May 17, 2025

To: The Honorable Dr. Akilah Weber Pierson
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

The Honorable Dr. Corey Jackson
Chair, Assembly Budget Subcommittee No. 2

Honorable Members
Assembly Budget Subcommittee No. 2

From: Carlos Marquez, Executive Director, CWDA

RE: CHILD WELFARE SERVICES (CWS): COMMENTS ON CWS MAY REVISE PROPOSALS

The County Welfare Directors Association (CWDA) provides our response to proposals included in the May Revision that would reduce critical supports to foster children and their caregivers. CWDA also urges legislative action to stabilize foster family agencies in light of recent changes in the insurance market, as this issue was not addressed in the May Revision.

Family Urgent Response System (FURS)

CWDA is strongly opposed to the proposed permanent reduction to the Family Urgent Response System (FURS) program. The May Revision would cut the FURS program by $13 million General Fund beginning in FY 2025-26 and ongoing, leaving only $18.2 million ($17 million General Fund) annually for the program. FURS was created by and for current and former foster youth and their caregivers to provide immediate, 24/7, individualized, trauma-informed support via a statewide hotline that provides a warm hand-off to a local mobile response team comprised of at least two trained individuals (mental health clinicians, peer supports, social workers, etc.). Since its creation in 2019, FURS has responded to 5,000 calls annually from youth and caregivers, connecting them to ongoing mental health services, and ultimately reducing the likelihood of foster children and youths' needs escalating to the point of requiring residential treatment or having a psychiatric emergency. FURS offers an alternative to contacts with law enforcement when behaviors escalate in the home, so that youth are not criminalized due to unmet mental health needs. FURS is one of the few concrete supports provided to caregivers in the foster care system, supporting county recruitment and retention of family-based caregivers, particularly kinship caregivers, which aligns with federal and state requirements and goals of increasing kinship care.

Reductions in FURS funding will lead to placement instability, delays to permanency, and a loss of family-based caregivers, and will likely result in an increased need for congregate care or other intensive and more costly behavioral health interventions. Ultimately, this will harm the foster children and youth whom the foster care system is required to protect and whose trauma creates complex challenges to address in an already under-supported system. After the FURS program was proposed for elimination last year, and despite uncertainty around its continued funding, the program quickly rebounded in response to foster youth and caregiver's support needs. A cut of this magnitude will undermine efforts underway to focus FURS response upstream to reduce entries into foster care and improve placement stability, which equals 60.1 percent statewide for children in care 24 months. These intervention efforts, made possible through public-private partnerships providing direct technical assistance to counties, have proven successful in assisting counties to maximize their funding and enhance services.
Recommendation: CWDA urges the Legislature to maintain funding for FURS.

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Foster Family Agency Insurance Crisis

As noted in our March 6th memo, CWDA remains concerned that Foster Family Agencies (FFAs) are at risk of closure due to the recent withdrawal of one major insurance carrier, which insured approximately 90 percent of FFAs. Beginning in September 2024, FFAs began receiving notices from that insurance carrier, informing FFAs that their policies will not be renewed. Most insurance carriers are also forgoing insuring resource families with pools or other bodies of water on their property. This left FFAs scrambling to find alternative insurance carriers, forcing FFAs to bear much higher insurance premiums with lower coverage limits. Some FFAs have either closed their doors or plan to close their doors in the near future due to the uncertainties in obtaining replacement insurance coverage and rising premium costs. Closures put foster children currently placed in FFA homes at risk of placement disruption, unless the home can be quickly transitioned to another FFA or the county.

CWDA has engaged in multiple discussions with the California Department of Social Services (CDSS), California Department of Insurance (CDI), and stakeholders to identify potential short-term and longer-term solutions. In the meantime, **CWDA notes that the burden falls to counties to ensure the foster child's care is not disrupted and that resource families remain supported**. As a result, many counties have stepped in to transfer foster families to the county through a process known as "porting" of the resource family approval. The workload increase in resource family approvals is currently being absorbed by counties due to fixed state funding for Resource Family Approval (RFA) caregiver approvals; however, should additional FFAs begin to close their doors, this workload and associated costs will no longer be absorbable for counties. Additionally, county child welfare agencies do not receive funding to provide the state-mandated supports and services for FFA families caring for foster children under the Intensive Services Foster Care (ISFC) program when those families port to the county, and counties will be challenged to adequately support ISFC families if additional FFAs close.

Recommendation: CWDA urges the Legislature to adopt $31.6 million General Fund to provide immediate relief to FFAs for increases in their insurance premiums, as proposed by the California Alliance of Child and Family Services, and to adopt accompanying budget bill language for the distribution of the funds. CWDA also recommends the Legislature direct DSS and DOI to provide updates to the appropriate legislative committees on a quarterly basis describing efforts to achieve a longer-term solution that sustains FFAs.

Social Security Survivor's Benefits (AB 2906, 2024)

The May Revision does not provide funding to counties to backfill for the loss of federal funds resulting from the passage of AB 2906 (Bryan, Statutes of 2024). AB 2906 prohibits county child welfare agencies from offsetting the costs of care in the foster care system with the child's Social Security survivors' benefits, instead requiring counties to conserve those funds in financial accounts for the child's use. This policy change will provide direct funding to foster children and youth that they can spend directly to promote their well-being and support their transition from the foster care system. While we support this policy, CWDA maintains, based on a legal analysis as described below, that the new mandate results in new costs to county agencies and falls within the Proposition 30 requirements. Pursuant to the provisions of Proposition 30, counties are not obligated to implement new laws that result in higher costs unless those costs are covered through a state General Fund appropriation. Specifically, AB 2906 results in new, net costs to counties as the prohibition on the offset results in an increased county share of costs. Ultimately, without backfill, foster youth may not have access to conserved Social Security funds that can help enable them to successfully transition to adulthood.

As outlined in greater detail in our March 28th budget memo (updated May 12th), and pursuant to our legal analysis, the plain language of Proposition 30 protects against increasing the costs that are borne by a local agency. The focus of Proposition 30 is on fiscal stability to allow counties to provide the services that were realigned and in limiting the State in making changes to realignment to provide for that stability. **CWDA therefore strongly believes, based on this legal analysis, that removing a revenue source for a realignment program directly impacts this fiscal stability by requiring counties to fill the gap with county-only funds.** Ultimately, historical records, as specified in our May 12th memo, reinforce Proposition 30's focus on increased local costs, which counties will certainly incur now due to the prohibition of using Social Security funds for costs of care.

Recommendation: CWDA urges the Legislature to adopt $5 million General Fund annually to address counties' costs associated with conserving Social Security survivors' benefits for foster children and youth.

Concluding Remarks

CWDA greatly appreciates that the May Revision for Fiscal Year 2025-26 brings difficult decisions for the Legislature. We urge the Legislature to continue to prioritize supports and services to foster children, youth, and their caregivers.

Cc: Chris Woods, Office of the Senate President Pro Tempore
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