

Date of Hearing: March 25, 2025

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 42 (Bryan) – As Amended February 24, 2025

SUBJECT: CalWORKs: CalFresh: eligibility: income and resource exclusions

SUMMARY: Exempts specified private student aid from income considerations when determining eligibility for California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh. Specifically, **this bill:**

- 1) Exempts, notwithstanding any other law, any grant, award, scholarship, loan, or fellowship benefit provided to any assistance unit member for educational purposes, not administered by the United States (U.S.) Department of Education, from consideration as income and resources for purposes of determining eligibility for CalWORKs benefits or calculating grant amounts.
- 2) Requires the California Department of Social Services (CDSS), to the extent permitted by federal law, regulation, or guidance, or a waiver thereof, to exercise the option in federal regulations to exclude, for purposes of calculating a household's CalFresh income, any type of income that CDSS excludes when determining eligibility or benefits for cash assistance provided with Temporary Assistance for Needy Families (TANF) funds.
- 3) Requires CDSS, notwithstanding the rulemaking provisions of the Administrative Procedure Act, to implement this act through an All County Letter or similar instruction on or before March 1, 2026, until regulations are adopted.
- 4) Clarifies that no appropriation, pursuant to 7) below in state law, will be made for purposes of implementing these provisions.

EXISTING LAW:

State law:

- 1) Establishes the CalWORKs program, which provides cash assistance and other social services for low-income families through TANF. Under CalWORKs, each county provides assistance through a combination of state, county, and federal TANF funds. [Welfare and Institutions Code (WIC) § 11120 *et seq.*]
- 2) 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; WIC § 11450 *et seq.*)
- 3) Exempts the following from consideration as income for purposes of public social services, including the 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 U.S. Census Bureau, a governmental entity, or a nonprofit organization for temporary work related to the decennial census; and,
 - 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. (WIC § 11157(b-d))
- 4) Provides that if an applicant for, or recipient of, CalWORKs benefits receives one or more educational loans or grants, for purposes of determining availability of income, that person's educational expenses shall not be applied to any educational loans or grants which, under federal or state law, are totally exempt from consideration as income for purposes of determining eligibility for CalWORKs benefits. (WIC § 11250.8)
 - 5) Requires all individuals over 16 years of age, unless they are otherwise exempt, to participate in welfare-to-work (WTW) activities as a condition of eligibility for CalWORKs. (WIC § 11320.3)
 - 6) 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.*)
 - 7) Outlines the allocation of funds from the State Treasury to counties related to the care and support of needy children, pregnant mothers, and children eligible for public assistance. (WIC § 152000)

Federal law:

- 1) 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))
- 2) 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 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).
- 3) Provides eligibility requirements and exemptions for students under the CalFresh program. (7 CFR § 273.5 *et seq.*)
 - 4) Establishes under federal law SNAP pursuant to the Food Stamp Act of 1964. [7 United States Code (U.S.C.) § 2011 *et seq.*]
 - 5) 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 U.S.C. § 601 *et seq.*)

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

COMMENTS: *CalFresh.* SNAP (formerly known as the Food Stamp Program) is the largest federal food safety-net program that serves as the first line of defense against hunger and food insecurity for low-income households. In California, SNAP funds are administered through the CalFresh program. Overseen by CDSS and administered locally by county human services departments, CalFresh serves a large and diverse caseload, with substantial shares comprising low-income working families with children, elderly and disabled people, and very low-income individuals with substantial barriers to employment. Participants use electronic benefit transfer cards to purchase eligible food items such as fruits and vegetables, meat, dairy products, and seeds and plants that produce food at authorized retailers, including grocery stores, supermarkets, and farmers' markets. Individuals can complete the CalFresh application online, over the phone, in-person at their county CalFresh office, or through the mail.

The U.S. Department of Agriculture establishes the gross and net income requirements for CalFresh eligibility, limiting California's flexibility in setting its own criteria. 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. Effective October 1, 2024, through September 30, 2025, the maximum annual gross income for a household size of three is \$33,576. Certain incomes, such as in-kind benefits, employer-provided housing, and vendor payments, among others, are exempt when calculating eligibility.

CalFresh plays a critical role in reducing poverty and food insecurity in California. In early 2023, participation in CalFresh helped keep approximately 1.1 million Californians out of poverty. Research also shows that SNAP reduces overall food insecurity by about 20% and reduces food insecurity among children by approximately 33%. Despite its improved outcomes, eligibility criteria differ for students, who must meet specific additional requirements to qualify for CalFresh benefits.

CalFresh Student Eligibility & Participation Rates. The federal student eligibility rule, enacted in 1977, restricts part-time and full-time students in higher education from accessing SNAP

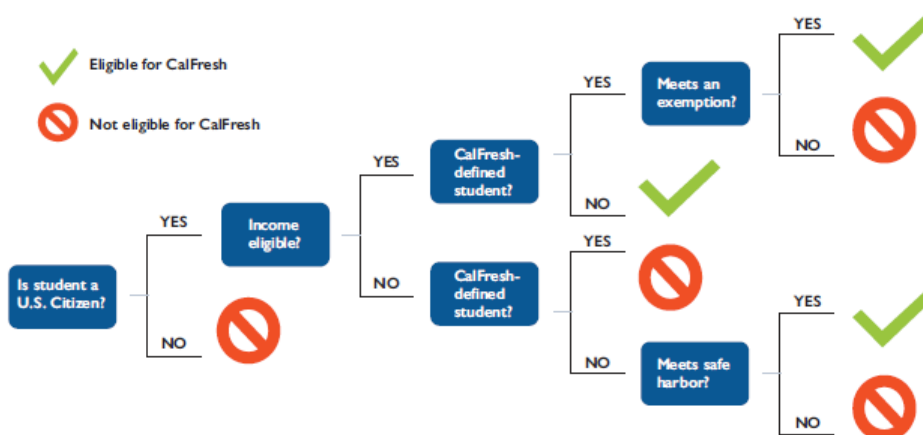
benefits. To be considered a “student” under CalFresh, an individual must be between 18 and 49 years of age; physically and mentally fit for employment; and, enrolled at least half time at an institution of higher education. Eligible institutions include business, trade, technical, or vocation schools, junior, community, two-year, or four-year universities, and graduate school.

Over time, federal flexibilities have expanded access to ensure that more food-insecure students have access to the public benefit. There are several determining factors that can exempt a student from the eligibility rule, including, but not limited to, students who are:

- 1) Younger than 18 or older than 49 years of age;
- 2) Physically or mentally unfit for employment;
- 3) Receiving TANF (CalWORKs in California);
- 4) Enrolled due to participation in the federal Job Opportunities and Basic Skills program or its successor program;
- 5) Working at least 20 hours per week and be paid for that employment; or, if self-employed, be employed for a minimum of 20 hours per week with an income that is at least equal to the federal minimum wage multiplied by 20 hours;
- 6) Participating in an on-the-job training program;
- 7) Caring for a dependent household member under six years of age;
- 8) Caring for a dependent household member between six and 12 years of age when CDSS has determined that adequate childcare is unavailable to enable the student to attend class and comply with work requirements;
- 9) A single parent enrolled full-time and caring for a dependent child under 12 years of age;
- 10) Assigned to, or placed in, an institution of higher education through or in compliance with certain federal programs, including an employment and training program for low-income households that is operated by a state or local government where one or more of the components of such a program is at least equivalent to an acceptable employment and training program component;
- 11) Eligible for state or federally financed work-study during the school year; or,
- 12) Expected to receive zero financial contribution from their family for the academic year.

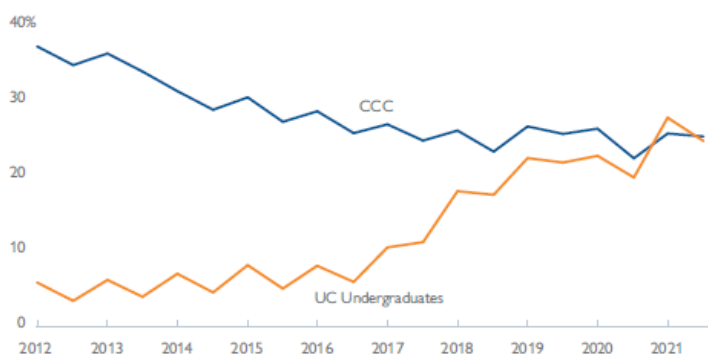
Using allowed federal flexibility, the state has taken steps to improve student access to CalFresh by removing the asset tests, eliminating the finger-imaging requirement, and coordinating with other social services.

FIGURE 1: Determining college student eligibility for SNAP benefits



Despite these efforts, many eligible low-income students do not enroll. Figure 4 below by the California Policy Lab shows that participation rates among community college students have declined from 35% in 2011-12 to about 25% in 2021, while University of California (UC) student participation increased from 5% in 2012 to levels comparable with community colleges, likely due to expanded campus support programs.

FIGURE 4. CalFresh participation rates among eligible California Community College students and University of California undergraduate students, 2012 - 2021



Note: Eligibility rates are shown for Fall and Spring terms (Summer and Winter terms are not shown). Academic years are indicated by the calendar year of the Fall term. Thus, for example, the point for 2012 corresponds to Fall 2012; Spring 2013 is shown as 2012.5.

Barriers to student participation in CalFresh include:

- 1) *Lack of Awareness*. Many students are unaware of their eligibility or unfamiliar with the benefits offered by CalFresh;
- 2) *Stigma*. Some may avoid applying due to the perception of receiving public assistance;
- 3) *Complex Application Process*. The application process can be complex and difficult to navigate, requiring individuals to submit documents, complete interviews, and meet reporting requirements. This can deter a student from applying or result in incomplete applications;
- 4) *Language Barriers*. Non-English speakers may struggle due to limited access to translated materials or multilingual staff, limiting their ability to complete the application process; and,

- 5) *Fear of Losing Benefits.* Some immigrant or mixed-status families may fear losing access to other public benefits, such as Medi-Cal or housing assistance, if they apply for CalFresh, despite state policies protecting immigrant households.

To address these barriers, the Legislature has authored policies to increase student enrollment in CalFresh, including increased county-campus collaboration [AB 1326 (Arambula), Chapter 570, Statutes of 2021]; requiring colleges to provide CalFresh information in orientation [AB 543 (Davies), Chapter 561, Statutes of 2021]; creating a uniform eligibility notification template [SB 20 (Dodd), Chapter 167, Statutes of 2022]; funding basic needs centers at community colleges [AB 128 (Ting), Chapter 21, Statutes of 2021]; expanding the list of qualifying “local programs to increase employability” [AB 396 (Gabriel), Chapter 461, Statutes of 2021]; and, expanding basic needs centers to more California Community Colleges (CCCs), California State Universities (CSUs), and UCs [AB 2033 (Reyes), Chapter 913, Statutes of 2024].

Research shows that CalFresh significantly reduces students’ financial burdens. A 2025 Public Policy Institute of California report found that CalFresh reduces out-of-pocket college costs by about 50% for UC and CSU students living on campus and by 24% for CCC students living off campus. CalFresh enrollment is particularly high among low-income students receiving financial aid, especially Pell Grant recipients. In 2019, the average per-person monthly benefit for CCC students participating in CalFresh was \$123 per month and for UC students, it was \$161 per month. This translates to roughly \$1,500-\$2,000 a year that participating students can use to pay for food.

CalWORKs is the state’s primary cash assistance program, implementing the federal TANF program to provide eligible low-income families with cash grants and supportive services, including job training, education, and mental health counseling or substance use treatment, among other things. Parents, unless deemed exempt or otherwise not required to participate, are required to participate in a WTW plan, which includes activities such as on-the-job training; public or private sector subsidized or unsubsidized employment; community service; secondary school, adult basic education and vocational education and training when the education is needed for the recipient to become employed; 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.

Grant amounts are adjusted for family size, income level, and region, with high-cost counties receiving about 5% more than recipients in lower-cost counties. In 2024-25, a family of three with no other income receives \$925 per month in a high-cost county, and \$878 per month in a lower-cost county, with an average grant across all recipients estimated at \$1,001. About 361,800 families are projected to receive CalWORKs benefits in fiscal year 2025-26.

According to the Public Policy Institute of California October 2020 report *Supporting Student Parents in Community College CalWORKs Program*, CalWORKs students have higher course success rates, full-time enrollment, and degree completion than those not enrolled in college CalWORKs programs. Eligibility remains concentrated among families with high poverty rates, with nearly all children in households earning \$20,000 or less qualifying.

Current Income Exclusions for Students. California excludes certain types of income when determining CalFresh eligibility under the CalFresh Manual of Policy and Procedures. These exclusions include, but are 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 of age and

meets specified eligibility requirements. As of December 1, 2021, all student loans and grants excluded under CalWORKs must also be excluded for CalFresh, as clarified in CDSS All County Letter No. 21-137. To qualify for exemption, these funds must be used for educational expenses. The following types of educational assistance are excluded when determining CalFresh benefits:

- Title IV funds and Bureau of Indian Affairs educational assistance;
- Grants administered by the Federal Secretary of Education;
- Loans or grants administered by:
 - Community college extended opportunity services;
 - The California Student Aid Commission; or,
 - Colleges 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;
- Loans with a written repayment agreement; and,
- Other educational assistance used for allowable educational expenses.

This bill exempts non-federal educational grants, scholarships, loans, and fellowships from being counted as income for CalWORKs and CalFresh eligibility and benefit calculations. It also requires CDSS to align CalFresh income exclusions with TANF rules, where federally allowable, and requires implementation by March 1, 2026, without additional state funding.

Governor's Veto Message. This bill is substantially similar to AB 274 (Bryan) of 2023, which was vetoed by Governor Newsom. The Governor's veto message stated:

“This bill would exempt any grant, award, scholarship, loan, or fellowship benefit received from consideration as income for purposes of determining eligibility for California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh.

“I appreciate the author's intent to support low-income individuals participating in educational programs. However, this bill does not limit the benefits identified to those used for educational purposes, which is out of compliance with federal laws. Further, this bill would result in ongoing costs in the millions of dollars annually, which should be considered in the budget process.

“In partnership with the Legislature this year, my Administration has enacted a balanced budget that avoids deep program cuts to vital services and protected investments in education, health care, climate, public safety, housing, and social service programs that

millions of Californians rely on. It is important to remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.”

In order to address Governor Newsom’s concerns stated above, the Author of this bill explicitly limited the specified financial aid to those used for educational purposes and not administered by the U.S. Department of Education.

Author’s Statement: According to the Author, “Despite banning colleges from practicing scholarship displacement, the state still punishes CalWORKs and CalFresh recipients by reducing their state assistance if they earn any merit-based grants and scholarships. CalWORKs students must balance their academic pursuits with providing for their child(ren). By counting merit-based educational funding against their cash aid, the state forces low-income student parents to choose between two vital forms of assistance, neither of which is enough to support both the student and their child(ren). [This bill] will stop the practice of punishing low-income student parents who work hard to qualify for merit-based scholarships and grants.”

Equity Implications: The provisions of this bill seek to expand access to CalWORKs and CalFresh by exempting certain types of student financial aid from income calculations when determining eligibility. CalFresh primarily serves the state’s lowest income individuals, with participation rates disproportionately higher among Black/African American, Hispanic/Latino/Chicano, and American Indian/Alaska Native students. Similarly, a Legislative Analyst's Office report found that Black parents are more likely than white or Asian parents to be eligible for and participate in CalWORKs due to higher poverty rates.

Food insecurity is a major issue among students, with a January 2025 UCLA study finding that 44% of higher education students experience food insecurity – far exceeding the 13% rate among U.S. households. UC data shows that students facing food or housing insecurity have lower GPAs and graduation rates, with disparities even greater among first-generation, LGBTQ+, underrepresented ethnic minority, and community college transfer students. Grants, scholarships, loans and fellowships are intended to support academic success; however, counting them as income can exclude students who still need CalFresh assistance.

RELATED AND PRIOR LEGISLATION:

AB 274 (Bryan) of 2023, see comments above.

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

AB 288 (Calderon), Chapter 925, Statutes of 2022, prohibits, commencing with the 2022-23 academic year, an institution of higher education from reducing the student’s institutional financial aid offer or award as a result of private scholarship awards received by that student unless certain conditions are met.

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

Coalition of California Welfare Rights Organizations (Co-Sponsor)
uAspire (Co-Sponsor)
Western Center on Law & Poverty (Co-Sponsor)
California Association of Food Banks
California Family Resource Association
CFT- a Union of Educators & Classified Professionals, AFT, AFL-CIO
Child Abuse Prevention Center and Its Affiliates Safe Kids California, Prevent Child Abuse
California and The California Family Resource Association
Child Care Law Center
Faculty Association of California Community Colleges
Legal Aid Foundation of Los Angeles
NASW California

Opposition

None on file.

Analysis Prepared by: Bri-Ann Hernández-Mengual / HUM. S. / (916) 319-2089