SENATE RULES COMMITTEE AB 2333

Office of Senate Floor Analyses

(916) 651-4171

CONSENT

Bill No: AB 2333

Author: Pellerin (D)

Amended: 4/27/26 in Assembly

Vote: 21

SENATE HUMAN SERVICES COMMITTEE: 5-0, 6/1/26

AYES: Becker, Ochoa Bogh, Laird, Pérez, Weber Pierson

SENATE JUDICIARY COMMITTEE: 13-0, 6/23/26

AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: 73-0, 5/4/26 (Consent) - See last page for vote

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SUBJECT: Child welfare nongovernmental organizations

SOURCE: Author

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

ANALYSIS:

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 Section [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)

This bill:

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

Background

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, 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 memo[1] 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

[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

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 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 sunsetting existing licensure, rate-setting, and other provisions for FFAs.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/25/26)

All for Kids
California Alliance of Child and Family Services
Seneca Family of Agencies

OPPOSITION: (Verified 6/25/26)

None received

ASSEMBLY FLOOR: 73-0, 5/4/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Berman, Boerner, Bonta, Bryan, Calderon, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wicks, Zbur, Rivas
NO VOTE RECORDED: Arambula, Bennett, Caloza, Chen, Flora, Wallis, Wilson

Prepared by: Heather Hopkins / HUMAN S. / (916) 651-1524
6/26/26 13:09:15

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