applications (FAFSA/California Dream Act Application [CADAA]) as required by SB 12 (Beall), Chapter 722, Statutes of 2017. To support implementation, DCFS developed a dashboard that reported SB 12 compliance rates by Service Bureau. These data were reviewed regularly at both the Service Bureau and department-wide levels to identify performance disparities and focus corrective action where needed.

The result was a significant improvement in compliance with SB 12 and, in turn, an increase in college enrollment. Compliance rates increased from 1.7% in 2019 to 66.4% as of August 27, 2025, the most recent date for which aggregate data are available. During that same period, the number of foster youth enrolled in the 21 Los Angeles-based community colleges increased 44%, according to the California Community College Chancellor's Office. Notably, this growth occurred while Los Angeles County's foster care population declined by 38%, indicating that a substantially greater share of foster youth were enrolling in college.

By incorporating these measures into the California CFSR process, the state can ensure that counties routinely collect, review, and act on outcome data related to postsecondary access and success.

Free Application for Federal Student Aid is the single application students use to establish eligibility for federal student aid, which includes Pell Grants, federal work-study, and federal student loans, and for most state and institutional aid as well, including California's Cal Grant program. It is the gateway form that determines what aid a student can receive. The form is administered by Federal Student Aid, an office of the U.S. Department of Education, which develops, distributes, and processes roughly 22 million FAFSAs each year and enforces the underlying aid rules. In California, completion data for foster youth is tracked through a

statewide initiative led by John Burton Advocates for Youth in partnership with the California Student Aid Commission (CSAC).

Foster youth qualify as independent students. The FAFSA asks whether the applicant was in foster care at any point since 13 years of age, and these youth generally do not have to report parental income, which removes a significant barrier for young people who are not in contact with their parents.¹ Completing the FAFSA is one of the strongest predictors of college-going high school seniors who complete it are roughly twice as likely to enroll within 12 months.² California's dedicated Foster Youth FAFSA/ CADAA Challenge, launched in 2017, raised foster-youth completion to 65% in the 2022-23 school year, up from 45% when the effort began. Foster youth remain far behind their peers for degree completion, with only about one in ten earning a college degree by their early-to-mid twenties.³

This bill would make FAFSA completion among NMDs a standing, county-level measure within the review system.

Foster Youth Tax Credit. The FYTC is a refundable California tax credit for current and former foster youth 18 to 25 years of age who qualify for the California Earned Income Tax Credit and who were in foster care at or after 13 years of age through the California foster care system. Because it is refundable, an eligible youth receives the full value as cash even if they owe no tax. For the 2025 tax year, the maximum credit is \$1,189 per eligible person, or up to \$2,378 if both an eligible taxpayer and spouse/Registered Domestic Partner qualify.⁴

The FYTC was the first tax credit of its kind in the nation and was established through the 2022–23 state budget with roughly \$21 million in ongoing funding, signed into law on June 30, 2022, and made available for tax years beginning on or after January 1, 2022.

Because the credit is tied to the California Earned Income Tax Credit (CalEITC), its maximum value has risen each year: from \$1,083 for 2022 to \$1,189 for 2025. CalEITC is a state-level, cash-back tax credit for low- to moderate-income working Californians. If you qualify, the credit can significantly reduce the amount of state income tax you owe or provide you with a larger tax refund. The credit is administered by the Franchise Tax Board as part of the CalEITC, and is claimed by filing a state tax return. A youth's foster-care status is verified by CDSS against a statewide database, with the youth's consent provided on the tax form.

Over the credit's first three years, and as of August 31, 2025, it had reached more than 16,000 current and former foster youth and delivered about \$17.2 million directly, plus an estimated \$18.7 million in additional credits unlocked when those youth filed returns.⁵ For recipients, the effect on income is substantial: the credit raised annual income by roughly 10% for single filers and 26% for filers with dependent children. However, of an estimated 33,648 eligible youth statewide, only about 17% claimed the credit in 2025.⁶ To narrow that gap, SB 624 (Caballero), Chapter 230, Statutes of 2025, now requires county child welfare agencies and probation

¹ <https://www.urban.org/research/publication/foster-care-postsecondary-education-and-financial-aid-california>

² <https://jbay.org/financial-aid-results-2023/>

³ <https://www.urban.org/research/publication/foster-care-postsecondary-education-and-financial-aid-california>

⁴ <https://www.ftb.ca.gov/forms/2025/2025-3514-booklet.html>

⁵ <https://jbay.org/fytc-three-year-progress/>

⁶ <https://jbay.org/resources/fytc-report-2025/>

departments to notify NMDs about the credit. *This bill* would complement that outreach mandate by adding FYTC receipt to the review system as a recurring, county-level measure.

Author’s Statement: According to the Author, “[This bill] builds on California’s obligation to track outcomes for young people in the state’s child welfare system by addressing gaps in how outcomes for nonminor dependents are measured. Federal and state oversight mechanisms were largely designed prior to the expansion of foster care to age 21, and current review processes do not consistently capture outcomes for this population. [This bill] will require the inclusion of utilization data measures within the California Child and Family Service Review System related to nonminor dependents’ use of resources such as the Foster Youth Tax Credit and the Free Application for Federal Student Aid, and require the State Department of Social Services to conduct a comprehensive review of county performance on these measures every five years. Connection to these supports is crucial to education access and economic stability, and we owe it to every youth in extended foster care to ensure they have the best opportunity for upward mobility as they transition into adulthood.”

Equity Implications: The provisions of *this bill* seek to identify how many older foster youth are actually using programs designed to reduce poverty and increase participation in college. As it relates to the FYTC, advocates estimate roughly 33,600 current and former foster youth are eligible statewide. Over the credit’s first three years, it reached more than 16,000 youth and delivered about \$17.2 million, but in its most recent year, only about 17% of eligible youth actually claimed it. For those who do claim it, there is a measurable increase in annual income for a group at an age when earnings are typically low, and family support is usually absent. A coordinated statewide push raised FAFSA completion among California foster youth to roughly 65% in the 2022-23 school year, up from about 45% several years earlier. Data show that financial-aid completion is one of the strongest predictors of college enrollment, and foster youth remain far behind their peers in degree attainment, with only about one in ten earning a college degree by their early twenties. Because the review system reports at the county level, measuring these two benefits is also a way to surface geographic disparities: it can show which counties are connecting their youth to income and education supports and which are leaving money and aid on the table.

Arguments in Support: The California Alliance of Child and Family Services write, “When federal and state oversight mechanisms such as the California Child and Family Service Review System were designed, foster care had not yet been expanded to cover youths up to age 21. Since then, these systems have failed to consistently capture outcomes for this population. [This bill] will build on California’s obligation to track outcomes for youths in the child welfare system by requiring the California Child and Family Service Review System to include data related to nonminor dependents’ use of resources like the Foster Youth Tax Credit and the Free Application for Federal Student Aid, as well as require the California Department of Social Services (CDSS) to conduct a comprehensive review of county performance on these measures every five years. Through these efforts, we will be able to track where youth in extended foster care are falling through the cracks and ensure they receive the supports they need to thrive.”

Arguments in Opposition: None on file.

RELATED AND PRIOR LEGISLATION:

SB 624 (Caballero), Chapter 230, Statutes of 2025, required county child welfare agencies and probation departments to annually notify NMDs about the FYTC and tax filing, in order to increase uptake of the credit.

SB 12 (Beall), Chapter 722, Statutes of 2017, Required CSAC to work with CDSS to develop an automated system to verify a student's status as a foster youth for the purposes of processing applications for federal financial aid; expanded the Cooperating Agencies Foster Youth Educational Support Program from up to 10 community college districts to 20 community college districts; and, made changes aimed at increasing and facilitating foster youth and NMD access to postsecondary education.

AB 12 (Beall), Chapter 559, Statutes of 2010, extended foster care to 21 years of age and created the NMD category around which this bill's new measures are built.

AB 636 (Steinberg), Chapter 678, Statutes of 2001, established the California CFSR and shifted county oversight from process compliance to an outcomes-based review aligned with the federal review.

REGISTERED SUPPORT / OPPOSITION:**Support**

Allies for Every Child
California Alliance of Child and Family Services
John Burton Advocates for Youth
San Francisco CASA

Opposition

None on file.

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