

SUBCOMMITTEE NO. 3

Agenda

Senator Dr. Akilah Weber Pierson, Chair
Senator Shannon Grove
Senator Caroline Menjivar



Thursday, March 6, 2025
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

<u>Item</u>	<u>Department</u>	<u>Page</u>
5180 DEPARTMENT OF SOCIAL SERVICES		2
ISSUE 1: CALWORKS BUDGET OVERVIEW		2
ISSUE 2: FEDERAL CALWORKS PILOT PROGRAM		9
ISSUE 3: CALWORKS: PERMANENT HOUSING ASSISTANCE – SB 1415 IMPLEMENTATION		18
ISSUE 4: CALFRESH, SUN BUCKS, & FOOD PROGRAMS OVERVIEW		19
ISSUE 5: SUN BUCKS AUTOMATION AND COST-PER-CASE-MONTH.....		26
ISSUE 6: CALFRESH BUDGET CHANGE PROPOSALS.....		27
ISSUE 7: DISASTER CALFRESH		30
ISSUE 8: CDSS AUTOMATION & EBT ISSUES		31
ISSUE 9: INFORMATION SYSTEMS DIVISION GROWTH AND SUSTAINABILITY		35
NOT FOR PRESENTATION		37
ISSUE 10: PROPOSALS FOR INVESTMENT		37
PUBLIC COMMENT		

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

5180 DEPARTMENT OF SOCIAL SERVICES**Issue 1: CalWORKs Budget Overview**

CalWORKs. California Work Opportunities and Responsibilities to Kids (CalWORKs), the state’s version of the federal Temporary Assistance for Needy Families (TANF) program, is the state’s primary anti-poverty program for families with children. CalWORKs provides cash assistance and job services, known as welfare-to-work, to eligible low-income families with children. CalWORKs is funded through a combination of the federal TANF block grant (\$3.7 billion annually), the state General Fund, realignment funds, and other county funds. The program is administered locally by counties and overseen by CDSS. CalWORKs was created in 1997 in response to the 1996 federal welfare reform legislation that created the TANF program.

To qualify for CalWORKs, a family generally must earn less than about 80 percent of the federal poverty level (about \$1,700 per month for a family of three in 2024) and have limited assets. The foundational elements of the CalWORKs program are cash aid and employment services. Participation in “welfare-to-work” activities (such as employment, job training, and education) are a condition of receiving aid, and parents who do not meet work requirements (generally 20-35 hours per week) may be “sanctioned” – meaning their monthly cash aid is reduced. State law provides for a cumulative 60-month lifetime limit on cash aid for adults. California provides a safety net program for children of adults who exhaust the 60-month time limit. The children may continue to receive cash aid, if otherwise eligible, up to the age of 18.

CalWORKs offers an array of supportive services. These include: child care, family stabilization, subsidized employment, home visiting, mental health and substance use disorder programs, and two housing programs, Homeless Assistance and the Housing Support Program, which offer temporary and permanent housing assistance.

Governor’s Budget – CalWORKs. The Governor’s revised 2024-25 budget includes \$6.4 billion (\$375.6 million General Fund) for CalWORKs, a net increase of \$44.3 million (decrease of \$49.5 million General Fund) from the Budget Act of 2024. The net increase reflects higher CalWORKs assistance expenditures due to a faster caseload growth than previously projected. The decrease in General Fund is due to available federal TANF carry forward funds. (The state can carry forward unspent TANF funds from prior years to future years to offset General Fund costs.)

The Governor’s proposed 2025-26 budget includes \$6.4 billion (\$961.4 million General Fund), a net increase of \$50.2 million (\$536.3 million General Fund) from the Budget Act of 2024. The net increase primarily reflects higher CalWORKs assistance expenditures due to an increase in caseload, full funding restoration for expanded subsidized employment and partial funding restoration for mental health and substance use disorder services, and decreases in the shared eligibility and Medi-Cal common costs shifts, offset by slower growth in the employment services caseload. The General Fund increase is primarily due to a lower amount of federal TANF carry forward funds available in 2025-26.

CalWORKs Budget Summary

All Funds (Dollars in Millions)

	2024-25	2025-26 Proposed	Change From 2024-25 to 2025-26 Proposed	
			Amount	Percent
Number of CalWORKs Cases	359,786	361,834	2,048	1%
Cash Grants	\$4,348	\$4,375	\$27	1%
Single Allocation				
Employment services	\$1,207	\$1,162	-\$45	-4%
Cal-Learn case management	11	11	—	1
Eligibility determination and administration	444	444	—	—
Subtotals	(\$1,662)	(\$1,617)	(\$44)	(-3%)
Stage 1 Child Care	\$588	\$602	\$14	2%
Other Allocations				
Home Visiting Program	\$80	\$65	-\$16	-19%
Housing Support Program	95	95	—	—
Expanded Subsidized Employment	97	134	37	38
Family Stabilization	71	63	-9	-12
Mental Health and Substance Abuse Services	93	104	12	12
Subtotals	(\$436)	(\$461)	(\$24)	(6%)
Other^a	\$25	\$24	-\$1	-3%
Totals	\$7,059	\$7,079	\$20	Less Than 1 %

^aPrimarily includes various state-level contracts.

Source: Legislative Analyst's Office (LAO)

TANF carry forward. The primary funding source for CalWORKs is the federal TANF block grant of \$3.7 billion per year. Most TANF block grant funds directly support CalWORKs, with some block grant funds diverted to student aid for low-income college students and other human services programs.

In order to receive the annual TANF block grant, states must meet a Maintenance of Effort (MOE) requirement, meaning states must maintain a certain level of state and local funding for CalWORKs eligible families. California's MOE requirement is \$2.9 billion annually, which can be spent directly on CalWORKs or other programs that meet federal requirements.

States are permitted to carry over unspent funds from the TANF block grant into future years, known as TANF carry forward. The LAO notes that from 2020-2023, spending plans significantly overestimated

CalWORKs caseload and caseload-related costs (largely due to challenges predicting caseload during the COVID-19 pandemic). This resulted in hundreds of millions of unspent TANF funds in those years, which were available to carry forward and offset General Fund in recent years. The LAO notes that most TANF carry forward funds were used to offset General Fund in 2022-23 (about \$767 million), meaning federal funds made up a larger portion of CalWORKs total funds in 2022-23 than in years prior. The Governor's proposed budget includes \$671 million in TANF carry forward in 2024-25 and \$110 million TANF carry forward in 2025-26, likely reflecting the expenditure of remaining TANF carry forward funds from pandemic years.¹

As seen in the LAO chart below, the Governor's proposed budget shows an increase of about \$590 million General Fund for CalWORKs from 2024-25 to 2025-26. This increase in General Fund is largely a reflection of the lower level of TANF carry forward available compared to recent years, and not major changes in CalWORKs policy.

CalWORKs Funding Sources

(Dollars in Millions)

	2024-25	2025-26 Proposed	Change From 2024-25 to 2025-26 Proposed	
			Amount	Percent
Federal TANF block grant funds	\$3,289	\$2,748	-\$541	-16%
• TANF carry forward ^a	671	110	-562	-84
General Fund	660	1,250	590	89
Realignment funds from local indigent health savings	715	677	-38	-5
Realignment funds dedicated to grant increases	1,177	1,185	8	1
Other county/realignment funds	1,218	1,219	\$1	—
Totals	\$7,059	\$7,079	\$20	Less Than 1 %

^aTANF carry forward is a non-add line item for display purposes only. This amount is included in Federal TANF block grant funds.

TANF = Temporary Assistance for Needy Families.

Source: LAO

CalWORKs caseload. The Governor's proposed budget estimates the CalWORKs caseload to be 361,834 families in 2025-26, compared to 359,786 families in the revised 2024-25 budget.

Of the families receiving CalWORKs assistance, 84 percent are one-parent households with average monthly earnings of \$1,496, while 16 percent are two-parent households with average monthly earnings of \$1,618. The average CalWORKs family contains two children. According to CDSS, 90 percent of

¹ Legislative Analyst's Office, "The 2025-26 Budget: CalWORKs," February 19, 2025.

program participants are women, approximately 60 percent identify as Hispanic, 18 percent identify as White, and 17 percent identify as Black. Approximately 59 percent of parents entering CalWORKs have no high school diploma. Program data shows an alarmingly high rate of homelessness among CalWORKs families (11.5 percent of total CalWORKs families were approved for homelessness assistance in 2023-24).

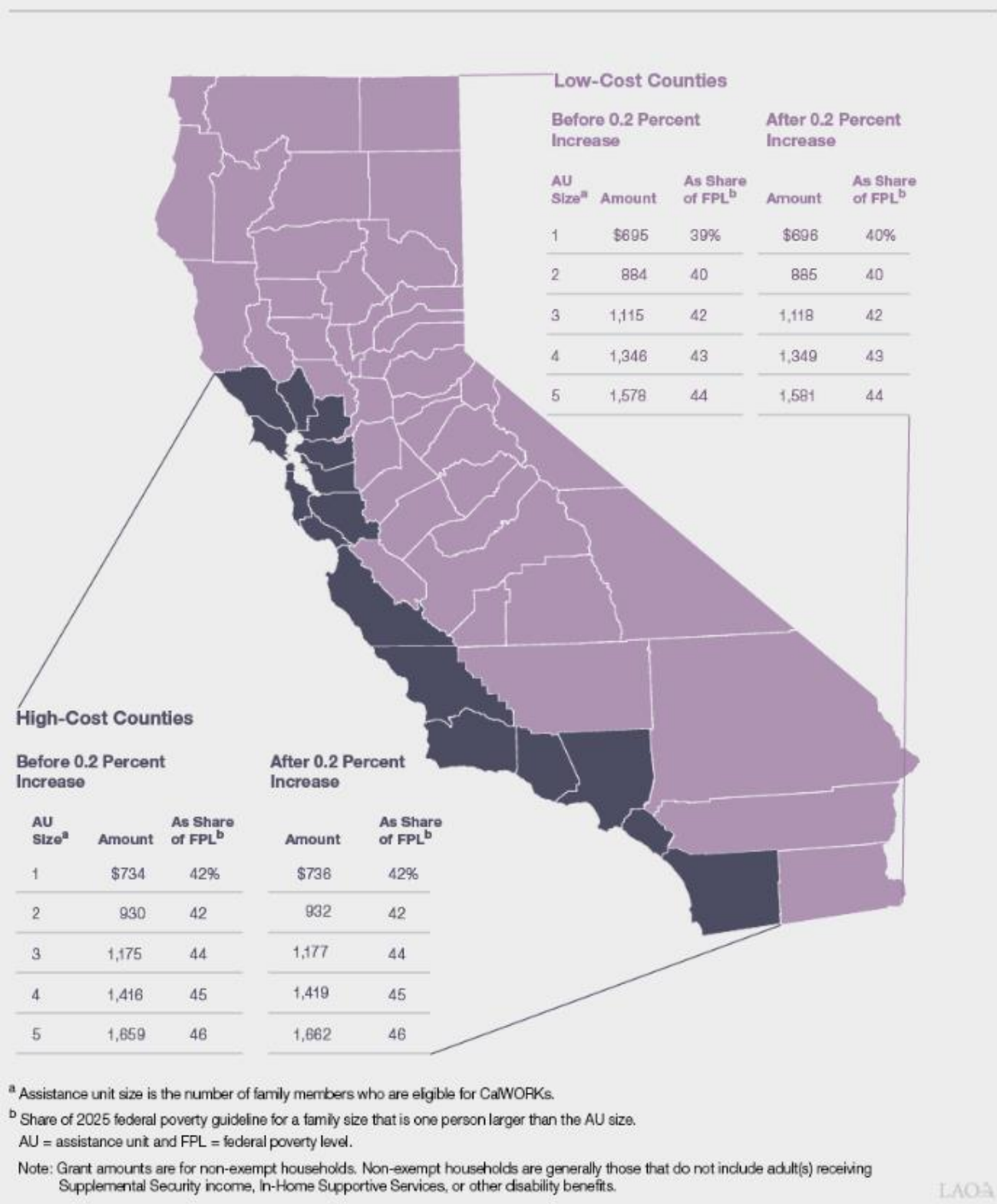
Minor CalWORKs grant increase. CalWORKs grants vary based on region, number of eligible family members, and income. Generally grants increase as family size increases and decrease as family income increases.

As part of 1991 realignment, some local revenue growth accrues to the Child Poverty and Family Supplemental Support Subaccount, which automatically triggers CalWORKs grant increases when the Subaccount experiences sufficient growth. Modest growth in this account in 2025-26 supports a projected 0.2 percent CalWORKs grant increase, a \$2 increase in the monthly maximum family grant from \$1,175 to \$1,177 in a high-cost county. This equates to 55 percent of the federal poverty level. The Governor's budget projects an average monthly grant (across all regions and household sizes) of \$1,002 in 2025-26.

Majority of CalWORKs families live in deep poverty. A 2023 analysis found that only about 40 percent of the CalWORKs caseload includes the full family size in the "assistance unit" (AU), the number of CalWORKs-eligible people in the household. Family members may be excluded from the AU for several reasons, most commonly, because they exceeded the 60 month lifetime limit on aid for adults; are sanctioned for not meeting program requirements; receive federal disability benefits (SSI/SSP), or due to their immigration status. When family members are excluded from the AU, this means the grant the family receives is for a family one person smaller than their actual family size.

Because about 60 percent of the CalWORKs caseload does not include the full family size in the AU, the Legislature set a goal in the 2018 Budget Act to increase CalWORKs grants to 50 percent of the federal poverty level for a family that is one person larger than the AU size (to account for CalWORKs households in which the actual family size is larger than the CalWORKs AU). Fifty percent of the federal poverty level is used as a measure of deep poverty. Despite significant grant increases in recent years, including a 10 percent grant increase which was made permanent in the 2023 Budget Act, current grant levels (including the projected 0.2 percent grant increase) still leave most CalWORKs families living in deep poverty, as shown in the LAO figure below. This chart measures CalWORKs grants against the poverty level for a family that is one person larger than the AU size. Across regions and family size, grants range from 40 to 46 percent of the federal poverty level.

Governor's Budget Estimates 0.2 Percent Grant Increase



Source: LAO

CalWORKs county administration. Funding for county administration of the CalWORKs program is provided via the CalWORKs single allocation, which is a combination of federal TANF funds and state General Fund. The single allocation combines funding for eligibility administration, employment services, and Cal-Learn county functions into one allocation that may be used interchangeably. Cal-Learn provides case management to pregnant and parenting teens participating in CalWORKs. The majority of single allocation funding is dedicated for eligibility administration (processing applications and other program administration functions) and employment services, with Cal-Learn making up a small portion. Funding for all three components of the single allocation are interchangeable, meaning counties can shift funds across components. In 2023-24, counties significantly overspent the eligibility administration component by nearly double the allocation and underspent the employment services component by nearly a third.

Total single allocation funding for 2024-25 is held to the Budget Act of 2024 level of \$1.66 billion total funds. This funding level does not account for the slower caseload growth in employment services than previously projected. The Governor's proposed 2025-26 budget includes \$1.62 billion total funds for the single allocation, about a three percent decrease (\$44.5 million) from total 2024-25 single allocation funding, primarily due to a lower projected employment services caseload, and partially offset by a projected increase in the Cal-Learn caseload.

CDSS reassessed county administration funding in 2024. Single allocation funding is determined by a formula that increases or decreases in set increments based on caseload changes. CDSS is required to reassess the methodology for the eligibility administration component of the single allocation every three years. The 2024 reassessment made several findings, including that updating the eligibility worker rate to align with local costs, as reported by counties, would result in a 21.4 percent increase (\$160.3 million) for the eligibility administration component; and that updating the formula to account for changes in the number of CalWORKs applications submitted would result in a 6.7 percent increase (\$48.8 million).² The Governor's proposed 2025-26 budget does not incorporate these findings, which would add approximately \$215 million total funds above the proposed single allocation level.

The LAO notes that from 2021-22 to 2023-24, "over \$300 million in unspent single allocation funds naturally reverted to the General Fund each year (over 15 percent of total single allocation funds annually). Given counties consistently underspent total single allocation funds in recent years, along with the fungibility of single allocation funds between the components, counties may be able to fully fund current activities in 2025-26 under the Governor's proposal."³ According to the County Welfare Director's Association, "funding for the eligibility component of the Single Allocation has fallen behind, with counties forced to overspend the statewide eligibility allocation and redirect employment services funding to backfill eligibility." (See Issue #10 for a budget request to increase county single allocation funding.)

2024 Budget Act Reductions. The 2024 Budget Act made several reductions to CalWORKs programs to address a 2024-25 budget problem. The cuts, described below, were intended to temporarily align funding to recent actual expenditures and to avoid adverse impacts to families in the programs.

- **CalWORKs Home Visiting.** Reduction of up to \$30 million General Fund in 2023-24, \$25 million General Fund in 2024-25, and \$25 million General Fund in 2025-26, to align funds to

² LAO.

³ LAO.

recent actual expenditures. Program funding returns to the baseline level of approximately \$97.6 million in 2026-27.

- **CalWORKs Subsidized Employment.** Reduction of up to \$30 million General Fund in 2023-24 and \$37 million General Fund in 2024-25, to align funds to approximate 2022-23 spending. Program funding returns to the baseline level of approximately \$134 million in 2025-26. Additionally, trailer bill language established outcome reporting requirements for the CalWORKs Subsidized Employment Program regarding utilization of funds, employment placements and industry sector data, and average earnings of CalWORKs participants, beginning April 1, 2025.
- **CalWORKs Mental Health and Substance Use Disorder Services.** Reduction of \$30 million General Fund in 2023-24, \$37 million General Fund in 2024-25, and \$26 million General Fund in 2025-26, to align funds to recent actual expenditures. Program funding returns to the baseline level of approximately \$127 million in 2026-27.
- **CalWORKs Single Allocation Reversion.** Early reversion of approximately \$295 million in unspent General Fund from the 2022-23 CalWORKs Single Allocation.
- **CalWORKs Employment Services Intensive Case Management.** Cancelled a planned increase of budgeted hours for employment services intensive case management by \$47 million General Fund ongoing.
- **Safety Net Reserve.** Fully depleted the \$900 million Safety Net Reserve, which was designed to cover the costs of Medi-Cal and CalWORKs caseload increases in the event of an economic downturn.

Impacts of 2024 Budget Act CalWORKs Reductions. The intent of the reductions described above was to preserve existing service levels, by reducing only in areas where there was projected underspending. However, counties have reported to CDSS that they have reduced services in the Subsidized Employment and Home Visiting programs as a result of lower funding available. In the Home Visiting Program in particular, counties have reported staff reductions, increased waitlists in at least two counties, reduced number of families served, decreased referrals and outreach activities, and a decrease in health and safety materials (such as car seats and cribs).

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the Governor’s proposed 2025-26 budget for CalWORKs, including caseload, grants, and the single allocation.
2. What are the known impacts of the 2024 Budget Act reductions to CalWORKs, in particular, the CalWORKs Home Visiting Program?

Issue 2: Federal CalWORKs Pilot Program

Panel Discussion. The Subcommittee has invited the following individuals to participate in this discussion:

- Sonia Schrager Russo, Fiscal & Policy Analyst, Legislative Analyst’s Office
- Jennifer Troia, Director, and Alexis Fernández Garcia, Deputy Director, Family Engagement and Empowerment Division, CDSS
- Dr. Marla Stuart, MSW PhD, Director, Contra Costa County Employment and Human Services Department
- Jeanneth Chavez, SPARC Leader, CalWORKs Student & Policy Advocate, President of the Student Parent Club at Los Angeles Trade-Technical College
- Rebecca Gonzales, Policy Advocate, Western Center on Law and Poverty

California selected for federal pilot to test alternative TANF outcome measures. The federal Fiscal Responsibility Act of 2023 (FRA) allows up to five states to participate in a pilot to promote accountability and test alternative benchmarks for work and family outcomes in lieu of the Temporary Assistance for Needy Families (TANF) Work Participation Rate (WPR), the sole performance measure in the federal TANF program. States will be held accountable for their performance on employment and earnings outcomes and measures of family stability and well-being.

In November 2024, California was one of five states selected by the federal Administration for Children and Families to participate in the FRA pilot program, alongside Kentucky, Maine, Minnesota, and Ohio. California’s pilot proposal relied on the state’s existing performance measurement framework, known as California Outcomes and Accountability Review (Cal-OAR, described in more detail below), which is significantly more expansive than the federal WPR, the CalWORKs take-up rate, and other potential policy changes to support improved outcomes on these measures, subject to budgetary and statutory adoption.

According to the federal government, the pilot project aims to build new evidence on whether TANF programs being accountable for work and well-being outcomes (rather than the WPR) leads to stronger employment outcomes and increased family stability and well-being among participating families.⁴ The Administration for Children and Families has stated that “pilot states will have the flexibility to tailor employment, training, and other engagement activities to the needs of TANF families so that states can ensure eligible families have access to customized supports and services that result in better employment and family economic well-being outcomes.”⁵

Background: TANF Work Participation Rate. Since federal welfare reform in 1996, the federal government has used a singular outcome to measure states’ performance in TANF: the Work Participation Rate (WPR). TANF work requirements require families to participate in specified “welfare-to-work” (WTW) activities as a condition of receiving cash aid. For one parent households, the adult must participate in eligible WTW activities for an average of 30 hours per week (or 20 hours per week if they have a child under age six). Two parent households must participate in WTW activities for a combined

⁴ LAO, “Overview of the Federal CalWORKs Pilot,” February 21, 2025.

⁵ Administration for Children and Families, “TANF Work and Family Well-Being Pilot: Selection,” November 15, 2024.

average of 35 hours per week. Adults who fail or refuse to comply with these WTW program requirements without good cause may be sanctioned, resulting in a reduction to their cash aid.

The WPR is the statewide percentage of adults who meet federally defined WTW requirements. To meet federal requirements, at least 50 percent of all families and 90 percent of two-parent families receiving TANF must meet the weekly hours requirements described above. Federal law outlines specific WTW activities that count toward the WPR requirements.⁶

If states do not meet WPR requirements, they face financial penalties, starting at five percent of the state's annual TANF grant and increasing to a maximum of 21 percent of a state's block grant. State law includes a county "pass-through" provision for any potential federal WPR penalties, meaning counties that did not meet the WPR requirements locally incur a portion of the federal penalty.

While California has struggled to meet federal WPR requirements over time, the state has submitted appeals for all potential penalties and to date, has never had to pay a WPR fiscal penalty in the history of the CalWORKs program.

Because states have some flexibility in defining allowable WTW activities, California laws provide more flexibility than the current federal rules on the types of activities that can be counted towards WTW participation. Federal rules stipulate that only "core activities" – mainly employment, community services, and job search activities – can count towards WPR participation, but not activities such as job skills training and education. California rules allow CalWORKs adults to participate in a more expansive set of WTW activities, including education and addressing barriers to employment (such as mental health). The result of these differences is that while many CalWORKs families are participating and meeting state requirements, their participation is not counted towards the state's WPR. This has the overall effect of lowering the state's WPR.⁷

A recent report by the California Budget and Policy Center found that the CalWORKs WPR penalty undercuts state reforms focused on supporting families.⁸ According to this report, "state CalWORKs policy continues to threaten counties with financial penalties tied to the federally defined WPR, incentivizing counties and caseworkers to direct CalWORKs participants away from supportive activities to address barriers that do not fully count toward meeting the federal WPR."

Because California was one of five states selected for the federal FRA pilot, California will not be subject to WPR penalties for the next six years.

Lastly, the FRA made other changes to TANF at the federal level that re-base the WPR methodology in a manner that rewards states for TANF caseload declines by reducing WPR requirements. Because of this "caseload reduction credit," California's WPR burden will be significantly reduced in future years, regardless of pilot participation, making the possibility of a WPR fiscal penalty even more remote.

⁶ LAO

⁷ LAO

⁸ Sara Kimberlin, "Harmful Obstacles: CalWORKs Work Participation Rate Penalty," California Budget and Policy Center, February 2023.

CalWORKs Sanctions. When parents receiving CalWORKs do not meet WTW requirements without good cause, they are subject to a sanction (a reduction of their monthly cash grant). A typical sanction could reduce a single parent's cash aid by approximately \$120, or up to \$235 for a single parent family with two children.⁹

The latest data available through the state's Cal-OAR dashboard show that as of August 2024, over 13 percent of all CalWORKs families were sanctioned. Sanction rates vary widely; Los Angeles County's sanction rate is close to the statewide average at 14 percent and many counties are far below 10 percent. However some counties have disproportionately high sanction rates; for example, Orange County's sanction rate is over 20 percent and Imperial County's sanction rate is over 36 percent.

A 2023 report by the California Budget and Policy Center found that sanctions, which penalize CalWORKs parents who are not meeting program requirements by reducing their monthly grants, have the effect of pushing about 60,000 children per month deeper into poverty.¹⁰

California's sanction policies exceed the minimum required by federal law, which requires sanctions for the "duration" of a parent's "refusal" to comply with work requirements. The disparity in sanction rates across counties is likely an indicator of additional county-level discretion to impose sanctions on CalWORKs parents.

California Outcomes and Accountability Review (Cal-OAR). Initiated in 2017 and implemented in 2021, Cal-OAR is California's framework for measuring outcomes in the CalWORKs, beyond the WPR.

Cal-OAR consists of three core components: 26 performance measures, a county CalWORKs self-assessment, and a county CalWORKs system improvement plan, which takes place over a five-year period. The Cal-OAR performance measures follow the clients' experiences during their time in CalWORKs through one year post-aid, assessing a variety of outcomes, including client access to supportive services, educational completion, and engagement in activities, like employment, education, and other activities that support the client's goals. Presently, 12 of the 26 performance measures are hosted publicly on the Cal-OAR Data Dashboard for each of the 58 counties and statewide, and the remaining performance measures are still in development and will be available in mid-2026.

Cal-OAR is informed by a county-led initiative known as "CalWORKs 2.0" which encourages counties to develop and utilize a goal-achievement service delivery that shifts from compliance-oriented to a more participant-led focus, based on research that shows the benefits of prioritizing family stability and individualized success.

⁹ Sara Kimberlin and Monica Saucedo, "Reforming CalWORKs Sanctions Can Better Support Children and Families," California Budget and Policy Center, April 2023.

¹⁰ Sara Kimberlin and Monica Saucedo.

The 26 Cal-OAR metrics are listed below.

CalWORKs Outcomes and Accountability Review Performance Measures

Economic Measures

Current and former participant employment rates
Subsidized to unsubsidized employment rate
Wage progression (6 and 12 months after exit)
Rate of exits with earnings
Rate of program re-entries (including after exit with earnings)
Rate of re-entry after exit with earnings
Intergenerational enrollment rate

Education Measures

Education and skills development rate
Education and skills development activity utilization rate
Child care access rate
Improved literacy, basic skills, and English language acquisition rate
Community college progress rate
Educational completion rate

WTW = Welfare-to-Work.

Participation Measures

WTW engagement rate
Sanction rate
Sanction resolution rate
Orientation attendance rate
Appraisal completion rate
Time from appraisal to first WTW activity
First WTW activity attendance rate

Access to Supplemental Services

Homeless Assistance and Housing Support Program access rates
Ancillary services access rate
Transportation provision rate
Home Visiting to WTW transition rate
Family Stabilization to WTW transition rate

Source: LAO

WPR workgroup findings. The 2022 Budget Act required CDSS to consult with a stakeholder workgroup on recommendations to address the state's emphasis on the federal WPR and penalty pass-on structure, while optimizing implementation of the first cycle of the Cal-OAR process. According to this report, major takeaways from the workgroup members included:

- A strong desire from the workgroup for a full repeal of the WPR penalty pass-on to counties.
- Accountability in the form of Cal-OAR performance measures or other metrics to be further explored and established.
- Reducing the harm caused by sanctions, with workgroup members noting that any repeal of the penalty pass-on structure or changes in county accountability should be equitably paired with a revision of the sanction policy in recognition that reducing a family's income does not support its economic stability.
- Reducing the financial impact and duration of sanctions for families.

Status of California's FRA pilot. For the six-year duration of the pilot program, California will not be subject to the WPR and will have more flexibility to design programs and services to address families' individual circumstances and improve outcomes. According to the LAO, the pilot states will instead use the following four measures:

1. The percentage of work-eligible individuals employed six months after program exit.
2. The earning levels of those individuals six and 12 months after program exit.

3. Whole family income levels during and after program participation, including employment earnings; tax credits; child support payments; and other income supports or benefits, including SSI/SSP and Supplemental Nutrition Assistance Program assistance (CalFresh in California).
4. Two state-selected family stability and well-being performance measures (which could include, but are not limited to, job access, quality, or security; success of barrier remediation; employment skills gain; poverty reduction; health insurance or behavioral health access; access to child care and early education; educational outcomes; or housing stability).

According to CDSS, the first year of the pilot program is designated to establish benchmark data and negotiate performance targets (October 2024 – September 2025); the following five years will measure performance against those targets.



Source: LAO

CDSS has not yet determined pilot benchmarks, but is receiving technical assistance from the Administration for Children and Families (ACF) and the federal contractor, and will be convening a Cal-OAR advisory committee to inform the negotiation of benchmarks with ACF. In the state's pilot

application to ACF, CDSS suggested using the 26 Cal-OAR measures as the state's pilot measures (or a more narrow set of Cal-OAR measures) and the CalWORKs take-up rate.

CDSS also indicated in its application that the pilot presents opportunities to center family engagement in CalWORKs, reduce administrative burden on participants and county staff, and support local implementation. This could include:

- Revising sanction policies and mandatory participant activities, such as intake appraisals currently conducted using the Online CalWORKs Appraisal Tool.
- Tailoring WTW hourly requirements and activities to families' unique needs.
- Streamlining the application and redetermination processes.
- Making program information and notices more easily accessible.¹¹

2024 Budget Act required CDSS to report policy options for pilot implementation. The 2024 Budget Act included trailer bill language in AB 161 (Committee on Budget, Chapter 46, Statutes of 2024) that established the Legislature's intent to continue to reimagine CalWORKs into a trauma-informed, family-centered program that maximizes family and child well-being while building meaningful pathways out of poverty. AB 161 suggested the department consider the following reforms:

- Modify the existing welfare-to-work process to be family centered.
- Align sanctions to the minimum federal requirements.
- Repeal the federal WPR penalty pass-through.

AB 161 additionally encouraged CDSS to consider the reforms above as part of the state's FRA pilot application, and required CDSS to provide a report to the Legislature on necessary statutory changes to align state policy to the goals of the federal pilot program, including comprehensive cost estimates, by January 10, 2025.

A summary of the policy options presented in the AB 161 report are summarized in the LAO chart on the following page. Several of the policy options aligned with the pilot goals would incur costs, while others are associated with savings from county-level administrative efficiencies.

¹¹ LAO.

CDSS Pilot Policy Options and Estimated Costs

General Fund (In Millions^a)

Policy Options and Estimated Costs	CDSS Estimated Cost	
	Initial Year ^b	Ongoing
Centering Family Engagement		
Eliminate non-compliance sanctions and penalties during first 90 days in CalWORKs	\$1.9	\$1.7
Expand allowable WTW activities	—	—
Replace fixed hourly work requirements with individualized engagement requirements	93.5	93.5
Make job club optional as an initial WTW activity	—	—
Reducing Administrative Burden		
Eliminate the WPR penalty passthrough to counties	—	—
Replace Online CalWORKs Appraisal Tool with new alternate, streamlined appraisal tool	\$3.9	—
Eliminate applicant resource limit	16.7	\$30.1
Eliminate penalty for teens 16 through 18 who fail to attend school regularly ^c	0.2	0.2
Eliminate consideration of in-kind income in eligibility determinations	32.9	35.3
Simplify income reporting requirements	112.4	112.1
Suspend some current WTW data reporting requirements	—	—
Support Local Implementation		
Train and provide technical assistance to counties on pilot-related policy and programmatic changes	\$4.0	\$4.0
Provide grants to counties to implement program changes	2.0	2.0
Provide funding to counties for increased engagement with CalWORKs families	97.5	97.5
Total Cost of Options^d	\$365.0	\$376.4
County Savings		
Possible county-level administrative efficiency savings	-\$90.4	-\$90.4
^a California's annual \$3.7 billion federal TANF block grant can be used flexibly for the policy options. The TANF block grant is fully allocated within the existing and proposed state budgets. As such, new costs for the CalWORKs program are considered General Fund cost impacts. State General Fund costs may be mitigated to the extent TANF funding is not fully expended in any particular year, or if one of the CalWORKs subaccounts has sufficient revenue available to support CalWORKs assistance costs. No additional federal funds were provided for the pilots.		
^b The initial year of the pilot aligns with the federal fiscal year (October 2025 to September 2026). As such, if the options above were adopted, some initial year costs may fall in state fiscal year 2024-25 while others may fall in state fiscal year 2025-26.		
^c One-time automation cost is pending and not included in cost estimate.		
^d Total cost of policy options, including those supporting local implementation, before any county-level administrative efficiency savings.		
CDSS = California Department of Social Services; TANF = Temporary Assistance for Needy Families; WTW = Welfare-to-Work; and WPR = work participation rate.		

While CDSS has presented the policy options listed above to the Legislature, the options in the AB 161 report are not included in the Governor's proposed 2025-26 budget. The 2024 Budget Act included provision authority of up to \$2.4 million in 2024-25 for CDSS state operations to support the pilot.

Subcommittee Staff Comment and Recommendation – Hold Open. California’s participation in the FRA pilot program presents a unique opportunity for the CalWORKs program – not only to measure outcomes other than the WPR, but also to advance policy and programmatic changes that will improve long-term outcomes for CalWORKs families.

Eighty-four percent of CalWORKs families are single-parent families; about half of the caseload has children under six years old; and approximately 18 percent have experienced domestic abuse.¹² The majority of adults entering the program lack a high school diploma, and 11.5 percent of the caseload has needed to access homeless assistance.

The policies included in the AB 161 policy options report align with legislative intent to move CalWORKs away from the heavily compliance-focused, punitive model deeply embedded into state TANF programs as part of the legacy of 1996 welfare reform. Instead, the state can instead advance a family-centered program, geared towards the realities of families living in deep poverty, and focused on family stability and long-term pathways out of poverty.

For years CalWORKs parents have testified to this Subcommittee that CalWORKs has been an essential, and at times, transformational, safety net for their families—enabling them to keep their children housed, fed, and safe; and allowing them to pursue their educational and career goals. Parents have also characterized experiences with CalWORKs as overly compliance-driven, administratively convoluted, and punitive, and have reported difficulty accessing supportive services they are entitled to, such as child care.

The heavy focus on compliance within the CalWORKs program is often attributed to the WPR and the looming prospect of fiscal penalties applied to the state and passed through to counties. While the state and counties have never had to pay the cost of a WPR penalty, tens of thousands of CalWORKs families—the poorest families in the state—are consistently penalized for not meeting program requirements via sanctions, pushing them further below the poverty line.

Some of the policy options outlined in the AB 161 report, such as eliminating sanctions during the first 90 days in CalWORKs, would directly address the punitive and counterproductive aspects of the program. This would incur General Fund/ TANF costs because the families currently sanctioned within 90 days of beginning the program would be able to retain their full grant. It would also incur some General Fund/TANF savings because, according to CDSS, “each family will generate one hour of potential county efficiencies for no longer having to be sanctioned.”

Other policy options present straightforward changes to reduce administrative complexity, such as simplifying the income reporting threshold to align with CalFresh. And some options, such as suspending data entry into county WPR reporting systems, would incur substantial cost savings from potential county efficiencies (\$18.2 million for this option, with total cost savings across the policy options of approximately \$90.4 million).

¹² Sara Kimberlin.

The Governor's budget does not include proposed statutory changes or budget resources associated with the state's pilot participation; however the Administration may propose part or all of these changes in the Governor's May Revision.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the status and next steps of California's FRA pilot program. What are the goals of the pilot program?
2. What challenges do CalWORKs families face in achieving family stability and economic well-being? What elements of the CalWORKs program are most effective in achieving positive family and employment outcomes? What elements of the current CalWORKs program have proven to be barriers to family engagement and positive program outcomes?
3. Please provide an overview of the AB 161 Report on policy options that align with the goals of the pilot program, including the associated costs and savings. How will these policy options align with the goals of family economic stability and improved employment outcomes for a successful pilot program?
4. What is the role of supportive services such as child care, Family Stabilization, and the CalWORKs Housing Support Program in supporting the goals of the pilot program?

Issue 3: CalWORKs: Permanent Housing Assistance – SB 1415 Implementation

Budget Change Proposal—Governor’s Budget. CDSS requests \$180,000 General Fund in 2025-26 and \$176,000 in 2026-27 for one limited-term position to implement SB 1415 (Glazer, Chapter 798, Statutes of 2024) including development of guidance, regulations, automation, and technical assistance to counties for the CalWORKs Homeless Assistance Program.

Background: CalWORKs Homelessness Assistance Program. Families participating in CalWORKs who are homeless or at risk of homelessness are entitled to receive CalWORKs Homelessness Assistance (CalWORKs HA.) There are two components to CalWORKs HA: temporary HA, which provides 16 days of hotel vouchers, and permanent HA, which is used to secure or maintain permanent housing, in the form of security deposits or up to two months of rent arrearages.

In 2023-24, counties received 78,268 applications for CalWORKs HA, of which 67,789 were approved for approximately 63,000 unduplicated families, or approximately 11.5 percent of the total CalWORKs caseload. Expenditures for the CalWORKs HA program in 2023-24 totaled \$100.5 million. CalWORKs families who are homeless or at risk of homelessness are also eligible for a more robust array of services as part of the CalWORKs Housing Support Program (CalWORKs HSP), however CalWORKs HSP is supported with limited funding, and may not be available to any CalWORKs family, whereas CalWORKs HA is a nonrecurring special needs benefit available to any family that meets the criteria outlined in statute. Historically, a much smaller portion of CalWORKs families have accessed permanent CalWORKs HA compared to temporary CalWORKs HA.

In order to qualify for permanent CalWORKs HA (a security deposit or up to two months of rent), the family must secure housing in which monthly rent is no more than 80 percent of their total monthly income, excluding certain income sources like CalFresh. In 2021-2022, 20 percent of families who applied were denied permanent CalWORKs HA, most often because the rents for housing they secured were over 80 percent of the family’s monthly income.

SB 1415 (Glazer, Chapter 798, Statutes of 2024). SB 1415 modified the 80 percent threshold for permanent CalWORKs HA by allowing a more expansive definition of income, including any regularly received government, non-profit, or private support, to be part of the income calculation. This broader definition of income would potentially allow for more families’ rent to fall under the 80 percent income threshold and therefore allow the county to use permanent CalWORKs HA to pay for those families’ security deposits or rent arrearages.

Staffing and Resource Request. CDSS requests one limited-term position for two years to update CalWORKs HA regulations, develop guidance, and advise counties of changes to program requirements, forms, regulations, provide technical assistance to counties, and lead one-time automation changes.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 4: CalFresh, SUN Bucks, & Food Programs Overview

The Subcommittee has invited the following individuals to participate in this discussion:

- Jennifer Troia, Director, and Alexis Fernández Garcia, Deputy Director, Family Engagement and Empowerment Division, CDSS
- Sonia Schrager Russo, Fiscal & Policy Analyst, Legislative Analyst’s Office
- Becky Silva, Government Relations Director, California Association of Food Banks

Governor’s Budget – CalFresh and Food Programs. The Governor’s proposed budget for 2025-26 includes \$3 billion (\$1 billion General Fund) for CalFresh and food programs administration, across CalFresh, California Food Assistance Program, SUN Bucks, and other food programs. This is in addition to \$12.7 billion in food benefits provided from the federal government directly to individuals outside of the state’s budget. There are no significant changes or new proposals included in the Governor’s proposed 2025-26 budget for CalFresh and food programs.

Hunger in California. Data from the US Census Household Pulse Survey shows that as of September 2024, 22 percent of California households are food insecure and 27 percent of California households with children are food secure. Rates of food insecurity are higher than the statewide average for Black and Hispanic/Latino households, including Black households with children (43 percent) and Hispanic/Latino households with children (33 percent).¹³

Background: food assistance programs. CalFresh is the state’s main anti-hunger program, alongside several other food assistance programs (including school meals, which are part of the K-12 education budget). Food benefits in California are primarily federally funded and state administered. The state’s main food assistance programs administered by CDSS are described below.

CalFresh. CalFresh is California’s version of the federal Supplemental Nutrition Assistance Program (SNAP), an entitlement program that provides eligible households with monthly benefits to purchase food. To be eligible, households must generally earn less than 200 percent of the federal poverty level. CDSS oversees the CalFresh program and each county is responsible for local administration. CalFresh food benefits are 100 percent federally funded and issued through an EBT card. CalFresh administration costs are funded with 50 percent federal funds, 35 percent General Fund, and 15 percent county funds. Monthly benefits per household vary based on household size, income, and deductible living expenses—with larger households generally receiving more benefits than smaller households and relatively higher-income households generally receiving fewer benefits than lower-income households.

California Food Assistance Program (CFAP). CDSS also administers the California Food Assistance Program (CFAP), which provides state-funded food benefits to certain eligible noncitizens who do not have eligibility for CalFresh benefits due to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (generally, lawful permanent residents and some other immigration categories, but not undocumented individuals.) To be eligible for CFAP, noncitizens must meet all CalFresh eligibility criteria except for their immigration status. The expansion of CFAP to include all adults age 55

¹³ California Association of Food Banks, “Food Insecurity in California,” September 2024.

and over regardless of immigration status is slated to implement in 2027, pursuant to a delay agreed upon in the 2024 Budget Act.

SUN Bucks. In 2023, Congress created a new permanent entitlement program known as Summer EBT (SUN Bucks in California), which provides a \$120 benefit for low-income children for food during the summer months when children are out of school. Eligibility is tied to free-and-reduced price meal eligibility, and children may be automatically eligible through participation in CalFresh or Medi-Cal. California implemented the first year of SUN Bucks in Summer 2024. SUN Bucks benefits, like CalFresh, are fully funded by the federal government; with administrative costs split 50 percent federal funds and 50 percent General Fund. In summer 2024, 5.6 million children received \$672 million in federal SUN Bucks benefits.

CalFood. CalFood provides funding to food banks to purchase California-grown and produced food. More information on the CalFood budget is below.

Child and Adult Care Food Program. The Child and Adult Care Food program provides federal reimbursement for meals served in child care and senior care facilities.

CalFresh and Food Programs Budget. The 2024-25 revised budget for CalFresh and food programs administration includes \$3 billion (\$1.1 billion General Fund) and represents an increase of \$46.3 million (\$3.8 million General Fund) from the Budget Act of 2024, due to faster CalFresh caseload growth than previously projected, partially offset by lower CalFresh Shared Eligibility costs. The Governor's proposed 2025-26 budget for CalFresh and food program administration includes \$3 billion (\$1 billion General Fund), a net increase of \$17.8 million (decrease of \$11.6 million General Fund) from the Budget Act of 2024. The total fund increase reflects an increase in the CalFresh caseload and updated federal grants for Nutrition Education and CalFresh Outreach; the General Fund decrease reflects lower costs for CalFresh Shared Eligibility and SUN Bucks transactions, as well as the anticipated effects of Electronic Benefit Transfer (EBT) card technology improvements for food benefit theft administration. In addition, \$12.6 billion federal funds in 2024-25 and \$12.7 billion federal funds in 2025-26 will be provided directly to individuals outside of the state's budget.

CALFRESH AND NUTRITION PROGRAMS

Funding (millions)	FY 2024-25 Appropriation	FY 2024-25 Revised Budget	FY 2025-26 Governor's Budget	FY 2024-25 Change from FY 2024-25 Appropriation	FY 2025-26 Change from FY 2024-25 Appropriation
Total*	\$17,185.1	\$17,482.3	\$17,364.7	\$297.3	\$179.7
Federal	15,504.4	15,801.9	15,693.8	297.5	189.4
State	1,284.4	1,278.5	1,266.3	-5.9	-18.1

*In addition to federal funds and GF for administration and state funded benefits, the total includes county funds and federal Supplemental Nutrition Assistance Program (SNAP) benefits which are not reflected in the budget. The state funds include CACFP Proposition 98 funding.

Source: CDSS

Child and Adult Care Food Program (CACFP) Budget. The Governor’s revised 2024-25 budget for CACFP includes \$667.3 million (\$10.9 million General Fund) and reflects an increase of \$47 million (\$0.3 million in General Fund) from the Budget Act of 2024, reflecting higher participation by children’s and adult day care centers. The Governor’s proposed 2025-26 budget for CACFP includes \$683.1 million (\$10.4 million General Fund) and reflects a net increase of \$62.8 million (decrease of \$0.2 million General Fund) from the Budget Act of 2024, reflecting higher participation by children’s and adult day care centers as well as the anticipated impact of the federal and state Cost-of-Living Adjustment (COLA). The General Fund decrease reflects a projected decline in meals provided under School Food Authorities.

A summary of the Governor’s proposed budget for CalFresh and CFAP is included below:

CalFresh and CFAP Budget Summary

(Dollars in Millions)

	2024-25	2025-26 Proposed	Change From 2024-25 to 2025-26 Proposed	
			Amount	Percent
CalFresh Households	3,194,500	3,228,200	33,700	1%
CFAP Households	28,900	29,800	900	3
Benefits				
CalFresh Benefits ^a	\$12,602	\$12,746	\$144	1%
CFAP Benefits ^b	130	133	4	3
Subtotals	(\$12,732)	(\$12,880)	(\$148)	(1%)
Administration				
Federal Share	\$1,228	\$1,238	\$10	1%
State Share	902	905	3	—
County Share	348	350	3	1
Subtotals	(\$2,478)	(\$2,493)	(\$15)	(1%)
Totals	\$15,210	\$15,373	\$163	1%

^aCalFresh benefits are 100 percent federally funded. The Governor’s budget estimates an average monthly benefit of \$328 per household. CalFresh benefits also include replacement benefits. SUN Bucks benefits are excluded from this figure and are included in Figure 3.

^bCFAP benefits are 100 percent General Fund. The Governor’s Budget estimates an average monthly benefit of \$372 per household. CFAP benefits also include replacement benefits.

CFAP = California Food Assistance Program.

Source: LAO

CalFresh caseload and benefits. The Governor’s budget projects CalFresh caseload in 2025-26 will be 3.2 million households, about a one percent increase from 2024-25. CFAP caseload is projected to be 64,538 households, about a 3.7 percent increase from 2024-25. As the LAO has noted, CalFresh and CFAP caseloads have increased by 60 percent since 2019-20, attributed largely due to the expansion of CalFresh

to SSI households, benefit increases and supplements during the pandemic years, and multi-year efforts to increase CalFresh enrollment.¹⁴

The administration projects that in 2025-26, the average CalFresh benefit is \$328.85 per household (\$190.78 per person). The average CFAP benefit is \$373.59 per household (\$173.55 per person).

CalFood funding cliff. The CalFood program allocates funding to California's network of food banks to purchase food primarily sourced from California. This funding is vital for food banks to secure food and reduce supply chain issues as demand for food continues at pandemic highs. The 2022 Budget Act included \$112 million General Fund total for the CalFood program in 2022-23 and the 2023 Budget Act approved an additional \$52 million General Fund in 2023-24 above the program's baseline budget (\$8 million). In 2025-26, the CalFood budget reduces to the baseline of \$8 million (compared to an average of \$62.7 million from 2022-23 through 2024-25). California's network of food banks is experiencing sustained and heightened levels of demand, serving over 6 million Californians every month. CalFood has been especially effective in allowing food banks to purchase healthy food such as locally grown fruits and vegetables. See Issue #10 for a budget request to increase the CalFood baseline.

SUN Bucks summer 2024 update. Summer 2024 marked the first year of the SUN Bucks program in California. The total number of children enrolled in SUN Bucks for summer 2024 was 5.6 million, with approximately 3.75 million children automatically enrolled by CDSS via participation in CalFresh, CalWORKs, or Medi-Cal. About 77 percent of cards have been activated (meaning a PIN has been selected), and of the \$672 million in total benefits issued, \$515 million have been loaded onto activated cards and \$498 million benefits have been used (representing 97 percent of benefits loaded onto activated cards).

Governor's Budget – SUN Bucks administrative hearings. Federal regulations require the use of a third-party to conduct fair hearings for programs administered directly by CDSS. The 2025-26 Governor's Budget includes \$2.3 million (\$1.1 million General Fund) for a contract with the Office of Administrative Hearings to provide applicants and recipients with access to an impartial hearing for SUN Bucks and the Commodity Supplemental Food Program.

Governor's Budget – National Accuracy Clearinghouse. The federal Food and Nutrition Services is requiring all states to utilize the National Accuracy Clearinghouse, an interstate data matching system, to enhance CalFresh Program integrity. The system helps prevent households from receiving SNAP benefits in more than one state simultaneously. The 2025-26 Governor's Budget includes \$7.6 million (\$2.7 million General Fund) for automation associated with anticipated use of the National Accuracy Clearinghouse beginning in November 2026.

CFAP Expansion. The expansion of CFAP to include previously ineligible immigrants age 55 and older is planned to implement October 2027, due to a delay agreed upon as part of the 2024 Budget Act. The 2023 Budget Act included \$38 million General Fund for automation and outreach associated with the expansion. The 2024 Budget Act shifted some of these funds to 2024-25, and those funds expire on June 30, 2025. In order to align with the 2027 implementation timeline, the remaining unspent funds of the \$38

¹⁴ LAO, "The 2025-26 Budget: Food Assistance Programs," February 19, 2025.

million for automation and outreach would need to be re-appropriated to 2025-26. See Issue #10 for a budget request to expand CFAP.

CalFresh Minimum Nutrition Benefit pilot. The 2023 Budget Act included \$15 million one-time and trailer bill language establishing the California Minimum Nutrition Benefit pilot program, which will provide some CalFresh households with a state supplement to raise the current minimum benefit from \$23 to \$60. CDSS has released policy guidance and anticipates the 12-month pilot to launch January 1, 2026. The focus population is Elderly and Simplified Application Project households, meaning households of two or more older adults or people with disabilities with no earned income. CDSS anticipates the pilot will reach approximately 36,000 individuals statewide who meet this criteria and currently receive less than \$60 in CalFresh benefits per month.

CalFresh Fruits and Vegetables EBT pilot. The California Fruit and Vegetable EBT Pilot Project allows CalFresh recipients to double the purchasing power of their CalFresh benefits when they purchase fruits and vegetables at participating retailers. The 2023 Budget Act included \$9.9 million General Fund one-time for this project. The 2024 Budget Act included \$10 million General Fund one-time to continue the project. Due to popularity and demand, the \$10 million from the 2024 Budget Act lasted from November 2024 through the end of January 2025 and the program is now inactive. See Issue #10 for a budget request to increase funding for this program.

Able-Bodied Adults without Dependents (ABAWD) Federal Rule. Since 1996 federal welfare reform, someone receiving SNAP (CalFresh in California) who is determined to be an “Able-Bodied Adult Without Dependents,” or ABAWD, is only allowed three months of CalFresh within a 36-month period unless they meet an exemption. Federal changes in the Fiscal Responsibility Act of 2023 increased the ABAWD population to newly include those ages 50-54 and included a variety of additional exemptions to the rule. Due to economic conditions in the state, California currently has a statewide ABAWD waiver in place, which is set to expire on January 31, 2027.

Governor’s executive order on healthy food. On January 3, 2025, the Governor issued an executive order directing state agencies, including CDSS, to recommend potential actions to limit the harms associated with “ultra-processed foods” and food ingredients that pose a health risk to individuals.

Food assistance and disaster relief. In the aftermath of the January 2025 Los Angeles fires, CDSS moved quickly to activate a variety of food and other assistance programs and measures to support people affected by the disasters, including the following:

- **Disaster CalFresh:** On January 27, 2025, USDA approved Disaster CalFresh (D-CalFresh) operations in Los Angeles County. This approval expands eligibility to people who lived or worked in one of 58 ZIP codes in Los Angeles County. For ongoing CalFresh households, automatic disaster supplements were approved for nine ZIP codes and will be issued to impacted households on February 8, 2025; households in the remaining 49 ZIP codes may request for individual disaster supplements.
- **Emergency Food Bank Reserve:** The 2024 Budget Act established the Emergency Food Bank Reserve to provide emergency food and related costs to food banks to prevent hunger during

natural or human-made disasters. This allowed CDSS to distribute about a dozen truckloads of emergency food boxes to the LA Regional Food Bank and the Westside Food Bank.

- **Other CalFresh modifications:** CDSS also worked with USDA to automatically replace food benefits in 13 counties, replacing benefits for lost food for over 127,000 households valued at approximately \$17 million. CDSS additionally secured a hot foods waiver for affected households to purchase hot foods.

CDSS also administers the following disaster relief programs, which are not directly related to CalFresh or food:

- **State Supplemental Grant Program (SSGP):** The SSGP is able to provide survivors that have received a Federal Emergency Management Agency (FEMA) maximum grant of \$43,600 with the possibility of an additional up to \$10,000. As of February 2, 2025, 144 households are eligible for a SSGP grant award of \$10,000 for a total of \$1.44 million. At that time, there were 22,984 pending applications with FEMA and 12, 2121 registrants awaiting insurance adjusters.
- **Disaster Case Management Program (DCMP):** The DCMP is a time-limited, scope-limited intervention that provides disaster survivors with a single point of contact to access a broad range of programs, services, and resources to address disaster-caused unmet needs. Currently, CDSS is registering people for this program while the service provider hires case managers.
- **Immediate Services Program (ISP):** The ISP funds short-term disaster relief and crisis counseling services to help communities in the immediate aftermath of disaster and is available for anyone impacted by the recent Los Angeles wildfires. Contracted counselors began meeting with survivors to provide crisis counseling at the disaster recovery centers and shelters beginning February 1, 2025.

Subcommittee Staff Comment and Recommendation – Hold Open. The Governor’s proposed 2025-26 does not contain any major changes to CalFresh and other food programs. Nonetheless, two important programs that mitigate hunger and increase access to healthy foods and vegetables—the CalFood program and the CalFresh Fruit and Vegetable EBT project—are expiring in 2025-26. The CalFresh Fruit and Vegetable pilot program has already fully exhausted the \$10 million appropriation from the 2024 Budget Act, and CalFood will experience an over \$50 million decline relative to the last three years despite consistent food bank demand. The Legislature may wish to consider funding programs such as CalFood and CalFresh Fruit and Vegetables that are proven to be effective in supporting access to affordable, healthy food.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the Governor’s proposed 2025-26 budget for CalFresh, CFAP, SUN Bucks, and other food programs.
2. Please provide an overview of implementation of SUN Bucks in summer 2024.
3. Please provide a brief update on Disaster CalFresh, the Emergency Food Bank Reserve, and other food-related supports in response to the fires in Los Angeles.

4. Please provide an update on the CalFresh Minimum Nutrition Benefit Pilot Program and the CalFresh Fruit and Vegetable Pilot Program.
5. Please describe recent trends in CalFresh participation, demand for food bank assistance, and the impacts of recent expansions to CalFood and the CalFresh Fruit and Vegetable pilot. What do demand for these programs tell us about the state of hunger in California?

Issue 5: SUN Bucks Automation and Cost-Per-Case-Month

Budget Change Proposal—Governor’s Budget. California Health and Human Services Agency (CalHHS) Office of Technology and Solutions Integration (OTSI) requests an increase in expenditure authority of \$86.4 million CalHHS Automation Fund for the operation and administrative costs associated with the federal SUN Bucks Program. This request is for expenditure authority only; funding for SUN Bucks transactions are included in the CDSS budget.

Background: SUN Bucks. In 2023, Congress created a new permanent entitlement program known as Summer EBT (SUN Bucks in California), which provides a \$120 food benefit for low-income children during the summer months when children are out of school. Eligibility is tied to free-and-reduced price meal eligibility, and children may be automatically eligible through participation in CalFresh or Medi-Cal. California implemented the first year of SUN Bucks in Summer 2024. SUN Bucks benefits, like CalFresh, are fully funded by the federal government; with administrative costs split 50 percent federal funds and 50 percent General Fund. Summer 2024 marked the first year of California’s SUN Bucks program, in which 5.6 million children received \$672 million in federal SUN Bucks benefits.

Expenditure Authority Request. OTSI requests an increase in expenditure authority of \$86.4 million for administrative and operating expenses to support the SUN Bucks program. Funding for the administrative and operating expenses for SUN Bucks has already been included as part of the CDSS budget. This request only seeks the establishment of the corresponding expenditure authority for OTSI which manages the EBT project on behalf of CDSS. The \$86.4 million represents the external vendor cost to process SUN Bucks transactions on EBT cards. Because SUN Bucks administration costs are shared between the state and federal government, the General Fund cost is \$43.2 million and the federal share is also \$43.2 million.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests OTSI respond to the following:

1. Please provide an overview of this proposal.

Issue 6: CalFresh Budget Change Proposals

Budget Change Proposals—Governor’s Budget. The Governor’s Budget contains two budget change proposals related to the CalFresh program, as follows:

1. **New CalFresh Outreach Section.** CDSS requests an increase in federal expenditure authority of \$780,000 in 2025-26 and \$760,000 ongoing for four federally funded positions to bolster the CalFresh Outreach program and reach people eligible for CalFresh.
2. **CalFresh Confirm Inter-Agency Agreements.** CDSS requests to increase reimbursement authority by \$269,000 ongoing to continue receivable Inter-Agency Agreements with fellow state-level entities seeking to use the CalFresh Confirm tool. The positions are funded by the Federal Employment and Training (E&T) funds at 50 percent and from revenue generated from agreements at 50 percent.

Both proposals, which are described below, have no General Fund impact.

Background: CalFresh Outreach Unit. CDSS has a CalFresh Outreach Unit dedicated to increasing CalFresh participation, through seven prime contractors and 167 subcontracting agencies. The CalFresh Outreach Unit is responsible for federally required reporting, oversight, and program activities associated with this outreach, in addition to the development of CalFresh outreach materials, CalFresh language access, and, increasingly, assistance with outreach for Disaster CalFresh during major declared disasters.

In federal fiscal year 2023, the CalFresh Outreach Unit achieved several milestones, including the submission of over one million CalFresh applications with help from CalFresh Outreach contractors, resulting in 596,049 new households approved for CalFresh. Over 242,536 households additionally received assistance with recertification to retain CalFresh benefits. This investment yielded an estimated \$2.9 billion in additional CalFresh food benefits to the state by new and retained households.

CalFresh program reach (the measurement of how many eligible people participate in the program) has increased by approximately 20 percentage points in the last decade (from 57 percent in 2011 to 77 percent in 2021). According to CDSS, much of the increase in program access can be directly attributed to outreach work, providing an easy online application process, and implementing targeted media campaigns. While this increase represents major progress, CDSS estimates that there are still hundreds of thousands of people in California who are not receiving CalFresh benefits, even though they may be eligible. CDSS also anticipates that the CalFresh Outreach Unit’s efforts to close the participation gap will become increasingly more difficult as the Unit focuses on populations that are the hardest to reach.

In addition, the CalFresh and Nutrition Branch has responded to substantially more disaster and emergency situations in California with the legislatively mandated operation of a Disaster CalFresh benefit program anytime there is a disaster declared in a California county with Individual Assistance. Lacking dedicated resources to respond to Disaster CalFresh operations, the existing Outreach team is forced to pause or redirect workload to be able to absorb the urgent and unpredictable work associated with supporting Disaster CalFresh operations.

CalFresh Outreach Section Expenditure Authority Request. The additional CalFresh Outreach unit will collaborate on county-specific outreach strategies and establish relationships with other counties where there is currently minimal connection to the Outreach team. According to CDSS, additional programmatic support in the Outreach section will also facilitate better management of the Disaster CalFresh workload and allow for more on-site and fiscal reviews of contracted CalFresh Outreach partners.

The additional CalFresh Outreach Unit resources requested in this proposal will fund one Staff Services Manager II (SSMII), one Staff Services Manager I (SSMI), and two Associate Governmental Program Analyst (AGPA) positions. There is one existing CalFresh Outreach Unit at CDSS; these positions would create a second outreach unit. These positions are 100 percent federally funded.

The proposed CalFresh Outreach Section Chief will lead the development of the vision for the CalFresh Outreach program, securing contracts for activities, and organizing the pieces necessary to secure federal plan approval, such as staffing, budgets, and data. The SSM II will assist with consulting and advising leadership teams on necessary programmatic and system changes while also directing program projects in alignment with the Branch goals. The SSM I will direct statewide outreach campaigns targeted at underserved populations and deepen partnerships needed to develop meaningful outreach strategies. Further, the SSM I will work directly with analysts to develop contracts as needed, manage special projects, lead stakeholder engagement to collect feedback, and share regular program updates with the unit and Branch as necessary. The AGPAs will be responsible for the day-to-day maintenance of the program to ensure compliance with state and federal guidelines, monitor performance of contracted partners, and document areas of improvement during site visits and fiscal desk reviews.

Background: CalFresh Confirm. CalFresh Employment and Training (CalFresh E&T) provides CalFresh recipients with opportunities to gain skills, training, and experience to support employment. California's E&T program operates in 35 counties with an annual budget of over \$144 million. Services are offered by counties and over 65 third-party providers and overseen by CDSS. CDSS also provides support to two state-contracted third-party partners, the Foundation for California Community Colleges, which operates the Fresh Success Program, and the Center for Employment Opportunities Works.

As part of the CDSS' efforts to support counties and third-party providers in expanding access to E&T services, CDSS developed and launched the "CalFresh Confirm" tool in September 2021. CalFresh Confirm is an online tool which was partially funded by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) through a federal technology improvement grant. CalFresh Confirm allows authorized users to confirm CalFresh eligibility for the purpose of seeking CalFresh E&T reimbursement for employment and training services provided to CalFresh recipients. While CalFresh Confirm was built primarily for workforce services providers, other partners who enter into agreements with CDSS are also able to access the tool to confirm CalFresh eligibility and support access to other essential services, such as reduced court fines, utility and phone services, transportation passes, etc. CalFresh Confirm requires ongoing management and maintenance to ensure appropriate agreements are established with authorized users, only authorized users are accessing the system, and that authorized users are receiving adequate support and technical assistance.

The CDSS currently has executed interagency agreements with the California Public Utility Commission and Judicial Council of California. CDSS is also working on a new interagency agreement with the

California Department of Technology (CDT). The IAAs are receivable contracts, and the CDSS uses the funds generated from the IAAs to maintain staff levels that support the maintenance and operation of CalFresh Confirm.

CalFresh Confirm Expenditure Authority Request. Currently, the CalFresh Confirm tool is managed by two positions at CDSS. The CalFresh Confirm SSM I Specialist and ITS II participate in ongoing project-related activities, including providing technical assistance to users, adding, editing, monitoring, suspending, and/or revoking user accounts; communicating directly with users, oversight agencies, and CDSS staff if the system is malfunctioning to correct the error in a timely fashion; acting immediately should suspected fraud occur; developing interagency agreements, contracts, and memorandum of understanding (MOUs/MOUAs); and tracking program budgets and preparing invoices.

Without increased reimbursement authority, CDSS cannot execute interagency agreements to fund necessary staffing levels that manage the maintenance and operation of CalFresh Confirm. The increased reimbursement authority will allow CDSS to support existing staffing levels, which are critical to maintaining the CalFresh Confirm tool.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the two budget change proposals included in this issue. For the CalFresh Outreach Section proposal, please include an update on the CalFresh participation rate.

Issue 7: Disaster CalFresh

Trailer Bill Language – Governor’s Budget. CDSS proposes trailer bill language to codify a provision that provides for administrative funding to operate the Disaster CalFresh program.

Background: Disaster CalFresh. Disaster CalFresh, known federally as Disaster SNAP, provides temporary food benefits to disaster survivors who are not participating in the regular CalFresh program at the time of the disaster. Each instance of Disaster CalFresh must be federally approved and is only available for a presidential disaster declaration that includes individual assistance. Since 2017, there have been six Disaster CalFresh operations, most recently in response to the January 2025 LA fires.

AB 607 (Gloria, Chapter 501, Statutes of 2017) provides CDSS with up to \$300,000 per in administrative funding per disaster to implement Disaster CalFresh. However, the provision allowing for administrative funding was uncoded.

Trailer Bill Language to Codify Administrative Funding. CDSS proposes trailer bill language to codify that administrative funding of up to \$300,000 General Fund for CDSS and counties to operate Disaster CalFresh in the event of a major disaster declared by the Governor or President. According to CDSS, codifying this provision will ensure that funding to implement Disaster CalFresh is available to CDSS and counties.

This proposed trailer bill has no fiscal impact, as funding for Disaster CalFresh administration is already included in the Governor’s Budget.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes there is no new funding associated with this proposal.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal, including an overview of the Disaster CalFresh program.

Issue 8: CDSS Automation & EBT Issues

Update on EBT card security. Since October 2021, California has seen a severe increase in criminal EBT theft, which is a nationwide problem. CDSS has implemented a variety of theft mitigation strategies and is actively collaborating with federal, state, and local law enforcement on the investigation of criminal activity related to EBT theft. The key cause of this theft is that EBT cards have outdated technology and are not chip-enabled, making CalFresh, CalWORKs, and CAPI recipients particularly vulnerable to skimming theft relative to other cardholders. The 2023 and 2024 budget acts provided funding to improve EBT card technology by deploying chip/tap enabled cards (which better protect against skimming and fraud), bringing EBT card up to the same technology standard as other credit and debit cards. From November to December 2024, over \$16 million per month in EBT benefits were stolen. The federal government reimbursed the state for replacement CalFresh benefits for a limited period of time between December 2023 and December 2024; CDSS has requested just under \$61 million in reimbursement from USDA for that time period.

CDSS and OTSI have been working with a complex array of stakeholders including the USDA, grocers and retailers, EBT vendors, payment processors, and others to prepare for the deployment of chip/tap cards, including retailer testing and fallback testing to determine readiness of retailers and financial institutions to successfully process chip/tap cards. CDSS and OTSI in February 2025 began mass replacement of Californians’ EBT cards, beginning with households enrolled in both CalWORKs and CalFresh.

Governor’s Budget—California Statewide Automated Welfare System (CalSAWS). CalSAWS is the single automated case management and eligibility system supporting CDSS programs and other public benefits programs, including CalWORKs, CalFresh, Medi-Cal, Foster Care, and other social services. BenefitsCal is the public-facing portal and CalSAWS is the county eligibility and benefit calculation system. CalSAWS is governed by a Joint Powers Authority (JPA) representing the 58 counties. As of October 2023, all 58 counties have migrated to the single CalSAWS system, the culmination of a multi-year project that began in 2018.

Funding for CalSAWS consists of state, federal, and county funds based on the sharing ratios of the various benefit programs. The total CalSAWS Project budget for 2025-26 is \$376.9 million (\$108.3 million General Fund). This is exclusive of automation projects to fund specified state or federal policy changes outside of the base CalSAWS budget. The budget for CalSAWS is summarized below:

California Statewide Automated Welfare System (CalSAWS)

EXPENDITURES:
(in 000s)

FY 2024-25					
Item 141 – Automation	Total	Federal	State	County	Reimb.
CalSAWS	\$369,395	\$55,567	\$105,876	\$15,559	\$192,393
FY 2025-26					
Item 141 – Automation	Total	Federal	State	County	Reimb.
CalSAWS	\$376,944	\$56,190	\$108,319	\$16,050	\$196,385

The following breakdown of the CalSAWS budget is provided by the California Health and Human Services Agency Office of Technology and Solutions Integration (OTSI):

The CalSAWS budget for 2025-26 includes \$342 million (91 percent) for general maintenance and operations. Operations for CalSAWS includes hardware, software, cloud services; technical infrastructure services such as wide area network, local area network, help desk, system performance monitoring, batch operations, and project management; personnel and legal services; print services; quality assurance services; and facilities. The remaining \$34 million (nine percent of the total) accommodates system changes.

September 2024 CAP	SFY 25/26	%
Operations		
Hardware	\$36,442,000	9.7%
Software	\$53,732,000	14.3%
Cloud Services	\$53,229,000	14.1%
Technical Infrastructure	\$111,543,000	29.6%
Personnel & Legal Services	\$49,155,000	13.0%
Print Services	\$28,138,000	7.5%
Quality Assurance & IV&V Services	\$6,411,000	1.7%
Facilities	\$3,490,000	0.9%
Subtotal	\$342,140,000	90.8%
System Changes		
BenefitsCal	\$3,897,000	1.0%
CalSAWS Interface with CARES	\$1,520,000	0.4%
CalHEERS Interface	\$2,388,000	0.6%
Intake Appointments, Worker/Customer Appointments, Worker Availability	\$2,118,000	0.6%
Additional System Changes (Details Below)	\$24,881,000	6.6%
Subtotal	\$34,804,000	9.2%
Combined Total	\$376,944,000	100.0%

The breakdown of the costs for additional system changes according to historical categories is provided below.

Additional System Changes by Category	Annual Cost	% of Total
Legislative & Recurring Policy Maintenance	\$15,276,900	61.4%
Online Help/Training, Texting & Notifications	\$2,371,500	9.5%
CalSAWS/BenefitsCal Integration	\$1,693,900	6.8%
Software and Security Upgrades	\$1,439,800	5.8%
Change Management and Communications	\$1,439,800	5.8%
Worker-Facing System Usability	\$762,300	3.1%
Ancillaries (Interactive Voice Response/Contact Center/Lobby Management, Imaging)	\$1,034,500	4.2%
Reports & State Requests	\$608,200	2.4%
Bank Changes, Office Schedules, Warrant Print Updates	\$254,100	1.0%
Total	\$24,881,000	100%

Migration to single CalSAWS system is complete. The migration of all 58 counties to a single, unified CalSAWS system was completed in October 2023, marking the end of the design, development, and implementation phase of the project and the transition to maintenance and operation. This includes new vendor contracts for infrastructure services and maintenance and enhancements, which were recently executed.

2023 Budget Act – State Oversight of CalSAWS Project and Interface with Child Welfare System.

The 2023 Budget Act included funding for five permanent positions across OTSI, CDSS, and Department of Health Care Services to support the CalSAWS consolidation and to direct, govern, and oversee the planning and implementation of CalSAWS. The 2023 Budget Act also included \$25 million for a bi-directional interface between CalSAWS and Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) systems.

CalSAWS Stakeholder Engagement. The 2023 Budget Act included Supplemental Report Language requiring the Administration and CalSAWS to report on efforts to improve engagement with stakeholders to solicit and integrate their feedback into prioritization of enhancements to public-facing elements of CalSAWS. This was in response to stakeholder concerns that client and community-based organization feedback into the design of public-facing elements of CalSAWS, such as BenefitsCal, were not being considered meaningfully, leading to design issues that could have been avoided. The 2024 Budget Act included additional Supplemental Report Language requiring the Administration and CalSAWS to respond to ongoing stakeholder concerns that were not fully addressed in the 2023 report.

Subcommittee Staff Comment and Recommendation – Informational Item. No action is needed. Subcommittee staff notes that 2023 marked the end of the design, development, and implementation phase of the CalSAWS project and the transition to maintenance and enhancements. Despite the completion of this major project, the Governor’s proposed CalSAWS project budget has modestly increased relative to 2024-25. At the same time, the Legislature continues to experience long delays in the implementation of

legislation affecting public benefits, which is consistently modified to be contingent on the completion of CalSAWS automation.

On EBT security, subcommittee staff notes that California will be the first state to provide chip/tap enabled EBT cards, providing EBT cardholders with the same level of theft protection as non-EBT cardholders. This is a major milestone. The Legislature should continue to monitor EBT theft levels, as well as the mass replacement of EBT cards, to ensure enrollees maintain access to benefits during the transition period.

Questions. The Subcommittee requests CDSS/OTSI respond to the following:

1. Please provide an update on EBT card security and mass card replacement.
2. Please provide an overview of the total budget for CalSAWS in 2025-26. What are the key components of the CalSAWS budget? How and when might the overall CalSAWS budget change as a result of contract changes?
3. How will the CalSAWS budget change, now that the migration of all the counties onto a single system is complete? How will the speed at which CalSAWS is able to automate new policies change, now that the migration is complete?

Issue 9: Information Systems Division Growth and Sustainability

Budget Change Proposal—Governor’s Budget. CDSS requests an increase in General Fund expenditure authority of \$1.56 million in 2025-26 and \$1.53 million ongoing for seven permanent positions and \$1.46 million for contract funding over two years to ensure the Information Systems Division (ISD) has adequate capacity to support the growing department IT needs.

Background. As CDSS has been tasked with administering new and expanded programs in recent years, department staffing has increased to over 6,000 employees in 2023-24. According to CDSS, the department’s IT support staffing has not kept pace with this growth and is not properly resourced to keep up with increased program demands.

According to CDSS, the department has experienced a significant increase in the day-to-day IT support needed for the growing number of department staff. This includes managing IT assets; deploying equipment; properly ensuring software updates; monitoring electronic traffic; securing network infrastructure; and other activities to make sure that CDSS staff are able to effectively use technology and to keep CDSS information and the client data the department holds secure. CDSS states that the ISD customer support and maintenance support staff only grew by three percent from 2017-2018 through 2023-24, while the department grew by over 45 percent over this same time period. The Service Desk experienced a 40 percent increase in ticket volume when comparing 2021 and 2022 data. CDSS notes that the department’s current ratio of IT support to staff ratio is one agent per 119 customers, which is almost double the industry standard of one staff to every 70 customers.

Staffing and Resource Request. According to CDSS, the ISD requires a business adaptive IT operating model and upfront capacity and staffing resources to meet increasing IT needs. CDSS requests ongoing funding for seven permanent positions and \$1.5 million over two years for contracting to ensure the ISD has adequate capacity to support the growing department's IT needs. The request includes \$1.56 million in 2025-26 and \$1.52 million ongoing for the seven positions, and an additional \$1.46 million for contract funding for consulting services for functions where specialized IT skillsets are required and it is hard to hire qualified staff. The requested seven positions include the following:

- One Information Technology Manager I (ITM I): This position manages all activities relating to Regional Office Support. The ITM I will provide leadership and support for both state and federal teams across California and make critical decisions on infrastructure related solutions.
- One Information Technology Specialist III (ITS III): This position will support and provide expertise on the ever-growing cloud infrastructure to the Network Operations Bureau. The ITS III allows OPS to keep up with security requirements, including timely and complete patching, and ensure CDSS IT assets are secured.
- One Information Technology Specialist II (ITS II): These positions act as the technical leads to ensure interoperability and support infrastructure needs such as cloud solutions, server maintenance, and network expansion and monitoring.

- One Information Technology Specialist I (ITS I): This position will be on-site as network, infrastructure, general support function for the regional offices and act as the technical lead over various positions. They will perform asset management duties and identify and develop best practices and procedures in alignment with Program liaisons. They will also perform the more complex duties related to asset management, support procurement strategies, and disposition planning.
- Three Information Technology Associate (ITA): These positions will directly assist the customer and provide on-site Service Desk support for regional offices. The regional offices have grown to more than 400 people and these ITAs will provide the necessary IT and telecommunications support for regional staff in various programs. They will be responsible for the tagging, distribution, collection, distribution, and data management for organizational IT assets. Additionally, these positions will support end-user equipment, ensuring efficient service delivery to address technical issues that arise.

In addition to the seven permanent positions, the \$1.46 million in contract funding will fill gaps where specialized IT skillsets are required, specifically to address operations and maintenance of certain software platforms where there is a growing backlog of maintenance and enhancements.

According to CDSS, this request will help improve the support staff-to-customer ratio from 1 to 119 to 1 to 109, put the ISD in a better position to successfully provide timely and effective customer service.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

NOT FOR PRESENTATION**Issue 10: Proposals for Investment**

Proposals for Investment. The subcommittee has received the following proposals for investment:

- **CalWORKs right size county administrative funding.** The County Welfare Directors Association (CWDA), SEIU California, and the California State Association of Counties request \$245 million TANF/General Fund in 2025-26 and \$210 million TANF/General Fund ongoing for county human services agencies for administration of the CalWORKs program. If approved, these resources would support a one-time increase to the CalWORKs single allocation of \$245 million in 2025-26 and an ongoing increase of \$210 million to reflect a revised budget methodology for the CalWORKs single allocation. According to CWDA, “funding for the eligibility component of the Single Allocation has fallen behind, with counties forced to overspend the statewide eligibility allocation and redirect employment services funding to backfill eligibility. In 2023-24, for instance, counties overspent eligibility funding by \$245 million, resulting in 20 percent of employment services being redirected to fund eligibility activities.”

CWDA states that “counties are required by state and federal mandates to perform eligibility activities within a specified amount of time, but these same time constraints do not apply to employment services. Consequently, given the underlying methodology shortcomings, counties have had to redirect funding from employment services to backfill eligibility overspending. Counties’ ability to provide essential support—the linkages to services and the follow through to ensure that families’ needs are being met—is significantly undermined. Such services and supports include, but are not limited to, credit recovery services, which play a pivotal role in facilitating access to housing and employment; legal services which remove barriers to education, employment, and career advancement; and other tangible supports that assist with educational and employment attainment such as books, uniforms, and transportation... It is also essential that underfunding for eligibility administration be addressed so counties can fully maximize their employment services funding to implement the changes needed for a successful pilot.”

- **Use FRA TANF pilots to reimagine CalWORKs.** A coalition of organizations (CA Partnership to End Domestic Violence, Coalition of California Welfare Rights Organizations, CWDA, End Poverty in California, GRACE/End Child Poverty, Parent Voices CA, SEIU CA, Student Parents are Reimagining CalWORKs, and Western Center on Law and Poverty) request approximately \$278.9 million ongoing (the coalition states they are assessing the department’s cost estimates included in the AB 161 report) to implement policies from the department’s AB 161 FRA Policy Options report and other reforms not included in the AB 161 report. If approved, these resources would support a package of changes to the CalWORKs program, including the following changes listed in the AB 161 report: focus on upfront engagement by eliminating welfare-to-work sanctions during first 90 days (\$1.7 million ongoing); modify the welfare-to-work fixed hourly requirements (\$93.5 million ongoing); simplify the income reporting threshold (\$112.1 million ongoing); streamline appraisal process (\$3.9 million one-time); deliver robust and ongoing training, technical assistance, and coaching to counties (\$4 million one-time). The request additionally includes changes not included in the AB 161 report: aligning the welfare-to-work sanction to federal law;

improve access to supportive services; ensure a family-centered welfare-to-work flow; and reduce administrative burden.

According to this coalition, “CalWORKs families face deep discrimination and disenfranchisement from economic prosperity. As a result, 45 percent of CalWORKs parents do not have a high school diploma or GED. We must ensure CalWORKs provides dignity and durable opportunities by ridding the program of failed policies based in racist and sexist ideas that poor people must be punished to work... Chapin Hall at the University of Chicago has extensively researched the harm from these sanction policies – and, the federal government’s Request For Information soliciting input on the pilots reiterated that sanctions are proven to harm family success. The new federal opportunity to pilot alternatives to the WPR allows California to adopt real benchmarks for family outcomes. The pilot aligns with Reimagine objectives to support rather than punish families facing the greatest barriers and provide meaningful pathways out of poverty. The threat of WPR penalties passed on to counties continues to loom over Cal-OAR and CalWORKs 2.0, which would be removed during the pilot and should be permanently rescinded to help realize these reforms and Reimagine the program. Ultimately, the pilot is an opportunity to continue California’s leadership in driving national reforms that strengthen TANF at the federal level and transforming the lives of children experiencing poverty across the county.”

- **\$60 million new annual baseline for CalFood.** The California Association of Food Banks (CAFB) requests \$52 million General Fund ongoing to bring the CalFood baseline appropriation up from \$8 million to \$60 million. If approved, these resources would enable food banks to purchase California-grown and produced foods to fight hunger and support the critical food economy. According to CAFB, “in line with alarming poverty rates, the latest data from the Census Household Pulse Survey shows that nearly one in four households in California are facing food insecurity, while nearly one in three households with children are food insecure. While grocery prices continue to rise and strain household budgets, food banks remain a lifeline in helping families to put food on the table. Currently an estimated 10 percent of Californians are reporting getting free groceries from a food bank, food pantry, or other place that provides free food in the previous seven days, representing over 2.6M Californians (this is compared to seven percent for the U.S. overall).”

“In a survey of food banks conducted in February 2025, CAFB found that: CalFood represented 37 percent of the network’s food purchasing budget in 2024. Among the 24 small and medium food banks, 60 percent of their purchasing budget comes from CalFood. For 18 food banks, CalFood accounts for over half of their purchasing budget. CalFood was used to purchase over 80 million pounds of food in 2024. Over one-third of CalFood was used to purchase fresh fruits and vegetables. Another 28 percent was used to buy fresh dairy, eggs, meat, and poultry, and 11 percent went toward shelf-stable proteins, such as tuna, peanut butter, and canned and dry beans... CalFood helps food banks to purchase a wide variety of fresh and shelf stable groceries. Two-thirds of food banks use CalFood to purchase culturally appropriate or significant foods. Examples include tortillas, rice, beans, corn, tomato products, Halal foods, non-dairy items, and specialized produce. Most food banks (75 percent) also use CalFood to purchase specialized items for specific populations including older adults and children, unhoused people and people with chronic health conditions or dietary restrictions, and people with disabilities. These include nutrient-dense items such as fresh produce, milk, and eggs, and diet-specific items such as low-sodium canned goods, non-dairy milk, and gluten-free soups. It also includes ready-to-eat and no-cook items such rice or

oatmeal bowls, canned tuna, and beef jerky. A cut to CalFood will mean less food to less people. Most food banks would have to limit or reduce the amount of food offered per household, and reduce nutritious and culturally relevant foods. Most would also have to reduce purchases of California-grown and produced food, including fresh fruits and vegetables, eggs, milk, chicken, holiday turkeys and hams, whole wheat bread, tortillas, peanut butter, and beans. A third of food banks (32 percent) would have to reduce their paid workforce, most often by 1-2 staff members. One fifth of food banks (21 percent) would have to close existing food distribution sites.”

- **CalFresh fruit and vegetable supplemental benefits program.** Fullwell and Nourish California request \$63 million General Fund one-time for the CalFresh Fruit and Vegetable pilot program. If approved, this funding would allow the program to operate continuously for 12 months and expand its reach. According to Fullwell and Nourish California, “in 2023, CDSS launched the CalFresh Fruit and Vegetable EBT Pilot Project, which provided CalFresh households with up to \$60/month in additional food assistance when purchasing fresh fruits and vegetables using their CalFresh benefits. The program’s pilot phase ran from February 2023 – April 2024, followed by a second phase from October 2024 – January 2025. In that second phase, the program operated at 92 grocery stores and one farmer's market statewide. In its final month (January 2025), 67,000 CalFresh households earned \$3.3 million in rebates for fruits and vegetables -- an average of \$49.41 per household per month -- many of which are grown by California farmers.”

“With approximately one in five Californians reporting food insecurity in a September 2024 U.S. Census survey, this program alleviates hardship and increases access to healthy food for low-income Californians. Without additional funding in the 2025-26 budget, the program cannot be restarted, leaving tens of thousands of Californians with fewer resources to put food on their tables. And, with sufficient funding for at least 12 months of continuous operation, the program would be able to avoid another start-and-stop cycle and the difficulties that entails for CalFresh families, partner retailers, and CDSS.”

- **Food for All.** Nourish California and the California Immigrant Policy Center request \$30 million in 2026-27 and \$398.7 million in 2027-28 and ongoing to expand CFAP to all Californians regardless of age or immigration status. If approved, these resources would expand CFAP eligibility to income-eligible Californians regardless of age or immigration status in October 2027. This is in contrast to the current plan to expand CFAP to those age 55 and older, regardless of immigration status, in October 2027. According to Fullwell and the California Immigrant Policy Center, “research shows that access to food assistance like CalFresh improves overall health outcomes for individuals with low income and lowers health care costs over the long term... Currently, 45 percent of undocumented Californians and two in three undocumented children are affected by food insecurity according to a CHIS survey with the UCLA Center for Health Policy Research.”

“The 2023-2024 State Budget confirmed an expansion of eligibility for CFAP to include all Californians, age 55 years or older, who are income-eligible, regardless of their immigration status starting October 1, 2025. The 2024-2025 State Budget pushed the implementation date for this expansion to October 1, 2027. With this expansion, roughly 110,000 of California’s older immigrants will gain access to CalFresh food benefits. However, without an expansion of eligibility to include all ages, regardless of immigration status, between 380,000 to 550,000

Californians will continue to be excluded, including 92 percent of California’s undocumented farmworkers.”

- **Diaper Bank Funding.** The California Association of Diaper Banks requests \$16.5 million General Fund ongoing to support the California diaper bank network. If approved, these resources would keep free diapers available in 39 counties representing 83 percent of residents in California. According to the California Association of Diaper Banks, “state funding for free diapers, again, expires June 30 of this fiscal year, and the Governor’s Budget does not propose funding for 2025-26. Without continued funding, California Diaper Bank Network will cease operations at the start of the 2025-26 fiscal year.”

“The state began providing limited-term funding for diaper banks six years ago and the 2021-22 State Budget included \$30 million one-time over three years for eight Diaper Banks, which expired June 30, 2024. Each site was originally receiving \$1.25 million annually for diapers. The 2024-25 state budget ultimately extended operations by one year by providing a reduced amount of \$9 million one-time—the minimum funding needed to distribute free diapers and wipes to low-income families through 11 Diaper Banks across California... Prior to the 2024-25 allocation, state funding had allowed Diaper Banks to distribute 160 million diapers to over 1 million families with 1.6 million infants...the cost of diapers is upwards of \$100 per month per child, and 57 percent of parents and caregivers reported missing an average of four days of school or work per month because they did not have enough diapers to drop their child off at child care.”

- **Prevent funding cliff for promise neighborhoods.** The California Cradle to Career Coalition, GRACE/End Child Poverty California, and Hayward Promise Neighborhood request \$17.5 million General Fund one-time to continue state support for Promise Neighborhoods in the counties of San Francisco, Alameda, San Diego, and Tehama and support proven regional anti-poverty partnerships in Salinas and the Central Valley. If approved, this funding would continue state funding for four existing Promise Neighborhoods (\$12 million General Fund over three years), and support regional shovel-ready projects in Salinas and the Central Valley (\$3 million over three years. According to this coalition, “a funding cliff threatens the four Promise Neighborhoods, undermining the achievements gained in the first two years of the funding awarded in 2022-23 budget. California’s existing investment expires in July and poses severe consequences for the children and families served by the Promise Neighborhoods. Additionally, regional partnerships working in some of the most underserved areas such as the Salinas and Central Valleys have shovel-ready projects with acute need for modest state investment...early data highlights the breadth of impact, including the advancement of several state goals:

- Statewide: 73,320 children 0-18, and 57,054 adults reached with comprehensive services at schools, preschools and in the community
- Mission Promise Neighborhood (San Francisco)
 - 23 families moved into permanent, affordable housing
 - 236 families enrolled in public benefits
- Hayward Promise Neighborhood (Alameda County)
 - 184 percent increase in families accessing food and nutrition resources
 - 19 percent decrease in food insecurity
- Chula Vista Promise Neighborhood (San Diego County)
 - 15 percent decrease in chronic absenteeism

- 4.4 percent increase in high school graduation
- Corning Promise Neighborhood (Tehama County)
 - \$3.5 million procured to develop high-wage, high-growth areas in rural high schools through the Career Technical Education Pathway ReDesign - 1,960 mental health therapeutic sessions with K-12 students.

Subcommittee Staff Comment and Recommendation – Informational item.