
SENATE COMMITTEE ON HUMAN SERVICES

Senator Arreguín, Chair

2025 - 2026 Regular

Bill No: AB 1324

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Version: April 24, 2025

Urgency: No

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Hearing Date: July 7, 2025

Fiscal: Yes

Subject: CalWORKs

SUMMARY

This bill makes several changes to the California Work Opportunity and Responsibility to Kids (CalWORKs) program including deleting the rule that families with unemployed parents who work over 100 hours a month are ineligible for CalWORKs assistance. The bill also makes changes to the extended subsidized employment program.

ABSTRACT

Existing Law:

- 1) Establishes the federal Temporary Assistance for Needy Families (TANF) program, which permits states to implement the program under a state plan. (*42 United States Code (USC) 601 et seq.*)
- 2) Permits TANF financial assistance to any child that has been deprived of parental support or care by reason of the fact that his or her parent who is the principal earner is employed less than 100 hours a month; or exceeds that standard for a particular month if his or her work is intermittent and the excess is of a temporary nature as evidenced by the fact that he or she was under the 100-hour standard for two prior months and is expected to be under the standard during the next month. (*45 CFR 233.100*)
- 3) Establishes the CalWORKs program to provide cash assistance and other social services for low-income families through the federal TANF program. Under CalWORKs, each county provides assistance through a combination of state, county, and federal TANF funds. (*Welfare and Institutions Code (WIC) 11200 et seq.*)
- 4) Establishes income, asset, and real property limits used to determine eligibility for the CalWORKs program and grant amounts based on family size and county of residence. (*WIC 11150-11160, 11450 et seq.*)
- 5) Requires all individuals 16 years of age or older, unless they are otherwise exempt, to participate in welfare-to-work activities as a condition of eligibility for CalWORKs.

(WIC 11320.3, 11322.6)

- 6) Establishes asset limits to determine eligibility for CalWORKs aid. Prohibits a CalWORKs applicant or recipient from receiving aid if they have countable resources over \$10,000, or more than \$15,000 if one member of the household is age 60 or older or has a disability, or if they have a vehicle valued over \$25,000. Requires asset limits to be increased every year based on the California Necessities Index. (WIC 11155)
- 7) Establishes that a child is considered deprived of parental support for the purposes of receiving CalWORKs benefits due to the unemployment of their parent or parents when a parent has worked less than 100 hours in the preceding four weeks, and meets specified federal definitions of an unemployed parent. (WIC 11201(b))
- 8) Establishes that a family receiving CalWORKs benefits with a child who is considered to be deprived of parental support due to unemployment may continue to receive assistance regardless of the number of hours their parent works, provided the family does not exceed the applicable gross or net income limits and is otherwise eligible for assistance. (WIC 11201(c))
- 9) Requires CDSS to, in consultation with the County Welfare Directors Association of California, develop an allocation methodology to distribute additional funding for expanded subsidized employment programs for CalWORKs recipients. Funds allocated may be utilized to cover all expenditures related to the operational costs of the expanded subsidized employment program, including the cost of overseeing the program, developing work sites, and providing training to participants, as well as wage and nonwage costs. (WIC 11322.64)
- 10) "Lockout" means any refusal by an employer to permit any group of five or more employees to work as a result of a dispute with such employees affecting wages, hours or other terms or conditions of employment of such employees. (Labor Code 1132.8)

This Bill:

- 1) Exempts in-kind gifts and income that has been paid to a noncustodial parent from being considered as income for purposes of determining eligibility or benefit amounts for CalWORKs.
- 2) Deletes the requirement that a parent must not work more than 100 hours in the preceding four weeks in order to qualify for CalWORKs benefits. Instead removes any limits on hours worked and allows parents to qualify as long as the family does not exceed the applicable gross or net income limits and is otherwise eligible for assistance.
- 3) Deletes the provision that allows a family receiving aid under this chapter with a child who is considered to be deprived of parental support due to unemployment to continue to receive assistance regardless of the number of hours their parent works, provided the family does not exceed income limits and is otherwise eligible for assistance because of the change made in the above provision..

- 4) Allows a family to continue receiving CalWORKs payments if a caretaker relative is, on the last day of the month, participating in a strike, or a lockout as defined in state law, to extent permitted by federal law.
- 5) Requires CDSS to conduct a CalWORKs expansion feasibility study, which must include estimated costs and identifies necessary statutory changes for expansion. Requires CDSS to consult with the County Welfare Directors Association of California as needed. Requires CDSS to include recommendations within the report of the study and submit the report to the Assembly Committee on Human Services and the Senate Committee on Human Services on or before January 1, 2027.
- 6) Redefines “self-employment” within the list of permissible welfare-to-work activities to clarify that the hours of self-employment must be computed based on the number of hours that the participant engaged in self-employment activity, regardless of the income earned by the participant.
- 7) Requires representatives from labor unions and public benefit advocates to participate in meetings between CDSS and the County Welfare Directors Association of California to determine the amount of funding allocated for operational costs from the additional funding for expanded subsidized employment programs for CalWORKs recipients, consistent with the number of employment slots anticipated to be created and the funding provided.
- 8) Requires each county, in its biennial plan on expanded subsidized employment submitted to CDSS, also include how it intends to:
 - a. Prioritize subsidized employment placements with employers that have a joint labor-management letter of support, a signed community benefits agreement, a project labor agreement, or a labor peace agreement.
 - b. Prevent subsidized employment placements that supplant work that a public employee would have otherwise been hired to do.
 - c. Prevent placement with employers that have a history of a bad safety record, resolved or pending litigation, violations, citations, fines, or penalties relating to any state or federal environmental or labor laws within the last 10 years.
- 9) Requires, in addition to the data CDSS is currently required to provide in the CalWORKs Annual Summary, to include the names of employers where jobs were subsidized and the total amount of the subsidized portion of wages provided to CalWORKs participants working for that employer.
- 10) Prohibits any appropriation to be made to implement this bill.

FISCAL IMPACT

According to the Assembly Appropriations Committee:

- 1) “CDSS estimates the following costs:
 - a. “Ongoing GF costs for additional benefits due to increased eligibility resulting from the elimination of the 100-hour rule, labor strike provisions, and other changes. The amount of these costs is unknown, but potentially significant, and will depend on the impacted caseload.
 - b. “One-time General Fund (GF) automation costs of approximately \$1.8 million for system updates to remove the 100-hour rule and exempt additional income types, among other changes.
 - c. “Minor and absorbable costs to conduct the CalWORKs expansion study.
- 2) “Administrative costs to county social workers for increased workload due to expanded eligibility are unknown, but potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.”

BACKGROUND AND DISCUSSION

Purpose of the Bill:

According to the author, “AB 1324 modernizes and expands access to California’s vital CalWORKs program by extending eligibility to self-employed individuals, workers exceeding 100 hours per month, and those participating in labor strikes. These changes reflect the realities of today’s workforce and remove outdated barriers that prevent struggling families—especially those led by Latina and Black mothers—from receiving critical support. By ensuring that CalWORKs prioritizes job opportunities that offer long-term stability and career growth, this bill strengthens the program’s ability to lift families out of poverty. AB 1324 also directs a feasibility study to explore further expansions and address inequities in access, reinforcing our commitment to building a more inclusive and effective safety net for all Californians.”

CalWORKs

As the California’s version of the federal TANF program, CalWORKs is the state’s largest anti-poverty program. CalWORKs provides temporary cash assistance aimed at moving children out of poverty and helping qualified low-income families meet their basic needs, such as rent, clothing, utility bills, food, and other items needed to ensure children are cared for at home and safely remain with their families. In addition to cash assistance, adult CalWORKs recipients are provided education, employment, and training services designed to help remove barriers to work and promote self-sufficiency. These services are typically outlined in a welfare-to-work plan. CDSS is the designated state agency responsible for program supervision at the state level, and counties are responsible for administering the program at the local level.

CalWORKs is funded through federal, state, county and realignments funds. The federal government gives the state a TANF block grant and CalWORKs receives a majority of that allocation. California and local governments spend a maintenance-of-effort amount as well as

required by federal law. The state also uses General Fund money for state-only programs and provides counties with a single allocation to fund many CalWORKs services. Funds from the 1991 realignment are also used to fund assistance payments and are part of the single allocation.

Eligibility for CalWORKs is based on family size, income level, and region. Families must show economic hardship through income and asset tests and participation in the program is also time limited. Adults are only allowed to use CalWORKs for 60 months in their lifetime. Children of adults who receive cash aid can continue to receive benefits until they are 18 years old in California.

Welfare-to-Work

Adults who participate in CalWORKs are also required to participate in welfare-to-work activities, unless exempted, which includes: employment, education, job skills training, and/or vocational education, work study on college campuses, on-the-job training, community service, and job retention services, or activities to address or remove barriers like mental health, substance use disorder, and domestic abuse. Eligible families can also receive supportive services like child care, transportation, ancillary expenses, mental health services, substance abuse services, and personal counseling.

CalWORKs Income and Asset Limits

In order to be eligible for CalWORKs, families must meet income and asset tests, both of which require specified calculations that take into account many factors, including earned income, disability-based unearned income, and other unearned income. Eligibility standards require that a family's countable income must be less than the "Minimum Basic Standard of Adequate Care," which varies based on family size and where the family resides (some areas in California are designated high cost of living areas). As of October 1, 2024, a family of four living in Los Angeles County must earn less than \$1,579 in countable monthly income in order to be eligible for CalWORKs benefits. Under current law, certain types of income are considered exempt in the CalWORKs program, which means they are not counted when calculating a person's program eligibility for the program and cash benefit amount they receive. Examples include, income that is received too infrequently to be reasonably anticipated or income from college work-study programs. This bill adds in-kind gifts and income that has been paid to a non-custodial parent to the list of income sources that are exempt from consideration as income for the purposes of CalWORKs.

CalWORKs Deprivation Standard

The state's deprivation standards were originally enacted to comply with federal Aid to Families with Dependent Children (AFDC) rules, which required two-parent families to take additional steps to prove deprivation in order to receive aid. The AFDC statute was replaced in 1996 with the TANF program, which emphasized work preparation in conjunction with receipt of the grant. One of the four core purposes of the TANF program is to encourage the formation and maintenance of two-parent families.

The deprivation test means that in order to qualify for CalWORKs, a child in the family must be "deprived of parental support or care" due to the death, physical or mental incapacity, or

incarceration of a parent, the unemployment of a parent or parents, or the continued absence of a parent, as defined. Consequently, the only way a two-parent household can meet the deprivation test is if the principal wage earner is unemployed, which is defined as working less than 100 hours in a month, regardless of their income. The 100-hour work limit is a remnant of the prior AFDC law, which was based on the assumption that an average of 25 hours per week would put a family above the threshold to receive cash benefits.

Many states have modified or removed special requirements for two-parent units, but California remains one of a few states that has the 100-hour limit in statute. The elimination of this rule would allow county eligibility workers to evaluate applications based only on income limits and allow more families to receive benefits that would otherwise qualify. An evaluation of the Minnesota Family Investment Program found that when “the 100-hour and work history rules were removed, two-parent families were allowed to retain more of their earnings”¹. Studies of the program have also found that rules like the 100-hour rule discourage employment rather than incentivize it. This bill would remove 100-hour standard for purposes of determining if a family meets the deprivation standard.

Expanded Subsidized Employment Program

The expanded subsidized employment program includes all subsidized employment in the CalWORKs program, outside of the general employment services funding included in the CalWORKs single allocation. The program is optional for counties and allows them to subsidize wages of CalWORKs recipients, usually for six months, and counts toward welfare-to-work hours. Participants may be placed with a private, non-profit, or public agency with the goal of building skills that lead to higher wages and long-term employment. The program has shown to be successful in increasing earnings, with 2019-20 program data showing the median quarterly income among a group of expanded subsidized employment participants began at \$2,630 and ended at \$5,348 post-expanded subsidized employment participation. This bill makes a number of changes to the expanded subsidized employment program meant to improve job placements including prioritizing subsidized employment placements that with employers that have a joint labor-management letter of support and increased data collection on placements.

Related/Prior Legislation:

SB 996 (Kamlager, 2022) would have repealed the consideration of an individual’s or family’s assets as a condition of eligibility for CalWORKs and repealed the 100-hour standard described above for purposes of determining a child’s deprivation of parental support or care due to the unemployment of their parent. SB 996 was held in the Assembly Appropriations Committee.

SB 80 (Committee on Budget and Fiscal Review, Chapter 27, Statutes of 2019) increased asset limits for CalWORKs to \$10,000, or \$15,000 for families that include a member who is 60 years of age or older or who has a disability.

AB 371 (Mullin, 2015) would have removed the deprivation standard for purposes of determining eligibility for CalWORKs, and would have instead required that aid be granted to a

¹ Paula Roberts and Mark Greenberg. Marriage and the TANF Rules: A Discussion Paper. Center for Law and Social Policy. February 1, 2005

family if the family meets applicable eligibility requirements, without regard to the absence or employment status of the parent, among other changes to CalWORKs requirements. AB 371 was vetoed.

AB 1502 (Mullin, 2014) would have removed the deprivation standard for purposes of determining eligibility for CalWORKs, and would have instead required that aid be granted to a family if the family meets applicable eligibility requirements, without regard to the absence or employment status of the parent, among other changes to CalWORKs requirements. AB 1502 was held in the Senate Appropriations Committee.

COMMENTS

This bill will make multiple changes to the CalWORKs program that affect eligibility, access to assistance, and the administration of the expanded subsidized employment program. Families rely on these programs to alleviate deep poverty and gain the resources and skills to improve their long term employment outlook. It is important that unnecessary barriers like the 100- hour standard that are rooted in outdated beliefs about the cost of living and healthy family structures are removed. These changes ensure financial assistance barriers are removed and that employment opportunities are beneficial. This bill takes steps towards both of those goals and also requires a CalWORKs expansion feasibility study to identify additional necessary statutory changes needed to expand CalWORKs to those who need it.

PRIOR VOTES

Assembly Floor:	60 - 14
Assembly Appropriations Committee:	11 - 2
Assembly Human Services Committee:	5 - 2

POSITIONS

Support:

Alliance for Children's Rights

Oppose:

None received

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