
SENATE COMMITTEE ON HUMAN SERVICES

Senator Arreguín, Chair
2025 - 2026 Regular

Bill No: AB 349
Author: Dixon
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Urgency: No
Consultant: Heather Hopkins

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Fiscal: Yes

Subject: Foster care supplement

SUMMARY

This bill, beginning July 1, 2026, requires the rate paid to cover the cost of care and supervision of a child of a foster youth, known as the infant supplement, be adjusted by an amount equal to the California Necessities Index.

ABSTRACT

Existing Law:

- 1) Requires the California Department of Social Services (CDSS), for each category of eligible licensed community care facility, as defined, to adopt regulations setting forth a uniform rate to cover the cost of care and supervision of a child of a foster youth. (*Welfare and Institutions Code (WIC) 11465(b)*)
- 2) Defines a “community care facility” to mean any facility, place, or building that is maintained and operated to provide nonmedical residential care, day treatment, adult daycare, or foster family agency (FFA) services for children, adults, or children and adults, including, but not limited to, the physically handicapped, mentally impaired, incompetent persons, and abused or neglected children. (*Health and Safety Code (HSC) 1502(a)*)
- 3) Requires, if a child is living with a parent who receives Aid to Families with Dependent Children-Foster Care (AFDC-FC) or Kinship Guardian Assistance Payment Program (Kin-GAP) benefits or Approved Relative Caregiver Funding Program (ARC) payments, the rate paid to the provider on behalf of the parent to include an amount for care and supervision of the child. (*WIC 11465(a)*)
- 4) Requires foster care providers to be paid a per-child, per-month rate in return for the care and supervision of the AFDC-FC child placed with them. Designates CDSS as the single organizational unit whose duty it shall be to administer a state system for establishing rates in the AFDC-FC program. Requires state functions to be performed by CDSS or by

delegation of CDSS to county welfare departments or Indian tribes, consortia of tribes, or tribal organizations that have entered into an agreement. (*WIC 11460(a)(1)*)

- 5) Defines “care and supervision” to include food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement. Requires reimbursement for the costs of educational travel, to be made pursuant to procedures determined by CDSS, in consultation with representatives of county welfare and probation directors, and additional stakeholders, as appropriate. (*WIC 11460(b)*)
- 6) Increased, as of July 1, 1998, the uniform rate to cover the cost of care and supervision of a child by 6%, rounded to the nearest dollar. (*WIC 11465(c)(1)*)
- 7) Adjusted as of July 1, 1999, the uniform rate to cover the cost of care and supervision of a child by an amount equal to the CNI, rounded to the nearest dollar. (*WIC 11465(c)(2)(A)*)
- 8) Required, in addition to the adjustment specified in 7) above, on and after January 1, 2000, the new uniform rate to cover the cost of care and supervision of a child to be increased by 2.36%, rounded to the nearest dollar. (*WIC 11465(c)(2)(B)*)
- 9) Required, on and after January 1, 2008, the new uniform rate to cover the cost of care and supervision of a child to be increased by 5%, rounded to the nearest dollar. (*WIC 11465(c)(2)(B)(4)*)
- 10) Specifies that on or after July 1, 2017, the payment made for care and supervision of a child who is living with a teen parent in a whole-family foster home shall be the uniform rate developed pursuant to 6) above. (*WIC 11465(d)(1)(B)*)
- 11) Requires minimum basic standards of adequate care to be distributed to the counties and to be binding upon them. Specifies the standards are determined based on the schedule set forth in existing law, as adjusted for cost-of-living increases or decreases, designed to ensure safe, healthful housing; minimum clothing for health and decency; low-cost adequate food budget meeting recommended dietary allowances of the National Research Council; utilities; other items including household operation, education and incidentals, recreation, personal needs, and insurance; and, allowance for essential medical, dental, or other remedial care to the extent not otherwise provided at public expense. (*WIC 11452(a)(1)*)
- 12) Specifies that nothing shall preclude a county from using a portion of its county funds to increase rates paid to family homes, foster family agencies, group homes, and short-term residential therapeutic programs (STRTPs) within that county, and to make payments for specialized care increments, clothing allowances, or infant supplements to homes within that county, solely at that county’s expense. (*WIC 11460(d)*)
- 13) Requires the amounts set forth as described in 11) above, to be adjusted annually by CDSS to reflect any increases or decreases in the cost of living. Requires these adjustments to become effective July 1 of each year, unless otherwise specified by the

Legislature. Requires the cost-of-living adjustment to be calculated by the Department of Finance based on the changes in the CNI, which means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers, and specifies the steps in which computation of annual adjustments in the CNI shall be made. (*WIC 11453(a)*)

- 14) Required, commencing July 1, 2016, the uniform rate to cover the cost of care and supervision of a child to be supplemented by an additional monthly amount of \$489, as long as funding for this purpose is appropriated in the annual Budget Act. (*WIC 11465(c)(5)*)
- 15) Encourages, in order to recruit, train, and retain qualified and supportive foster care providers for parenting foster youth, CDSS and local child welfare agencies, in consultation with other interested stakeholders, to collect information to be used to develop a more cost-effective infant supplemental payment rate structure that more adequately reimburses caregivers for the costs of infant care and teen parent mentoring. (*WIC 16004.5(d)*)

This Bill:

- 1) Requires, beginning July 1, 2026, the rate paid to cover the cost of care and supervision of a child of a foster youth, known as the infant supplement, be adjusted by an amount equal to the California Necessities Index.

FISCAL IMPACT

According to the Assembly Appropriations Committee analysis:

At the time this analysis was prepared, the California Department of Social Services (CDSS) had not provided its cost estimate to the committee. However, based on the department's cost estimate provided last year for a substantially similar proposal, this bill will likely result in the following:

- 1) Ongoing General Fund (GF) costs of approximately \$4 million beginning in fiscal year (FY) 2026-27, increasing annually thereafter dependent on the CNI, to provide the infant supplement increases to parenting foster youth. This estimate assumes a caseload of 690.
- 2) Ongoing GF costs of approximately \$300,000 annually beginning in FY 2026-27 for additional county administrative workload, until automation updates are completed. Although these are state-mandated costs, they are not reimbursable, but instead must be funded by the state pursuant to Proposition 30 (2012), which requires legislation that increases costs already borne by a local agency for programs or levels of service mandated by realignment to apply to local agencies only to the extent the state provides annual funding for the cost increase.

- 3) One-time GF costs in the low hundreds of thousands of dollars in FY 2026-27 to automate payment increases in the California Statewide Automated Welfare System (CalSAWS). Once the automation update is complete, ongoing maintenance costs for payment changes due to the CNI increase will likely be approximately \$70,000 annually.

Increases to the infant supplement are typically done through the budget process. The author has submitted a budget request associated with this bill for a one-time allocation of \$4.4 million from the General Fund.

BACKGROUND AND DISCUSSION

Purpose of the Bill:

According to the author, “AB 349 is a necessary financial adjustment of a crucial foster care program for parenting foster youth. Young foster youth who have an infant child face immense challenges in providing adequate care for their child. Parenting foster youth are one of California’s most vulnerable populations and ensuring access to services and funding can provide much needed relief from immense stress. This measure provides a desperately needed adjustment to the infant supplement formula by requiring that it be indexed to the California Necessities Index (CNI). As one of just two foster programs not currently indexed to the CNI, California is falling short in protecting one of its most vulnerable populations. Adjusting the supplement to inflation will not only provide necessary relief from high inflation rates but will also equip our parenting foster youth to provide the best life possible for their children.

Parenting Foster Youth

SB 1178 (Kuehl), Chapter 841, Statutes of 2004, required, to the greatest extent possible, county child welfare agencies, in conjunction with providers and the state, to identify and utilize whole family placements that provide foster care to teen parents and their infants, and other placement models in order to provide supportive family-focused care for minor foster youth and their children. SB 1178 required county child welfare agencies to work with providers and stakeholders to identify and develop programs and program models designed to meet these goals. SB 1178 also made findings and declarations related to the urgent need to develop placement resources to permit minor parents and their children to remain together in out-of-home care when the minor parent is removed from the custody of their parents due to abuse or neglect. To address these considerations, SB 1178 encouraged CDSS and local child welfare agencies to collect data on the number of minors in foster care who give birth and the number of minor parents who remain in placement with their minor children and to aggregate the data annually. Between July and December 2024, there were 663 youth identified in the Child Welfare Services/Case Management System who were receiving the infant supplement.

SB 1178 also directed CDSS and local child welfare agencies, to recruit, train, and retain qualified foster care providers for parenting foster youth, in consultation with other stakeholders, to collect information to be used to develop a more cost-effective infant supplemental payment rate structure that more adequately reimburses caregivers for the costs of infant care and teen parent mentoring. Twenty years beyond the establishment of this policy, many providers report they are still struggling to meet the needs of their parenting foster youth under their care.

Rate Reform and Foster Care Rate Structure

California is restructuring rates to be based on the individual needs of the child and not the placement type. This tiered rate structure is an important step in ensuring foster youth receive the care and support they need to thrive within families, leading to better outcomes. Implementation of this rate structure will begin on July 1, 2027. According to CDSS the key reforms included in this new tiered rate structure are: keeping families together, assessing and meeting the individual needs of each youth, and advancing equity. The rate reform does not include any changes to the infant supplement.

Infant Supplement

The infant supplement is an additional payment provided for the care of children of foster youth and is intended to cover all of the baby's needs. Children born to foster youth are not born into the foster care system their parents are in and are not considered beneficiaries of the state. According to CDSS data, 663 youth received the infant supplement between July and December 2024. The infant supplement is paid to the foster youth's provider for the care of the infant. Initially introduced in federal and state law in the mid-1980s, the rate remained largely stagnant until a significant increase in 2016. The current infant supplement rate is \$1,379 for residents of STRTPs and \$900 per month for youth in other settings. The rate has not kept pace with inflation and does not receive an automatic cost-of-living adjustment based on the California Necessities Index, unlike most other foster care rates. This amount has not been adjusted since 2016. Based on the United States Bureau of Labor Statistics Inflation Calculator¹ \$1379 in 2016 adjusted for inflation would be \$1,849 and \$900 adjusted would be \$1,206. This bill seeks to work to bridge this gap by requiring the infant supplement payment be adjusted in an amount equal of the California Necessities Index beginning January 1, 2026.

Related/Prior Legislation:

AB 1952 (Dixon, 2024) would have required the rate to cover the cost of care and supervision of a child of a foster youth to be supplemented by an additional monthly amount of \$517.24, if funding was appropriated in the annual Budget Act, to be adjusted by an amount equal to the CNI. AB 1952 was held in the Assembly Appropriations Committee.

AB 2189 (Friedman, 2022) would have required the rate paid for a pregnant minor or NMD for the three-month period immediately prior to the month in which the birth is anticipated to include the amount that would otherwise be paid to cover the care and supervision of a child if born. Would have required any amount paid to an expectant parent to be used to meet the specialized needs of the pregnant minor or NMD and to properly prepare for the needs of the infant. AB 2189 was vetoed by Governor Newsom due to cost.

AB 153 (Committee on Budget Chapter 86, Statutes of 2021) was the budget trailer bill that accompanied the appropriations made in the 2021 Budget Act and among other provisions, allowed a pregnant minor or NMD to be eligible for the infant supplement for a specified period

¹ https://www.bls.gov/data/inflation_calculator.htm

before the expected date of birth. Required CDSS to develop and implement automated payments for these purposes.

AB 2880 (Ting, 2020) would have required, subject to an appropriation, the rates paid to a transitional housing provider to be supplemented at a rate based on a percentage of the average foster care expenditures for foster youth according to their age and the county in which the program operates. AB 2880 was set to be heard by this committee but the hearing was postponed by the committee. This policy was subsequently enacted through the Budget Act, AB 79 (Committee on Budget), Chapter 11, Statutes of 2020.

COMMENTS

This bill would require annual adjustments to the infant supplement using the California Necessities Index. The infant supplement is not impacted by rate reform and is not automatically adjusted for cost-of-living. This would ensure more equitable and consistent support for parenting foster youth and their children.

PRIOR VOTES

Assembly Floor:	78 - 0
Assembly Appropriations Committee:	14 - 0
Assembly Human Services Committee:	6 - 0

POSITIONS

Support:

Mary's Path (Sponsor)
 Aspiranet
 Association of Regional Center Agencies
 California Alliance of Child and Family Services
 County of Alameda
 County Welfare Directors Association of California

Oppose:

None received

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