

SUPERVISED INDEPENDENT LIVING PLACEMENT (SILP) HOUSING SUPPLEMENT COST ESTIMATE SUMMARY

OVERVIEW

Assemblymember Phil Ting and Senator Elena Maria Durazo are championing a budget proposal, sponsored by John Burton Advocates for Youth, to reduce homelessness among youth in foster care placed in Supervised Independent Living Placements (SILPs). Specifically, the investment would augment the foster care rate paid monthly to youth in SILPs by providing supplemental funding to adequately cover housing costs.

Establishing the SILP Housing Supplement would cost \$908,000 (General Fund) in 2023-24, \$195,300 (GF) in 2024-25, and \$18.8 million (GF) in 2025-26 and ongoing. This would draw down an additional \$6.7 million in federal matching funds for the state. Appendix A provides a county-level breakdown of this estimate.

BACKGROUND ON THE PROBLEM

Foster Care Payments

Federal law requires states to develop foster care rates that pay for the “care and supervision” of children and youth in an out-of-home placement. Foster care maintenance payments are defined in federal law as covering the cost of food, clothing, shelter, daily supervision, school supplies, personal incidentals, reasonable travel to connections, school, and employment at the time of placement.ⁱ The federal government grants states flexibility in developing their rates; there is not a limit on the amount of the payment that can be made or a cap on how much the federal government will reimburse states.

The Supervised Independent Living Placement

California increased the upper age of foster care from 18 to 21 with the passage of Assembly Bill 12 in 2010. As part of that legislation, California created the SILP, a new foster care placement exclusively for 18-to-21-year-olds that provides a greater selection of living options and a higher level of independence. To live in a SILP, a youth must be assessed as “ready” by their county social worker. If they are, the youth is responsible for identifying a living setting, which can include a wide range of options, including an apartment rented alone or with roommates; renting a room; living in a single room occupancy hotel or living in a dorm. Once identified, the setting is required to meet health and safety standards. If those standards are met, the SILP is approved, and the monthly foster care rate is paid directly to the foster youth. As of July 1, 2022, the SILP was the single-most utilized placement in California for 18- to 21-year-olds, with a total of 3,361 (41%) nonminor dependents in this placement.ⁱⁱ

The SILP Rate & Housing Costs

Youth placed in an approved SILP receive the foster care “Basic Rate.” This monthly rate has increased from \$799 in 2012 to \$1,129 in 2022 due to statutorily required adjustments based on the California Necessities Index. The Basic Rate is the same rate paid on behalf of children and youth who live with foster parent or relative caregivers, although youth placed in SILP as not eligible for rate augmentations based on developmental or educational needs. While the growth in the Basic Rate has been consistent, it has increasingly not met the needs of foster youth placed in SILPs for two reasons:

- **Housing costs have outpaced the SILP rate increase, particularly in high-cost counties:** Between 2012 and 2022, the Basic Rate has increased 41%. The cost of a two-bedroom apartment in California has

increased by an average of 53% statewide. In the 15 highest cost counties where the majority of youth placed in a SILP live, this increase has been greater: 80%. As such, the relative value of the SILP payment has decreased for most youth, making it harder to secure and maintain housing. This impact is described in greater detail below.

- **The SILP rate supports a full household:** Unlike family-based foster care placements, a youth placed in a SILP is not joining a household, with an existing housing, food, and utility budget. Instead, they are heading their *own* household and paying the full housing, food, and utility costs. For youth placed in a SILP, the foster care payment is not a supplement to an established household but rather the entire household budget. As such, there are many more economic demands on a SILP payment than a payment made to other foster care settings.

Impact on Foster Youth

The failure of the Basic Rate to provide adequate financial support to foster youth placed in a SILP negatively impact youth in several ways:

- **Financial hardships:** According to the CalYOUTH Study, 40% of youth residing in SILPs reported their monthly budget was insufficient to cover rent and expenses such as utilities, phone, transportation, and food. In a 2021 national survey of foster youth mirrored this finding: 51% of nonminor dependents in California requested assistance with rent and utilities.ⁱⁱⁱ
- **Homelessness:** Nearly one in five youth in foster care in California experienced an episode of homelessness between age 18 age 21 and more than one-third of those youth experienced homelessness more than once.^{iv}
- **Poverty:** The average annual income of foster youth age 18 to 21 was \$9,740, placing youth well below the federal poverty line.^v Similarly, a 2022 tax filing report found 70% of current and former foster youth earned income at or below 150% of the federal poverty level.^{vi}

THE PROPOSAL

To address the negative impacts noted above, this proposal would establish a SILP Housing Supplement. This supplement is modeled after the Housing Supplement for the Transitional Housing Placement for Nonminor Dependents (THP-NMD), which was adopted in 2020 and has been successfully implemented by the California Department of Social Services.^{vii}

Like the THP-NMD Supplement, the SILP Housing Supplement would augment the Basic Rate paid for SILPs based on Fair Market Rent (FMR), which is the system developed by the U.S. Department of Housing and Urban Development (HUD) to determine the allowable rent level for individuals who participate in their Housing Choice Voucher program.

The common measure used by HUD for housing affordability is to ensure that no more than 30% of a household's income be spent on housing costs. Therefore, the amount of the per youth Housing Supplement would be the difference between 30% of the Basic Rate and the county's Fair Market Rent. The Housing Supplement would vary based on the cost of housing in each county according to that county's FMR. The California Department of Social Services would calculate the SILP Housing Supplement annually.

COST ESTIMATE

The estimated ongoing cost of the proposal is \$25.5 million, which would start in 2025-26. Of this total \$18.8 million would be paid by the State General Fund and \$6.7 million would be paid with federal matching funds. The estimated cost of state administration and automating the SILP Housing Supplement in California’s benefits payments systems is \$908,000 in 2023-24, and \$195,300 in 2024-25 and ongoing. This cost estimate is summarized in the table below.

	2023-24	2024-25	2025-26	Ongoing
General Fund	\$908,000	\$195,300	\$18,795,300	\$18,795,300
Federal Funds	\$	\$	\$6,700,000	\$6,700,000
Special/Other Funds	\$	\$	\$	\$
Total Funds	\$908,000	\$195,300	\$25,495,300	\$25,495,300
Indicate what portion of Total Funds above are State Ops Cost (positions, automation, noticing, etc.)	\$151,000 one-time staff analyst CDSS	\$147,000 ongoing CDSS analyst	\$147,000 ongoing CDSS analyst	\$147,000 ongoing CDSS analyst
	\$257,000 one-time staffing automation	\$48,300 ongoing automation staff	\$48,300 ongoing automation staff	\$48,300 ongoing automation staff
	\$500,000 one-time automation			

SILP Housing Supplement Methodology

As noted, the SILP Housing Supplement would be calculated annually for each county, as the difference between 30% of the Basic Rate and FMR in that county. Because shared living is developmentally appropriate for young adults, the methodology uses half of the FMR amount for a two-bedroom apartment.

- $(0.5 \times \text{two-bedroom FMR in a county}) - (0.3 \times \text{Basic Rate}) = \text{SILP Housing Supplement}$

Following is an example of the SILP Housing Supplement in Sacramento County, if it were in effect in the current fiscal year. Nonminor dependents in SILPs receive the statewide Basic Rate of \$1,129 per month. Thirty percent of \$1,129 is \$338.70. The Fair Market Rent in Sacramento for a two-bedroom apartment is \$1,756. Half of this FMR is \$878. Sacramento’s monthly SILP Housing Supplement per youth would be \$539.30.

- $(0.5 \times \$1,756) - (0.3 \times \$1,129) = \$539.30$

ENDNOTES

ⁱ Foster care maintenance payments are defined in Section 472(c)(2) of the federal Social Security Act ([42 U.S.C. Sec. 672\(c\)\(2\)](#)). https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=42-USC-1954736000-1346297556&term_occur=999&term_src=title:42:chapter:7:subchapter:IV:part:E:section:672

ⁱⁱ Webster, D., Lee, S., Dawson, W., Magruder, J., Exel, M., Cuccaro-Alamin, S., Putnam-Hornstein, E., Wiegmann, W., Saika, G., Courtney, M., Eastman, A.L., Hammond, I., Gomez, A., Prakash, A., Sunaryo, E., Guo, S., Berwick, H., Hoerl, C., Yee, H., Flamson, T., Gonzalez, A., Ensele, P., Nevin, J., & Guinan, B. (2022). *CCWIP reports*. Retrieved Oct 24, 2022, from University of California at Berkeley California Child Welfare Indicators Project website. URL: <https://ccwip.berkeley.edu>

ⁱⁱⁱ Think of Us. Data derived from the “Check for Us” application portal which surveyed current and former foster youth across the U.S. on basic needs.

^{iv} Courtney, M. E., Okpych, N. J., Charles, P., Mikell, D., Stevenson, B., Park, K., Kindle, B., Harty, J., & Feng, H. (2016). *Findings from the California Youth Transitions to Adulthood Study (CaYOUTH): Conditions of Youth at Age 19*. Chicago, IL: Chapin Hall at the University of Chicago.

^v Courtney, M. E., Okpych, N. J., Charles, P., Mikell, D., Stevenson, B., Park, K., Kindle, B., Harty, J., & Feng, H. (2016). *Findings from the California Youth Transitions to Adulthood Study (CaYOUTH): Conditions of Youth at Age 19*. Chicago, IL: Chapin Hall at the University of Chicago.

^{vi} Johnson, A. (2022). *Pilot to Practice: Lessons from Six Counties to Achieve Full Implementation of California’s New Foster Youth Tax Credit*. John Burton Advocates for Youth. <https://jbay.org/resources/six-counties-tax-project-report/>

^{vii} The Administration for Children Youth and Families encourages title IV-E agencies to be innovative in determining the best living arrangements that could meet an older child’s needs for supervision and support as they move toward independence, noting that agencies should continue to work with youth who are in supervised independent living settings to form permanent connections with caring adults. Further the administration reiterates that case plans must include a transition from foster care to independent living describing the programs and services which will help a child prepare for adulthood. <https://www.acf.hhs.gov/sites/default/files/documents/cb/pi1011.pdf>