
SENATE COMMITTEE ON HUMAN SERVICES

Senator Becker, Chair
2025 - 2026 Regular

Bill No: AB 2333
Author: Pellerin
Version: April 27, 2026
Urgency: No
Consultant: Heather Hopkins
Hearing Date: June 1, 2026
Fiscal: No

Subject: Child welfare nongovernmental organizations

SUMMARY

This bill extends the sunset from January 1, 2027 to January 1, 2028 for liability protections for foster family agencies (FFAs)

ABSTRACT

Exiting Law:

- 1) Provides that the Foster Family Agency Accountability Act applies to any claim or lawsuit against a foster family agency or a noncustodial adoption agency for the acts of their employees, contractors, or volunteers brought by a recipient of those services or on the recipient's behalf. (*Code of Civil Procedure Code [CCP] 1062.30*)
- 2) Provides that it is the public policy of the State of California that foster family agencies or noncustodial adoption agencies, also known as FFAs, provide necessary services to vulnerable youth throughout the state and are integral to the foster care system. (*CCP 1062.31*)
- 3) Defines "FFA" as a foster family agency or a noncustodial adoption agency, as defined in Section 1502 of the Health and Safety Code. (*CCP 1062.32*)
- 4) Defines "public entity" as having the same meaning as defined in Section 811.2 of the Government Code. (*CCP 1062.32*)
- 5) Provides that 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. The FFA and the public entity shall each bear the cost of insuring against their respective acts and omissions and shall each bear the costs of defending itself against claims arising from those risks. (*CCP 1062.33*)
- 6) Provides that, notwithstanding any other law, 5) above shall not be waived or suspended by any court. 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, including, but not limited to, bodily injury, mental anguish, property damage, or economic or noneconomic damages or loss, 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. (CCP 1062.33)

- 7) Provides that 1) – 6) above shall remain in effect only until January 1, 2027, and as of that date is repealed. (CCP 1062.34)
- 8) 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)
- 9) 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)
- 10) 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)
- 11) 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)
- 12) 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)
- 13) 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.)
- 14) Declares the intent of the Legislature 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 the intent of the Legislature 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 intent of the Legislature 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)
- 15) 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))*

- 16) Defines "placing agency" to mean a county child welfare department, a county probation department, or an FFA with responsibility for the placement of the child or nonminor dependent. *(WIC 362.06(a)(4))*
- 17) 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. *(WIC 16519.5(c)(1))*
- 18) Requires the California Department of Social Services (CDSS) to implement the Resource Family Approval 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 FFAs, approving relatives and nonrelative extended family members as foster care providers, and approving guardians and adoptive families. *(WIC 16519.5(a))*
- 19) Stipulates that a resource family shall be considered eligible to provide foster care for children in out-of-home placement and shall be considered approved for adoption and guardianship, and authorizes a county to approve a resource family to care for a specific child, as specified. *(WIC 16519.5(c)(4))*
- 20) 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))*
- 21) Establishes requirements for FFAs that approve resource families, including, among other things, 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))*
- 22) 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)*

- 23) 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*)
- 24) Specifies the following appropriations out of any money in the State Treasury not otherwise appropriated:
- a. To each county for the support and maintenance of needy children, as specified;
 - b. To each county for the support and maintenance of pregnant mothers, as specified;
 - c. After deducting federal funds available for the adequate care of each child receiving Aid to Families with Dependent Children – Foster Care, as specified. (*WIC 15200*)
- 25) Specifies when placing foster children, the placing agency shall not decline to place a child with a resource family because of a resource family parent’s actual or perceived sexual orientation, gender identity, or gender expression. (*WIC 16518.5*)

This Bill:

- 1) Extends the sunset from January 1, 2027 to January 1, 2028 for liability protections for FFAs outlined in 1)-6) above.

FISCAL IMPACT

This bill has been keyed non-fiscal by the Legislative Counsel.

BACKGROUND AND DISCUSSION**Purpose of the Bill:**

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, AB 2333 extends the sunset date of the indemnification provisions of AB 2496 from January 1, 2027 to January 1, 2028.”

Foster Family Agencies (FFAs)

FFAs are nonprofit entities that contract with county placing departments to find placements for children who require more intensive care than a typical foster family home, usually as an alternative to a short-term residential therapeutic program. FFAs recruit, certify and train foster parents and provide social workers and other supports to foster families. By law, an FFA’s processes are distinct from the resource family licensing procedures: homes and families certified by an FFA are not simultaneously licensed or approved by the county or the state, and an FFA-approved home must forfeit its county- or state-issued license upon being approved by the FFA.

Insurance Coverage Crisis

County contracts require FFAs to maintain liability insurance. However, insurers are not required to cover FFAs. Insurance Commissioner Lara issued a memo¹ on August 23, 2024, explaining that the Nonprofits Insurance Alliance of California (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 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.” Without insurance, children placed in FFA homes would have to be moved – with a potential displacement of 9,000 children. Counties lack the capacity to house these children, putting vulnerable foster youth at risk.

Temporary Solution

In 2024, the author of this bill also authored AB 2496 (*Pellerin, Chapter 403, Statutes of 2024*) as a response to the crisis caused by the nonrenewal notices issued by NIAC. AB 2496 allowed homes under an FFA, upon the FFA receiving a nonrenewal notice, to move, or “port” to either another FFA that does have insurance or into county supervision without a reduction in rate. This process usually takes approximately three months, but the bill streamlined that process to allow these resource family homes the ability to continue to provide a home for the foster children in their care. The streamlined process in AB 2496 sunsets in 2027, this bill seeks to

¹ <https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/upload/Notice-Foster-Family-Liability-Insurance-Availability-August-2024.pdf>

delay the sunset one year to 2028. This will allow time for a more permanent solution to the insurance coverage crises to be developed.

The Budget Act of 2025 also provided for \$31.5 million to support the operation of FFA providers facing higher liability insurance premiums. CDSS administers this money through an application process. The first round of funding allocated about \$24 million. The second round of funding will allocate the remaining \$7.5 million. The application deadline for the second round of funding ended April 30, 2026.

Related/Prior Legislation:

AB 2496 (Pellerin, Chapter 403, Statutes of 2024) authorized CDSS to temporarily waive provisions in order to facilitate the expedient transfer of an approval of a resource family from an FFA to a county. Provides that 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. Requires the FFA and the public entity to each bear the cost of insuring against their respective acts and omissions, and to each bear the costs of defending itself against claims arising from those risks.

AB 403 (Stone, Chapter 733, Statutes of 2015) implemented the Continuum of Care Reform effort to the state’s child welfare system, which included sunseting existing licensure, rate-setting, and other provisions for FFAs.

COMMENTS

FFAs provide a critical role in the dependency system, providing homes to thousands of foster youth. In order to do this critical work, these homes must be insured. In the absence of such insurance, this bill continues for an additional year the temporary solution of a streamlined process for these homes to move to an insured FFA or the county.

Since 2024, CDSS reports that 28 FFAs have closed their doors. Of those, 71% ported to an FFA, and 29% ported to a county. This porting process ensures that foster youth can remain in their same placement. The temporary solution that AB 2496 proposed is set to sunset in 2027. This bill will extend the sunset another year to allow more time for a permanent solution.

PRIOR VOTES

Assembly Floor:	73 - 0
Assembly Human Services Committee:	6 - 0

POSITIONS

Support:

All for Kids
California Alliance of Child and Family Services

Oppose:

None received

-- END --