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## California Budget Aids Foster Care, Cuts Key Programs

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California's newly adopted 2025-26 state budget, totaling approximately \$321.9 billion, includes a one-time \$31.5 million lifeline to private foster family agencies at risk of closure, while trimming several child welfare programs as part of deficit reduction efforts. While the spending plan protects a significant foster care reform set to launch in 2027, it raises questions about the state's long-term priorities amid mounting deficits.

The budget, signed by Governor Gavin Newsom, includes a one-time \$31.5 million allocation to private Foster Family Agencies (FFAs), nonprofit groups that care for

approximately 7,000 foster youth statewide. FFAs have been struggling due to a liability insurance crisis triggered when the Nonprofit Insurance Alliance declined to renew coverage for nearly 90% of providers, following changes to state law extending the statute of limitations for childhood sexual abuse lawsuits, leading many agencies to risk closure without state support.

Pete Weldy, Chief Executive Officer of the California Alliance of Child and Family Services, praised the financial assistance as a much-needed “lifeline” to providers on the brink. He noted that the funds are “vital to meeting the state’s goal of a supportive family home, including kinship care, for every foster youth.”

The budget preserves a planned foster care rate overhaul modeled on multi-year legislation to increase funding to about \$1 billion and to triple California’s total foster care spending by 2027, including stipends of \$500–\$900 per month for enrichment and trauma-informed supports for foster youth. This “strengths-building” fund had been placed at risk earlier this year when Governor Newsom proposed a financial trigger that would delay its implementation based on future economic conditions. Advocacy groups successfully pushed back, and the final agreement ensures the plan will proceed as scheduled.

However, not all child welfare services were spared. To help close a \$12 billion projected deficit, the budget cuts funding for the Emergency Child Care Bridge program by approximately \$42.7 million and reduces funding for the Family Urgent Response System by about \$13.1 million, roughly 30% of that program’s total funding.

Kristina Tanner, a former foster youth and coordinator at the Youth Law Center, expressed concern over the inconsistent priorities. “The state is already failing foster youth,” she said. “We think this can change the landscape of what child welfare looks like if lawmakers follow through.”

While the budget reflects fiscal restraint amid reduced federal support and declining revenues, it also illustrates the balancing act between managing deficits and protecting essential services. California’s child welfare system remains in a fragile state, and continued oversight will be critical to ensure that reforms result in real improvements for children in need.

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