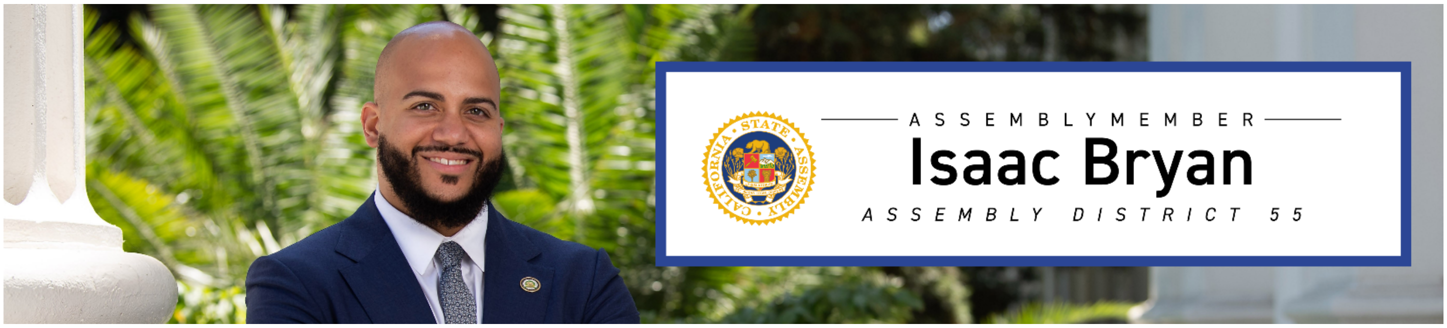

AB 1324 – FOSTER CARE DEBT RELIEF

SUMMARY

Assembly Bill 1324 eliminates foster care debt for parents whose children were previously in care. The practice of debt collection for parents who were involved with child welfare directly conflicts with the broader goals of child and family well-being and promoting economic self-sufficiency. AB 1324 requires child support agencies to forgive debt associated with the cost of a child's stay in foster care. This policy will align with federal child welfare and child support policy goals.

BACKGROUND

The foster care system is designed to provide temporary living arrangements for children whose parents are having difficulty providing care. This system is administered by the state and implemented by county child welfare agencies. According to federal data, there are about 400,000 children in foster care in the U.S; over 50,000 of these children are in California, with about one-third in Los Angeles County alone. About three-quarters of children in out-of-home care are Latino or Black, and the vast majority of these families are low-income. According to one study, about one-half of all parents whose children are placed in foster care have annual incomes of less than $10,000.

Until recently, parents were billed for the cost of their child's stay in foster care. In 2022, the Legislature passed AB 1686 (Bryan), which stopped counties from charging parents for their children's time in foster care. That same year, the federal Children's Bureau and the Office of Child Support Enforcement released guidance to states to cease the practice. Thousands of families in California, however, are still in crippling debt owed to the state because they were billed before AB 1686 went into effect. Parents carrying the weight of these debts - and the 10% interest these debts accrue - are kept in poverty, increasing the risk of foster care re-entry. Moreover, not only is the vast majority of this debt already deemed uncollectable by county agencies, but the practice of collecting on these "foster care arrears" is cost-ineffective.

PROBLEM

Billing parents for foster care runs counter to federal guidance which states that these collections should occur "only in very rare circumstances." According to a California-based study, however, in 2018, almost 40,000 parents were in debt on these overdue bills. Because of their low income, many parents do not have the ability to pay. Parents in arrears on these debts may have their driver's or business license suspended, their passport taken, their wages garnished, and disability or Veterans benefits withheld. Parents eligible for an Earned Income Tax Credit – designed to support the wellbeing of low-income families and children – see these tax credits intercepted. Moreover, referrals to credit reporting bureaus have significant effects on these parents' capacity to rent an apartment, secure a car loan, set up utilities for gas or water, or get a job.

These factors can have important effects on a family's financial well-being. Financial debt and its associated credit implications also have deleterious effects on family stability. Depending on the age of the child, between 15-30% of children re-enter foster care. Evidence from several studies shows that family poverty is a significant predictor of children's re-entry to care.

SOLUTION

AB 1324 will forgive foster care debt for parents whose children were previously in out-of-home care. Eliminating arrears for these families aligns child welfare and child support policies with federal guidance and ensures greater family financial stability for our state's most vulnerable families.

SUPPORT

Alliance for Children's Rights (Co-sponsor)
Los Angeles Dependency Lawyers (Co-sponsor)

FOR MORE INFORMATION

Amy Ho | Legislative Assistant
Office of Assemblymember Isaac Bryan
(916) 319-2055
Amy.Ho@asm.ca.gov