

June 11, 2025

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 25-42

The purpose of this All County Letter is to provide an overview of [Assembly Bill 426 \(Ch. 438, Stats 2023\)](#) which amended [Welfare and Institution Code section 10605](#) and [Health and Safety Code section 1547](#).



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June 11, 2025

ALL COUNTY LETTER NO. 25-42

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHILD WELFARE PROGRAM MANAGERS
ALL FOSTER FAMILY AGENCY DIRECTORS
ALL CDSS ADOPTION REGIONAL OFFICES
ALL FOSTER CARE ELIGIBILITY SUPERVISORS
ALL CHIEF PROBATION OFFICERS

SUBJECT: ASSEMBLY BILL 426 (CHAPTER 438, STATUTES 2023)

REFERENCE: [ASSEMBLY BILL \(AB\) 426 \(CH. 438, STATS. 2023\)](#); [ALL COUNTY LETTER \(ACL\) 17-32, 21-143, 22-21](#); [WELFARE INSTITUTION CODE \(WIC\) SECTION 10605, 319, 16001.9, 361.31, 16010.7, 361.2, 16001, 16001.1](#); [HEALTH AND SAFETY CODE \(HSC\) SECTION 1547, 1505](#); [INDIAN CHILD WELFARE ACT OF 1978 \(ICWA\) 25 UNITED STATES CODE \(U.S.C.\) SECTION 1901](#); [COMPLEX CARE RESOURCE GUIDE](#)

PURPOSE

The purpose of this All County Letter (ACL) is to provide an overview of [Assembly Bill \(AB\) 426](#), which amended [Welfare Institution Code \(WIC\) section 10605](#) and [Health and Safety Code \(HSC\) section 1547](#).

BACKGROUND

California's child welfare system, in partnership with multidisciplinary partners, jointly aims to ensure children engaged in the foster care system are cared for in the most appropriate and least restrictive setting available, prioritizing family and/or kinship placements. Consistent with the guidance provided in [ACL 17-32](#), any setting that provides or has the capacity to provide full-time care for foster youth is required to be licensed unless it is exempt from licensure pursuant to [HSC section 1505](#). Moreover, unlicensed or unapproved settings, which include, but are not limited to, settings such as hotels, motels, office settings, are not permissible placements under dependency law ([WIC section 319, subds. \(g\) & \(h\)](#)). When making any placement decision consideration must be given to the youth's rights, as set forth in [WIC section 16001.9](#).

California laws and policies support county placing agencies in ensuring children are not housed in unlicensed settings. For example, kinship placements can be established immediately when a child is removed, allowing children to remain connected to family and community. When removal is necessary, placing agencies work closely with families to identify and secure alternative placement options, with a strong preference for relatives or nonrelative extended family members (NREFM). Emergency caregiver funding and support are actively utilized by placing agencies to allow these placements to be made quickly on an emergency basis and to provide kin caregivers with the immediate support and interventions necessary to make the placement viable.

Children placed with their family, and/or placed in a family-based setting (such as a relative or NREFM) are more likely to experience permanency faster while maintaining their well-being.¹ In the case of an Indian child, collaboration and engagement with the Indian child's tribe are required. Active efforts include working with the Indian child's tribe and family to develop an alternative plan to out-of-home placement and ensure all placement options are consistent with the Indian Child Welfare Act of 1978 (ICWA; [25 U.S.C. section 1901 et seq.](#)), including ICWA's placement preferences, and [WIC section 361.31](#).

When difficulties arise in a current placement, [WIC section 16010.7](#) requires the placing agency to engage in placement stability strategies to prevent children or youth from experiencing unnecessary or abrupt placement changes that negatively impact their well-being or sense of security. To avoid significant placement disruptions that could lead to the use of unlicensed care, county placing agencies should actively engage with their interagency placement committees (IPCs) and interagency leadership teams (ILTs) to develop individualized solutions that support the youth's stability. When a child must experience a change in placement, county placing agencies may access state-provided funding supports and other resources. These supports include complex care funding and capacity-building funding. The [Complex Care Resource Guide](#) provides information on initiatives and supports designed to help county placing agencies strengthen placement stability and support youth with complex care needs.

OVERSIGHT AUTHORITY OVER UNLICENSED SETTINGS

The [AB 426](#) amended WIC section [10605](#) to clarify the CDSS has authority to take action when a county is found to be out of compliance with licensing requirements to ensure children are housed and cared for within licensed settings. Therefore, when the Director of the CDSS determines, based on the totality of the relevant circumstances, that a county is substantially failing to comply with any of the licensing provisions of the HSC (Chapter 3, commencing with section 1500), the CDSS may exercise its authority in accordance with the procedures outlined in section [10605](#).

¹ "Working with Kinship Caregivers," Child Welfare Information Gateway, 2018, <https://www.childwelfare.gov/resources/working-kinship-caregivers/>.

The [Subdivision \(e\) of WIC section 10605](#) was also amended to add a provision authorizing the CDSS to take action other than the formal administrative action described in subdivision (a), as follows:

“If the director is informed a county is failing to comply with any provision of law or regulation pertaining to a program administered by the department, and the director determines that formal action, as described in subdivision (a), is not yet warranted but that county action is necessary to correct the reported failure, the director shall inform the county welfare director and the board of supervisors by written notice. The written notice shall, at a minimum, identify the legal compliance issues and provide a minimum of 10 days for county response.”

The [Subdivision \(a\) of WIC section 10605](#) outlines the procedure available to the CDSS Director to take formal action to address any noncompliance issue, including the use of unlicensed care, when they determine that a county is substantially failing to comply with the law or regulations. Any formal action, including the imposition of civil penalties pursuant to [HSC section 1547](#), is subject to the discretion of the CDSS Director under [subdivision \(a\) of WIC section 10605](#). The amendment made to [HSC section 1547](#) by [AB 426](#) increased the civil penalty from \$200 per day to \$1,000 per day. This penalty may be assessed against any entity, including a county placing agency, when it is determined they are providing unlicensed care to children and youth in foster care. Youth may only be placed into the settings listed within subdivisions (g) and (h) of WIC section [319](#) and subdivision (e) of section [361.2](#).

If a county placing agency provides an unlicensed setting as a placement for a foster youth in lieu of a licensed or approved residential setting, in addition to assessing a civil penalty of \$1,000 per day of the unlicensed placement pursuant to subdivision (a)(2) of [HSC section 1547](#) or exercising all the powers described in [WIC section 10605](#), the CDSS may exercise its authority under [WIC section 16001](#) to provide technical assistance “to encourage and facilitate” the county’s evaluation of its placement needs and development of placement resources and programs.

Under subdivision (c)(1) and subdivision (e) of [WIC section 10605](#), the CDSS may require the county to participate in a review process that includes a review of county policies, protocols, practices, and key data. Pursuant to this authority, the CDSS may require the county to:

- Utilize a Systemic Barriers Review tool developed by the CDSS to assess gaps in services, practices, and the continuum of care in their county.
- Complete and use the County Plan template provided by the CDSS to respond to the CDSS’ findings and recommendations report on how the county will address the identified gaps.
- Participate in ongoing engagement with the CDSS regarding the implementation of the County Plan.

RESOURCES

The following resources are intended to assist local continuums to support all youth, including youth with complex needs or whose services cross multiple systems. These supports may include financial assistance, service delivery supports, Technical Assistance (TA) opportunities, and strategies to strengthen collaborative case planning to prevent youth from being placed in an inappropriate or unlicensed setting.

Complex Care Funding

In 2021, the Human Services Omnibus Bill ([AB 153](#)) enacted [WIC section 16001.1](#), which implemented funding from the Fiscal Year 2022 budget to address gaps in supports for youth with complex care needs. The purpose of this funding is to help county placing agencies and probation departments provide and implement the recommendations of child-specific assessments, evaluations, enhanced care planning, ongoing TA, and exceptional supports to meet the complex care needs of youth in foster care within the least restrictive setting. Separately, the authority to establish innovative models of care (IMC) rates was provided through [AB 2944](#) (Chapter 104, Statutes of 2020). The CDSS thereafter issued guidance on the types of funding to support county efforts:

- Child-Specific Requests for Exceptional Needs ([All County Information Notice I-03-23](#))
 - Individual child-specific requests must be made for each child, as they are designated for meeting the specific needs of each child.
- County Capacity Building ([ACL 21-143](#))
 - This funding is required to be used to enhance counties' continuum of care to support foster children/nonminor dependents in the least restrictive setting.
- IMC Rates ([ACL 22-21](#))
 - Specialized program-specific or child-specific rates that counties may request to stabilize youth with intensive behavioral, emotional, or medical needs, helping to prevent placement disruptions and the use of unlicensed settings.

Complex Care Resource Guide

Developed by the CDSS, the [Complex Care Resource Guide](#) includes funding information and resources for placing agencies and communities supporting foster youth with complex care needs. A brief overview is provided for each resource listed, along with information on how to access the supports described. These include funding and support initiatives, TA and coaching in partnership with the University of California Davis (UC Davis), services to support children and families, and other complex care resources.

Collaborative Case Planning and Cross-System Engagement

To ensure youth are supported in the least restrictive and most appropriate settings, counties must engage in active and ongoing collaboration with mental health providers, education partners, regional centers, probation departments, and other relevant system

stakeholders. Effective collaboration ensures that placement decisions and service delivery are responsive to the unique needs of each youth, minimizes the risk of placement disruption, and reduces the likelihood of reliance on inappropriate or unlicensed settings.

High-quality case planning requires coordinated efforts at both the individual and system levels. This includes leveraging structures such as Child and Family Team meetings, local IPCs, and ILTs to develop individualized service plans, address barriers to placement stability, and strengthen the local continuum of care. Consistent with the requirements of [WIC section 16521.6](#), which was enacted by AB 2083 (Ch. 815, Stats. 2018), counties are expected to establish and maintain robust interagency partnerships to identify and address both the immediate and systemic needs of youth whose services cross multiple systems.

Kin-First Resources

- [CDSS Center for Excellence in Family Finding, Engagement, and Support](#)
- [UC Davis Center for Excellence in Family Finding, Engagement, and Support](#)
- [Kin-First Policy Guide Toolkit](#)
- [California Kinship Navigator](#)

If you have any questions or need additional guidance regarding the information in this letter, contact the Policy and Technical Assistance Section/System of Care Branch at ccr@dss.ca.gov.

Sincerely,

Original Document Signed By

ANGIE SCHWARTZ
Deputy Director
Children and Family Services Division

cc: All Federally Recognized Tribes
All Title IV-E Agreement Tribes