

NEWS RELEASE

California Department of Social Services

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CALIFORNIA ANNOUNCES SIGNIFICANT INVESTMENT TO SUPPORT FOSTER YOUTH

New Permanent Rate Structure Is Based on Individual Needs, Not Placement Type, Making It Financially Easier to Stay in a Family Setting Rather Than a Residential Facility

SACRAMENTO – California is the first state in the nation to restructure foster care rates in a youth-centered way that will help support children in family settings by enabling families to receive the support and care they need to thrive. The new, permanent, [tiered rate structure](#) is based on the child’s assessed level of need and strengths, not placement type. Previously, residential facilities were paid a higher rate than the rate available to support grandparents or foster families, for example. These changes will make it more financially feasible for children to be supported in family homes, where [research shows they do best](#), ultimately leading to better outcomes for individuals, families, and communities. The new rates will take effect beginning July 1, 2027.

“We know children do best when they have strong, supportive connections to their families,” said **Dr. Mark Ghaly, Secretary of the California Health & Human Services Agency**. “This new, innovative foster care rate structure will result in better outcomes for youth in foster care in the short term and long term. We’re especially grateful to Governor Gavin Newsom and the Legislature for their support of this important reform.”

“In California, we have taken many recent, significant steps to support foster youth with the goal of meeting the needs of individual youth and keeping them connected to their families to the greatest extent possible,” said **Kim Johnson, Director of the California Department of Social Services (CDSS)**. “The new tiered rate structure represents a groundbreaking investment and reaffirms our commitment to directly supporting foster youth and families. By restructuring the rate system in this manner, we will help address historical racial inequities and help break the cycle of intergenerational poverty and trauma.”

NEW RATE STRUCTURE: The [CDSS Continuum Care Reform \(CCR\)](#) was founded upon the collective belief that all children served by the foster care system need, deserve, and have an ability to be part of a [loving family, reducing the need to rely on congregate settings](#). When the CCR began in 2017, an interim foster care rate structure was created. It included a level of care system for children in family settings and a

separate rate structure for congregate settings. However, statute required California to establish an ongoing payment structure.

The permanent rate structure, which was recently adopted in the [2024-25 State Budget](#), is based on a child's needs and strengths, as identified by the Child and Adolescent Needs and Strengths Tool (CANS) assessment. The CANS tool assesses well-being, identifies a range of social and behavioral healthcare needs, supports care coordination and collaborative decision-making, and monitors outcomes of individuals, providers, and systems. For additional details, access [this summary document](#).

WHAT THEY ARE SAYING:

- **Dr. David Sanders, Executive Vice President of Systems Improvement, Casey Family Programs:**
"California's new Rate Structure is a demonstration of prioritizing what is best for kids by investing in the potential of families. Casey Family Programs commends the state's leadership for acting on the compelling evidence that children thrive when they are connected to their families, communities, and cultures. This historic investment underscores the state's dedication to addressing systemic inequities and inspiring hope for all of California's children and families."
- **Jevon Wilkes, Executive Director, California Coalition for Youth and Director of Youth Engagement, California Children's Trust:**
"California needs to give kids in care everything we can, and this budget is an enormous step toward making that happen. When we get this right for system-involved kids, we model quality care for all children in California."
- **Jenn Rexroad, Executive Director, California Alliance of Caregivers:**
"Investing in families with significantly higher rates to caregivers reflects the true need for greater supports and services in family-based settings than is provided under the current Interim Foster Care Rates Structure. The new Foster Care Rates are a once-in-a-generation opportunity to finally recognize that our children and families need greater supports and services in order to stabilize and improve the lives of vulnerable children. Furthermore, by recognizing and adequately funding the caregivers to provide a nurturing and stable environment, this new permanent rate structure funds the outcomes we all want to achieve: children should live with family, in a safe and supported home setting, receiving the appropriate level of supports and services, in order to keep connected to their families and communities of origin. It does that by having the funding follow the child wherever they are – not the placement type."
- **Kristina Tanner, Statewide Policy Coordinator, California Youth Connection:**
"California Youth Connection is a youth-led organization that is committed to advocating for meaningful reform within the child welfare system, particularly for the benefit of future generations of foster youth. After conducting a thorough

analysis of the new rate structure, our membership views this as a groundbreaking step by California to invest in the well-being of foster youth and their families. We are particularly excited about the inclusion of strength-building funds, which will broaden access to enrichment activities and other supports identified by young people themselves. If implemented successfully, these rates have the potential to usher in a funding system that prioritizes the needs and the strengths of youth regardless of their placement by allocating specific funds for youth strengths and promptly addressing their immediate needs. These rates represent a substantial shift toward a more compassionate and efficient support system.”

- **Brian Blalock, Senior Directing Attorney, Youth Law Center:**

“We believe the new Foster Rate Structure to be an unprecedented investment in foster youth and their families by the state of California. If implemented appropriately, the rates will finally create a funding structure that supports decades of attempted reforms by linking funding to the needs of the child – not of the placement – and providing dedicated funding for children’s strengths and for families’ immediate needs while also providing urgently needed funding increases for children with the most complex care needs. The rate structure will promote efficiencies by creating federal leveraging opportunities, supporting counties in creating appropriate services and supports for youth who traditionally have been stuck in ‘emergency placements’ or shelters, and most importantly, it will help children remain in their community with families.”

- **Sixto Cancel, Founder and CEO, Think of Us:**

“When people tell you what they need, believe them. This groundbreaking rate reform does just that, empowering youth, resource families, and kinship caregivers with unprecedented decision-making around creating a custom healing and development journey. What was once deemed impossible has become reality: a historic investment of financial resources that marks a bold leap toward equity, allowing those most affected to shape their own solutions. While details remain to be ironed out, this represents a transformative shift in how we help youth heal, develop, and truly be positioned to thrive. We commend the Governor and CDSS for their investment in this new rate structure, which will undoubtedly empower generations of children, youth, and families to come.”

BIGGER PICTURE: California is committed to supporting foster youth. The new permanent rate structure is one of many recent investments and efforts to accomplish this. In recent years, California has invested heavily in supporting counties to meet the complex care needs of foster youth. Funding is used to build the capacity of the continuum of care, with an emphasis on supporting a variety of services and supports to stabilize and maintain placements in home-based settings. Some of these recent investments include:

- \$224 million for prevention services and supports to help keep children with parents and avoid entry into foster care.

- \$150 million for specialized permanency work, including culturally responsive, family-centered, and trauma-informed family finding and engagement services that are focused on establishing and maintaining permanent connections to the child's relatives.
- \$100 million for flexible family supports to increase home-based family care and provide additional resources to support respite enrichment activities, facilitating a placement with a relative or extended family member, or to maintain connection to family members.
- \$18.1 million in ongoing, annual funding to support the urgent needs of individual youth with complex needs in the least restrictive setting possible.
- \$43.3 million for capacity building to support youth with the most complex care needs and to continue to build the continuum of care to enable children to be successful in the least restrictive settings possible.
- \$100 million to increase the use of home-based family care and the provision of services and supports to children in foster care and their foster caregivers.

In addition, the CDSS, in partnership with the University of California, Davis, launched the [Center for Excellence in Family Finding, Engagement and Support](#). This will provide support for county efforts in keeping youth connected to their family members to the greatest extent possible. The Center provides statewide, culturally appropriate training and technical assistance to county child welfare and probation departments, behavioral health, and other child-serving stakeholders, including Tribal partners and service providers. This enhances their practices, policies, and efforts for family finding, support, and engagement.

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