



March 28, 2025

The Honorable Dr. Akilah Weber Pierson, Chair  
Senate Budget Subcommittee 3 on Health and Human Services  
1021 O Street, Room 7310  
Sacramento, CA 95814

The Honorable Dr. Corey Jackson, Chair  
Assembly Budget Subcommittee 2 on Human Services  
1021 O Street, Room 6120  
Sacramento, CA 95814

**RE: Critical Bridge Funding Needed to Prevent Collapse of Foster Family Agencies that Serve 1 in 5 Foster Youth in California - \$47 million one-time General Fund Request over two-years —SUPPORT**

Dear Senator Weber Pierson and Assemblymember Jackson:

The undersigned organizations respectfully urge your support for a **\$47 million bridge funding request over two years**, championed by Assemblymember Ramos and Senator Durazo and sponsored by the California Alliance of Child and Family Services. This critical funding is needed to stabilize California’s 220 Foster Family Agencies (FFAs) and protect placements for the more than 7,400 foster youth they serve. Without this support, FFAs risk closure and downsizing due to the ongoing insurance crisis and recent budget cuts, jeopardizing essential services and stable homes for thousands of children and the families who care for them.

***Role of Foster Family Agencies (FFAs) in the Child Welfare System***

FFAs play a crucial role in helping the Administration achieve its goals to reform the child welfare system. Counties rely on FFAs to help support the needs of foster children because FFAs specialize in serving medically fragile children, LGBTQ+ youth, older foster youth and children with higher needs. A key function of FFAs is to recruit, develop, and retain families, who can also be further trained and transitioned to becoming Intensive Services Foster Care (ISFC) families – supporting the highest needs children and youth in care within the child welfare system. FFAs provide support to nearly 100% of ISFC family-based homes to support high needs children in a home-based setting.

FFAs closing would result in California’s county welfare agencies needing to manage the placements of displaced foster children and youth, overwhelming understaffed county child welfare departments. For foster children, being uprooted after finally settling into a family home is a devastating setback. It means starting from scratch in another new home, starting over with therapists and support specialists, even having to start a new school mid-year. Worse, it means losing their sense of stability. Multiple research studies show that the loss of a social worker alone can significantly disrupts the permanency process and severs yet another bond in a foster child’s life: with each loss of a social worker, the rate of achieving permanency for a foster youth drops dramatically from 74.5% with one social worker to less than 3% with three or more social workers.<sup>1</sup> FFAs help to create consistency in the lives of foster children.

FFAs help to support family reunification efforts by working closely with birth families and offering parenting classes, substance abuse counseling, mental health services, and other resources designed to help parents or relatives create a safe and stable home environment. When reunification is not possible, FFAs work to recruit foster parents and help

<sup>1</sup> <https://www.cacfs.org/social-worker-turnover-studies>.

them get certified to host foster children. FFAs also help to train foster families, and cover training expenses, so these families can properly support high-risk placements and ensure foster parents are well-prepared to handle the complexities of fostering.

### ***Insurance Crisis Looms***

FFAs are facing an insurance crisis that could jeopardize placements for 1 in 5 foster youth statewide. Given the insurance crisis in California, FFAs have been seeing increases in their insurance costs. This issue was exacerbated in August 2024, when the Nonprofit Insurance Alliance of California (NIAC), which provided coverage to 90% of FFAs, announced their decision to non-renew existing FFA insurance policies starting last fall. Since NIAC was the main insurer of FFAs, this meant FFAs are seeking insurance from non-admitted insurers whose premium costs are unregulated by the California Department of Insurance, leading to higher insurance costs for FFAs.

FFAs cannot operate without liability insurance, as it is essential for mitigating risk, ensuring financial stability, providing safe and reliable care for children and families, and a requirement of county contracts. The California Alliance of Child and Family Services partnered with the California Department of Social Services (CDSS) to create a survey to assess the impacts of the FFA insurance crisis in February 2025, and among the 36 FFAs that responded, 28 reported that their costs of Liability Insurance increased by 139%. 30% of FFAs in the survey reported that they would not be able to afford these insurance costs by next year and will be at risk of closure.

To help address the insurance crisis and help lower premium costs, AB 2496 included language to prohibit counties from being indemnified from all claims, even if the issue arose through county action. However, the indemnification language is set to sunset in 2027, after which insurance costs are expected to increase again due to the increased risk that agencies will be forced to take on. Additionally, organizations that are FFAs often have a diversity of services that they offer to youth and families. When an organization seeks insurance, it is for all of their business lines, and not just the FFA. For the indemnification language to have the impact the legislature intended, we must expand this language to all business lines of the organization, in addition to removing the sunset date.

These exorbitant insurance costs would add even more financial distress to already underfunded FFAs, that often serve youth that need higher levels of supports and services. Without insurance coverage, FFAs will continue to downsize, and close, which would overwhelm the understaffed county child welfare system and jeopardize placements and quality of care.

### ***Supporting Foster Family Agencies Sustainability***

FFAs are unable to keep up with competitive wages for social workers, despite serving foster youth that require higher levels of supports and services. A key function of FFAs is to recruit, develop, and retain families, who can also be further trained and transitioned to becoming Intensive Services Foster Care (ISFC) families – supporting the highest needs children and youth in care. FFAs provide support to nearly 100% of ISFC family-based homes. To ensure children remain in homes that can support their care, many families rely on the support of social workers during a crisis. However, the California Alliance conducted a survey of 39 FFAs in 2024, which showed that the social worker turnover rate in agencies is 36%<sup>2</sup>. This poses a threat to youth stability and affects their chances of permanency.

Implementing the new built-in COLA for FFA rates, like nearly all other foster care rates, will help account for annual increases in costs and increase social worker salaries. Once the new permanent rate structure is implemented, FFAs will be able to receive COLA increases, however, for now the rates paid to FFAs will not increase. In 2023, when FFAs were successful in getting a one-time 8.8% increase to get a COLA, agencies used the funding to increase for staff wages, benefits, and mileage reimbursement, help cover general overhead and programming expenses, and recruit resource families. Given the rising costs for goods and services since 2023, we are asking for a COLA increase to FFAs within our budget ask. Supporting FFAs will help ensure the State's vision of CCR, which is to reduce the number of youth in foster care placed in congregate care and increase family reunification, can be more easily achieved.

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<sup>2</sup> “Underfunded and Overwhelmed: The Crisis Facing Foster Family Agencies” *2023 FFAs Provider Survey Findings Report*, California Alliance of Child and Family Services, 4 Apr. 2024, [www.cacfs.org/news/2023-ffas-provider-survey-findings-report](http://www.cacfs.org/news/2023-ffas-provider-survey-findings-report).

## **Conclusion**

The ongoing and consistent delays in creating a new rate structure have exacerbated issues facing agencies. To ensure stability for foster youth, especially those with higher needs, this \$47 million request over two years will be crucial to support FFAs with the increased cost of insurance coverage this year to preserve FFAs until a long-term solution can be found. Implementing a CNI COLA amount to FFAs over the next two budget years is also essential to increase social worker salaries and afford operational agency costs to maintain the quality of care and placement stability for youth until the built-in COLA is implemented as part of CDSS's Tiered Rate Structure beginning in 2027.

For the reasons outlined above, the undersigned respectfully request your support for a \$47 million budget request over two years, championed by Assemblymember Ramos and Senator Durazo, to support the children and families served by FFAs.

Sincerely,

The Undersigned Organizations:

Aspiranet  
Association of Community Human Services Agencies  
California Alliance of Child and Family Services  
California Association of Nonprofits  
County Welfare Directors Association of California  
California Council of Community Behavioral Health Agencies  
California Alliance of Caregivers  
Chief Probation Officers of California  
California Youth Connection  
California Tribal Families Coalition  
John Burton Advocates for Youth  
The Children's Partnership

cc:

Members and Staff, Senate Budget Subcommittee 3 on Health and Human Services  
Members and Staff, Assembly Budget Subcommittee 2 on Human Services  
Senator Maria Elena Durazo  
Assemblymember James Ramos  
Chris Woods, Office of the Senate President Pro Tempore  
Mareva Brown, Office of the Senate President Pro Tempore  
Marjorie Swartz, Office of the Senate President Pro Tempore  
Jason Sisney, Office of the Speaker of the Assembly  
Kelsy Castillo, Office of the Speaker of the Assembly  
Rosielyn Pulmano, Office of the Speaker of the Assembly  
Elizabeth Schmitt, Senate Budget and Fiscal Review Subcommittee No. 3  
Scott Ogus, Senate Budget and Fiscal Review Subcommittee No. 3  
Nicole Vazquez, Assembly Committee on Budget Subcommittee No. 2  
Patrick Le, Assembly Committee on Budget Subcommittee No. 1  
Kirk Feely, Fiscal Director, Senate Republican Fiscal  
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus  
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Eric Dietz, Assembly Republican Fiscal Office  
Ginni Bella Navarre, Legislative Analyst's Office  
Richard Figueroa, Office of the Governor  
Paula Villescaz, Office of the Governor

Kim Johnson, Health and Human Services Agency  
Corrin Buchanan, Health and Human Services Agency  
Michelle Baass, California Department of Health Care Services  
Jennifer Troia, California Department of Social Services  
Kris Cook, HHS, Department of Finance  
Guadalupe Manriquez, Department of Finance  
Justin Garrett, California State Association of Counties