

CONCURRENCE IN SENATE AMENDMENTS

AB 42 (Bryan)

As Amended June 23, 2025

Majority vote

SUMMARY

Exempts higher education financial aid benefits, excluding cash payments made by friends or relatives, from income consideration when determining benefit eligibility. Requires the California Department of Social Services (CDSS), to the extent permitted by federal law, to also exclude Medicaid assistance when aligning CalFresh income calculations with California Work Opportunity and Responsibility to Kids (CalWORKs)-funded cash assistance rules.

Senate Amendments

- 1) Clarify that financial aid benefits are exempt from income consideration for the purpose of attending an institution of higher education, excluding cash payments made directly by friends and relatives, and to the extent permitted by federal law.
- 2) Exclude Medicaid assistance when aligning CalFresh income calculations with CalWORKs-funded cash assistance rules.

COMMENTS

CalFresh. SNAP (Supplemental Nutrition Assistance Program; 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.

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; however, many eligible low-income students still do not enroll. 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.

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 Temporary Assistance for Needy Families (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 educational grants, scholarships, loans, and fellowships, excluding cash payments made by friends or relatives, 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.

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.”

Arguments in Support

According to the County of San Diego, “California’s eligibility policies currently count merit-based educational funding against a student’s eligibility for public benefits, forcing 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] would halt the practice of penalizing low-income student parents who qualify for merit-based scholarships and grants and would help more low-income San Diego students and families qualify for or maintain CalFresh and CalWORKs benefits.”

Arguments in Opposition

No opposition on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee on July 14, 2025: The California Department of Social Services (CDSS) estimates the following:

- 1) Local assistance costs of \$57,100 (\$28,000 General Fund and \$29,100 federal funds) in the first year of implementation and \$131,000 (\$66,600 General Fund and \$64,400 federal funds) ongoing thereafter for CalFresh/California Food Assistance Program (CFAP) administration and CFAP benefits.
- 2) Local assistance costs of \$22,900 (General Fund) in the first year of implementation and \$67,200 (General Fund) ongoing thereafter for CalWORKs benefits and administration.
- 3) One-time General Fund costs of \$350,750 for automation.
- 4) Costs to counties for administration would be potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

VOTES:

ASM HUMAN SERVICES: 7-0-0

YES: Lee, Castillo, Calderon, Elhawary, Essayli, Jackson, Celeste Rodriguez

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa

ABS, ABST OR NV: Sanchez

ASSEMBLY FLOOR: 79-0-0

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

SENATE FLOOR: 39-0-1

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Reyes

UPDATED

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