

Date of Hearing: March 11, 2025

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 320 (Bennett) – As Introduced January 24, 2025

SUBJECT: Public social services: eligibility: income exclusions

SUMMARY: Notwithstanding any other law, and to the extent permitted by federal law, exempts any compensation awarded to a pupil member of a charter school governing board or a county board of education from being considered as income or assets when determining eligibility and benefit amount for:

- 1) Any means-tested program, including, but not limited to: California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, General Assistance, Medi-Cal, Kinship Guardianship Assistance Payment Program (Kin-GAP), or Adoption Assistance Program (AAP), and Cash Assistance Program for Immigrants (CAPI), and,
- 2) Any scholarships for public colleges and universities, including, but not limited to, Cal Grant awards, Chafee grant awards, Middle Class Scholarship Program awards, California College Promise Grants, California State University Educational Opportunity Program (EOP) grants, Community College Extended Opportunity Programs and Services (EOPS) grants, and grants from the University of California or the California State University.

EXISTING LAW:

State law:

- 1) Permits a county board of education or a governing body of a charter school to include a high school student member upon petition. (Education Code §§ 1090 & 35120)
- 2) Establishes in state law the CalWORKs program to provide cash assistance and other social services for low-income families through Temporary Assistance for Needy Families (TANF). Under CalWORKs, each county provides assistance through a combination of state, county and federal TANF funds. (Welfare and Institutions [WIC] §§ 11120 *et seq.*)
- 3) Establishes income, asset, and real property limits used to determine eligibility for the CalWORKs program and CalWORKs grant amounts, based on family size and county of residence. (WIC §§ 11150 - 11160, 11450 *et seq.*)
- 4) Allows a CalWORKs applicant or recipient, to the extent permitted by federal law, to retain countable resources in an amount not to exceed \$10,000 for assistance units that do not include at least one member 60 years of age or older or a disabled member, and in an amount not to exceed \$15,000 for assistance units that include at least one member 60 years of age or older or a disabled member. (WIC § 11155(a))
- 5) Exempts the following from consideration as income for purposes of public social services, including CalWORKs, programs, as specified:
 - a) Income that is received too infrequently to be reasonably anticipated, as exempted in federal Supplemental Nutrition Assistance Program (SNAP) regulations;

- b) Income from college work-study programs;
 - c) An award or scholarship provided by a public or private entity, to or on behalf of, a dependent child;
 - d) Income or stipend paid by the United States (U.S.) Census Bureau, a governmental entity, or a nonprofit organization for temporary work related to the decennial census;
 - e) Any federal pandemic unemployment compensation, so long as the federal pandemic unemployment compensation is exempt as income for purposes of establishing eligibility for the CalFresh program; and,
 - f) Any Guaranteed income payments. (WIC § 11157(b-e))
- 6) Requires all individuals over 16 years of age, unless otherwise exempt, to participate in welfare-to-work (WTW) activities as a condition of eligibility for CalWORKs. (WIC § 11320.3)
- 7) Establishes the CalFresh program to administer the provision of federal SNAP benefits to families and individuals meeting certain criteria, as specified. (WIC §§ 18900 *et seq.*)

Federal law:

- 8) Permits individual states to exclude types of income that the state does not consider when determining eligibility for TANF or Medicaid to determine SNAP eligibility in a state operations plan. (7 Code of Federal Regulations [CFR] 273.9(c)(19))
- 9) Prohibits states from excluding the following from income calculations:
- a) Wages or salaries;
 - b) Gross income from a self-employment enterprise;
 - c) Benefits under Title I, II, IV, X, XIV or XVI of the Social Security Act, including Supplemental Security Income (SSI) benefits, TANF benefits, and foster care and adoption payments from a government source;
 - d) Regular payments from a government source. Payments or allowances a household receives from an intermediary that are funded from a government source are considered payments from a government source;
 - e) Worker's compensation;
 - f) Child support payments, support or alimony payments made to the household from a non-household member;
 - g) Annuities, pensions, retirement benefits;
 - h) Disability benefits or old age or survivor benefits; and,

- i) Monies withdrawn or dividends received by a household from trust funds considered to be excludable resources under 7 CFR 273.8(e)(8).
- 10) Provides eligibility requirements and exemptions for students under the CalFresh program. (7 CFR 273.5 *et seq.*)
- 11) Establishes the Food Stamp Act of 1964. (7 United States Code [USC] Section 2011 *et seq.*)
- 12) Establishes the federal TANF program, which provides block grants to states to develop and implement their own state WTW programs designed to provide cash assistance and other supports and services to low-income families (42 USC 601 *et seq.*)

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS:

Background: *CalWORKs* is the state's primary cash assistance program. More specifically, *CalWORKs* implements the federal TANF program and provides eligible low-income families with cash grants and supportive services aimed at helping them to secure education, training, and employment. Among others, the supportive services include mental health counseling, substance use disorder treatment, or domestic violence services; job skills training; attendance in a secondary school or in a course leading to certificate of general educational development.

Unless deemed exempt or otherwise not required to participate per *CalWORKs* rules, parents are required to develop and participate in a WTW plan. *CalWORKs*-approved WTW activities can include public or private sector subsidized or unsubsidized employment; on-the-job training; community service; secondary school, adult basic education and vocational education and training when the education is needed for the recipient to become employed; specific mental health, substance use disorders, or domestic violence services if they are necessary to obtain or retain employment; and a number of other activities necessary to assist a recipient in obtaining unsubsidized employment.

As of October 2024, the maximum monthly grant for a family of three on *CalWORKs* (one parent and two children), if the family has no other income and lives in a high cost-of-living county, is \$1,039. In 2024-25, the administration estimates the average *CalWORKs* grant amount to be \$1,001 per month across all family sizes and income levels. *CalWORKs* recipients are often also eligible to receive supportive services and resources, such as subsidized child care, employment training, mental health counseling, and housing assistance.

Income Exempt from CalWORKs Eligibility Determination. Current law specifies types of income that are exempt in the *CalWORKs* program, including:

- Income received from guaranteed income programs;
- Income that is received too infrequently to be reasonably anticipated;
- Income from college work-study programs; an award or scholarship provided by a public or private entity to or on behalf of a dependent child;
- Federal pandemic unemployment compensation, as specified; and,
- And, income or stipend paid by the United States Census Bureau, a governmental entity, or a nonprofit organization for temporary work related to improving participation in the

decennial census that is earned in the year preceding a decennial census and during the year of the decennial census.

In recent years, several legislative attempts have been made to expand the list of exempt income for eligibility. In 2023-24, efforts to exempt student grants, awards, scholarships, loans, fellowships, and apprenticeships' income were vetoed.

CalFresh. In California, SNAP funds are administered through the CalFresh program. SNAP is the federal program that provides funds to states to offer nutritional benefits to low-income individuals and families. The United States Department of Agriculture (USDA) sets SNAP eligibility standards and includes income tests, work requirements, and required documentation to apply for the benefit. The benefit is meant to assist with access to food and is distributed through various sources, depending on the state. Formerly known as food stamps, the program provides specific eligibility requirements and funding to states, with implementation at the local level conducted through the county. CalFresh is under the purview of CDSS and is facilitated through the county human services agencies. Federal, state, and local governments share in the financial obligation of the program's administration. Individuals can complete the CalFresh application online, over the phone, in-person at their county CalFresh office, or through the mail. Eligible individuals in the state receive benefits through electronic cards, known as electronic benefit transfer cards, to purchase food items, seeds, and plants that can be grown as food at home.

The USDA also sets gross and net income requirements. As these requirements are set at the federal level, California has little flexibility in setting eligibility criteria for applicants and recipients. If a family passes the gross income test, the net income test is computed, and the amount is determined by deducting certain income from a household's gross income. Currently, the maximum allowable gross income is 200% of the Federal Poverty Level, although households with elderly members or members with disabilities are not subject to gross income criteria.

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. In 2023-24, about 5.3 million Californians received a total of \$12 billion in CalFresh benefits, all of it federally funded, for an average monthly benefit of about \$189 per recipient.

Unlike CalWORKs and other aid programs, California has little flexibility in its eligibility guidelines. Because CalFresh is federally funded, California has some, but limited flexibility, in changing eligibility for CalFresh. When computing income for purposes of determining CalFresh eligibility, certain income is exempt, such as in-kind benefits, meals, clothing, employer-provided housing, vendor payments, or money paid to a third party for a household expense by a person or organization outside of the household, among others. However, eligibility for students is viewed differently.

Current Income Exclusions for Students. California currently allows for a number of CalWORKs income exclusions to be applied when determining CalFresh eligibility in the CalFresh Manual of Policy and Procedures including, but not limited to specified tax refunds or credits, a portion of disability-based unearned income, and student earned income if the child is under 19 years old and meets specified requirements. Most recently, effective December 1, 2021, all student loans and grants excluded for CalWORKs must also be excluded for CalFresh. CDSS released All

County Letter No. 21-137 giving guidance of the below, and specifically clarifying that the money must be used for educational expenses in order for the income to be considered exempt. The following is the full list of educational assistance that must be excluded when determining CalFresh or benefits:

- Title IV and Bureau of Indian Affairs educational assistance;
- Grants administered by the Federal Secretary of Education;
- Loans or grants administered by:
 - The community college extended opportunity services,
 - The California Student Aid Commission, or,
 - A college accredited by the Western Association of Schools and Colleges;
- Needs-based grants for undergraduate students;
- Awards and scholarships for dependent children;
- Grants whose proceeds are not available to the student to meet current needs;
- Any other loans that have a written agreement specifying obligation to repay and a repayment plan; and,
- Any other educational assistance when it is used for allowable educational expenses.

Author’s Statement: According to the Author, “[This bill] expands on the provisions of AB 824 [(Bennett), Chapter 669, Statutes of] 2021, which allowed high school students to petition for a seat on their local County Boards of Education and Charter School Governing Boards. We have since discovered that compensation earned by student board members is considered “income” in means-tested programs, making some students ineligible for the aid they had previously qualified for. [This bill] ensures that any compensation awarded to a pupil member of a county board of education is not counted as income for means-tested aid programs, such as Cal-Works and Medi-Cal.”

Equity Implications: *This bill* allows high school students who have the honor to participate in their county boards of education or their charter school board to still qualify for public assistance if they were previously eligible.

Compensation earned as a pupil member is considered income for means-tested aid programs, resulting in loss of eligibility for some members who receive state/federal benefits. Consequently, student members in that predicament must choose to forfeit their compensation or no longer receive benefits. *This bill* may level the playing field for low-income children to participate in their school boards.

RELATED AND PRIOR LEGISLATION:

AB 274 (Bryan) of 2024, would have exempted grants, awards, scholarships, loans, or fellowship benefits used for educational purposes from income or resources considerations when determining eligibility for CalWORKs; would have exempted, to the extent federal law permits, CalFresh eligibility by requiring CDSS use TANF eligibility requirements to determine CalFresh eligibility. *AB 274 was vetoed by Governor Newsom.*

AB 372 (Nguyen) of 2023, would exclude specified income from apprenticeship or pre-apprenticeship programs for the purposes of determining CalWORKs eligibility. *AB 372 was vetoed by Governor Newsom.*

AB 1004 (Calderon), Chapter 99, Statutes of 2021, deleted requirements that, in order to be exempt from being considered income under the CalWORKs program, income or stipends related to the decennial census must be earned on the year of or year prior to a census, so that all such income or stipends may be exempted, regardless of when it is earned, and made those changes effective immediately.

AB 807 (Bauer-Kahan), Chapter 440, Statutes of 2019, exempted certain income, including certain scholarships and income for work on the decennial census, from being counted as income for purposes of determining CalWORKs eligibility and benefit amounts

REGISTERED SUPPORT / OPPOSITION:**Support**

Los Angeles County Office of Education (Sponsor)

Opposition

None on file.

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