CWDA
Advancing Human Services
for the Welfare of *All* Californians

February 13, 2026

To: The Honorable Caroline Menjivar
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

The Honorable Dr. Corey A. Jackson
Chair, Assembly Budget Subcommittee No. 2

Honorable Members
Assembly Budget Subcommittee No. 2

From: Carlos Marquez III, Executive Director, CWDA

RE: PREVENT HUNGER & PROTECT CALFRESH FROM H.R. 1 CUTS & RISKS

The County Welfare Directors Association of California (CWDA) respectfully submits this memorandum to highlight three significant programmatic changes and emerging risks affecting CalFresh administration that will require targeted relief and strategic investments to ensure Californians can continue to access critical food assistance without disruption.

Supplemental Nutrition Assistance Program (SNAP) (known as CalFresh in California) benefits provide a lifeline for Californians who struggle with food insecurity and access to healthy and nutritious food. As Californians seek CalFresh benefits to help pay for food, county eligibility workers play an important role in ensuring access to these critical benefits. Unfortunately, California is facing three significant CalFresh policy shifts and fiscal pressures that, without additional dedicated support for county eligibility workers, may translate into delayed access to benefits and potential gaps in or loss of food assistance for hundreds of thousands of low-income Californians.

If unmitigated through adequate funding and thoughtful implementation, the restrictions on food access enacted by H.R. 1 threaten to also worsen health, housing, economic, and child welfare outcomes. The well-documented literature on the benefits of CalFresh shows that:

- Losing access to CalFresh will result in increased hunger, hospitalizations, uncontrolled chronic illnesses, diabetes rates, mental health issues – including anxiety, depression, and suicide ideation[1] – as well as higher costs to public hospitals, emergency rooms, and Medi-Cal,[2] and increased rates of premature mortality.[3]
- Those subject to the CalFresh three-month time limit (as expanded on in this memo) are so vulnerable that when the time limit removes the protective factor of food assistance, the policy is associated with elevated suicide rates compared to counties in which waivers are in place.[4]
- Losing access to CalFresh will result in increased homelessness and housing instability. When individuals and families lose access to food assistance, household budgets adjust by paying for food with rent money, leading to increased evictions, shelter entries, and street homelessness.[5]
- 30,000 grocers, farmers markets, and other authorized retailers[6] in local economies across California benefit from $12 billion annually in CalFresh food

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[1] Odabasi, S. (2023). The relationship between the Supplemental Nutrition Assistance Program (SNAP) and suicide rates: evidence from panel data. International Journal of Happiness & Development. https://www.inderscienceonline.com/doi/pdf/10.1504/IJHD.2023.131523. Elbogen, E. B., Graziano, R. C., LaRue, G., Cohen, A. J., Hooshyar, D., Wagner, H. R., & Tsai, J. (2024). Food Insecurity and Suicidal Ideation: Results from a National Longitudinal Study of Military Veterans. Archives of Suicide Research, 28(2), 644–659. https://doi.org/10.1080/13811118.2023.2200795.

[2] Literature reviews are available from: the Center on Budget & Policy Priorities. (2022).SNAP Is Linked With Improved Health Outcomes and Lower Health Care Costs.https://www.cbpp.org/research/food-assistance/snap-is-linked-with-improved-health-outcomes-and-lower-health-care-costs. Food Research & Action Center. (2017). Hunger & Health: The Role of the Supplemental Nutrition Assistance Program in Improving Health and Well-Being. https://frac.org/wp-content/uploads/hunger-health-role-snap-improving-health-well-being.pdf.

[3] Ba Banerjee S, Radak T, Khubchandani J, Dunn P. (2020). Food Insecurity and Mortality in American Adults: Results From the NHANES-Linked Mortality Study. Health Promotion Practice. 22(2):204-214. doi:10.1177/1524839920945927.

[4] Odabasi, S. (2023). The relationship between the Supplemental Nutrition Assistance Program (SNAP) and suicide rates: evidence from panel data. International Journal of Happiness & Development. https://www.inderscienceonline.com/doi/pdf/10.1504/IJHD.2023.131523.

[5] Cox, E. , East, C. and Pula, I. Brookings Institute. (2024). *Beyond Hunger: The role of SNAP in alleviating financial strain for low-income households*. https://www.brookings.edu/articles/beyond-hunger-the-role-of-snap-in-alleviating-financial-strain-for-low-income-households. Almada, L. and Nam, L. (2016). "The effects of SNAP on non-food expenditure: an instrumental variables approach." https://data.ers.usda.gov/FANRP-ridge-project-summaries.aspx?type=2&summaryId=270. Davalos, M., and Saucedo, M. (2026). H.R. 1's SNAP Rules Will Harm Californians Experiencing Homelessness: Federally Imposed Time Limits and Ineffective Work Requirements Will Increase Hunger for Unhoused Californians. California Budget & Policy Center. https://calbudgetcenter.org/resources/h-r-1s-snap-rules-will-harm-californians-experiencing-homelessness/.

[6] Center on Budget & Policy Priorities. (2025). *California SNAP Factsheet.* https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_california.pdf.

benefits,[7] with each $1 in CalFresh spent generating as much as $1.80 in GDP as benefits circulate in local economies, and each $1 billion in benefits supporting 13,564 jobs across our food economy.[8]

- Losing access to concrete supports like CalFresh food assistance will increase poverty-related stressors on families, increase child abuse, foster care entries and overall involvement in the Child Welfare System.[9]

Maximizing CalFresh benefit retention is also critical given the unmatched scale of CalFresh compared to the capacity of the emergency food system:[10] for every 1 meal provided by food banks, CalFresh delivers 9.[11]

Adequate investment in the county eligibility workforce will ensure that CalFresh recipients impacted by H.R. 1's harsh rules can retain life-saving access to food, reducing negative downstream health, housing, economic, and child welfare outcomes.

These three policy issues making these risks more acute are summarized immediately below, with CWDA's more full analysis in the sections that follow:

- **Reimplementation and expansion of Able-Bodied Adults Without Dependents (ABAWD) three-month time limit and work requirements under H.R. 1:** Beginning June 2026, nearly one million CalFresh recipients will be subject to time-limited benefits unless they meet complex work requirements or qualify for increasingly narrow exemptions. Also known as the ABAWD time limit, the policy restricts certain recipients to three months of food benefits within a three-year period, unless they meet work requirements (avg. 20 hours per week) or qualify for an exemption. Work requirements have long been disproven as an effective strategy for improving employment among vulnerable populations, and are instead highly likely to result in loss of access to food benefits. Moreover, **as individuals are exempted through**

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[7] Department of Social Services. (2026). CalFresh Data Dashboard. https://public.tableau.com/app/profile/california.department.of.social.services/viz/CFdashboard-PUBLIC/Home.
[8] Canning, P. and Stacy, B. (2019). USDA Economic Research Service. T*he Supplemental Nutrition Assistance Program (SNAP) and the Economy: New Estimates of the SNAP Multiplier.* https://ers.usda.gov/sites/default/files/_laserfiche/publications/93529/ERR-265.pdf?v=70863.
[9] Chapin Hall. (2023). *Family and Child Well-being System: Economic and Concrete Supports as a Core Componen*t. University of Chicago. https://www.chapinhall.org/wp-content/uploads/Economic-Supports-deck.pdf.
[10] Legislative Analyst's Office. (2026). *Key Impacts of H.R. 1 on Medi-Cal and CalFresh.* https://lao.ca.gov/handouts/health/2026/H.-R-1-Key-Impacts-021126.pdf.
[11] Feeding America. (2020). *1 in 9 Meals.* https://www.feedingamerica.org/sites/default/files/2020-03/Feeding%20America%20orange%20slice%20AHPC%202020.pdf.

available data sources under this policy, those who remain for counties to work with will likely be individuals with significant needs: vulnerable participants who may require additional engagement due to historically having minimal connection to the eligibility system, and also with potentially unstable and precarious employment. This means that they may lack a reliable data footprint that allows for easy verification and will be harder to serve, requiring intensive screening, ongoing engagement, and careful exemption determinations. As a result, counties will be focused on serving the hardest-to-reach and hardest-to-document cases. **Without sufficient workforce capacity to support clients and screen for exemptions as outlined in the California Department of Social Services' guidance—estimated to require $9.3 million General Fund in Fiscal Year (FY) 2025-26, $102.8 million General Fund in FY 2026-27, and $57.9 million General Fund annually thereafter and 400 permanent FTEs—eligible individuals will be at risk of losing benefits** due to primarily to procedural barriers rather than purely as a result of ineligibility.[12] Given implementation will go into effect in the current fiscal year, we also urgently request the Administration to release $9.3 million General Fund from $20 million provisionally set aside in the Budget Act of 2025 (SB 105, Chapter 104, Statutes of 2025) by March 1, 2026, and carry over the remainder of the $20 million into FY 2026-27, so counties have the necessary resources for readiness activities and can continue to staff up.

- **Increase in the State and county share of CalFresh administrative costs:** A federal administrative cost shift pursuant to H.R. 1 will trigger an automatic increase in county match requirements under longstanding 1991 realignment law (an estimated cost shift of over $200 million annually), placing significant state and federal funding at risk effective October 2026 for many counties who will struggle to meet the match. A match waiver is one pragmatic option to maximize available funding and avoid leaving up to potentially hundreds of millions of State and federal funds on the table. **With precedent in the Great**

[12] Cook, Jason B., Elizabeth Cox & Chloe N. East. (2026). *SNAP Work Requirements, Administrative Burden and Procedural Denials.* NBER Working Paper No. 34698, National Bureau of Economic Research. https://doi.org/10.3386/w34698.

Recession and COVID-19 pandemic, a match waiver is a budget neutral solution that provides critical relief to counties that are unable to meet H.R. 1's shift of CalFresh program expenses, while still allowing them to draw down their remaining State General Fund allocation and commensurate federal funding.

- Exposure to pre-H.R. 1 SNAP Payment Error Rate (PER) fiscal sanctions: As counties implement major federal changes as imposed by the federal government, they face heightened risk of longstanding PER penalties that pre-date H.R. 1. The risk of these penalties is currently greater based on factors outside of counties' control, such as the implementation of federally-driven H.R. 1 changes and impacts from last fall's government shutdown. Adding additional financial obligations for counties would impede their ability to add resources to provide client-facing services. CWDA requests statutory and regulatory changes holding impacted counties harmless for federally-driven decisions or actions that may increase the pre-H.R. 1 PER fiscal sanctions, allowing counties to maintain maximum focus and resources to serve clients. Without the adoption of this proposal, counties anticipate increased administrative workload associated with State-county coordination, documentation, and appeals processing tied to PER determinations under these shifting federal requirements.

As counties grapple with these monumental changes and risks, the human and consumer impacts will be considerable as counties are forced to make unavoidable tradeoffs due to insufficient funding and competing resource demands. Counties are committed to accurate, equitable administration of CalFresh. However, these pressures that do not account for how real-world administrative capacity will inevitably translate into service reductions, delayed access, and increased hardship for low-income Californians absent State and Legislative action. Without targeted relief, these pressures will undermine both program integrity and the State's shared goal of preventing hunger.

Background: CalFresh Eligibility Workforce & the Families and Individuals they Serve

Counties administer CalFresh on behalf of the State and serve as the front door for more than three million households with over five million Californians seeking nutrition assistance. County eligibility workers process applications, conduct interviews, screen for exemptions, educate clients, correct errors, and provide ongoing case management that allows eligible households to access and retain food benefits. Counties must also translate policy guidance and implementation decisions to support clients, and enter or update information into the case management system and review the outputs to ensure clients receive accurate and timely benefits. Moreover, counties respond to thousands, if not hundreds of thousands of programmatic inquiries each year (e.g., EBT cards, questions about notices, renewals, household changes, address changes), all while adapting as the CalFresh program continues to evolve due to new federal and state policies.

CalFresh administration is funded through a combination of federal funds, State General Fund, and county funds including realignment revenues. In FY 2025-26, the statewide CalFresh administrative allocation totals approximately $2.6 billion total funds ($1.3 billion federal funds, $951.6 million General Fund, and $363.9 million in county funds). In FY 2024-25, counties overspent the CalFresh administrative allocation by $52.8 million or by 6%, underscoring that baseline funding is already insufficient to meet existing workload demands, before accounting for the significant new responsibilities imposed by H.R. 1 that are likely to have sweeping consequences for the clients counties serve.

The COVID-19 pandemic, recent policy changes, eligibility expansions, the success of the county eligibility workforce in translating state policy changes into expanded program access, and continuous outreach efforts have contributed to a significant increase in CalFresh applications and caseload—from 2.2 million households in FY 2019-20 to a projected 3.2 million households in FY 2026-27, a growth of over 1 million households in less than a decade. Yet when administrative funding does not keep pace with workload and policy complexity, the consequences are felt by families: longer wait times, delayed approvals, interrupted benefits, and reduced access to assistance. These pressures on the program extend beyond fiscal challenges and have real-world impacts on food access for some of the most vulnerable populations served by CalFresh: working families, seniors, individuals with limited English proficiency, and other low-income Californians.

Issue 1: ABAWD Expansion—Risk of Widespread Benefit Loss

Beginning June 2026, at least 958,400 CalFresh clients (or 1 in 5 CalFresh recipients)[13] will be forced to comply with onerous and damaging ABAWD work and documentation requirements pursuant to H.R. 1 in order to continue receiving their food benefits, unless they qualify for an exemption. This change represents the most direct and immediate threat to CalFresh access. More specifically, H.R. 1 vastly expands failed paperwork requirements and the cruel three-month time limit on food,[14] including to:

- Parents with children ages 14 or older, regardless of childcare
- Older adults up to age 65
- Veterans
- Youth aging out of foster care
- People experiencing homelessness

As such, H.R. 1 did not merely reinstate the populations subject to ABAWD rules, it also reshaped the policy environment by eliminating longstanding exemptions as noted above. Recent federal changes prior to H.R. 1 also removed the bank of “percentage exemptions” that were previously available, and reduced the accrual of new percentage exemptions from 15% to 8% of the ABAWD caseload. These “percentage exemptions” are discretionary exemptions allowing states to cover individuals who would otherwise lose benefits due to the 3-month limit in a 36-month period.

The individuals who remain subject to the time limit are those CalFresh beneficiaries that may face the greatest barriers in complying, people with unstable housing, irregular employment, health or behavioral health challenges, or other circumstances that are not easily captured through automated means and are perhaps the very reasons why these individuals may struggle to comply. Retaining benefits for this population hinges on counties’ ability to conduct timely, repeated, and robust exemption screening and client engagement.

To further illuminate, keeping people connected to CalFresh will require eligibility workers to have in-depth conversations with people experiencing the trauma of poverty-related hunger to accurately screen for complex exemptions such as “unfit

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[13] At the time of this memorandum, the State indicated that the estimate of ABAWDs in California may exceed 1 million, inclusive of those who may be deemed currently exempt. CWDA has requested this data from the State and is awaiting those details at the time of release of this memo. As such, some of the total caseload figures in this memo are subject to change.

[14] https://frac.org/blog/lets-end-time-limits-on-snap-benefits

for work," and help people who are not exempt to document compliance with the work requirement on a monthly basis. Unfortunately, as further expanded upon below, the Governor's Budget proposes essentially no new investment in CalFresh county eligibility workforce staffing levels or training capacity as a result of H.R. 1.

Under the Governor's Budget, the Administration estimates that at least 954,800 CalFresh recipients will be subject to ABAWD requirements—nearly a 50 percent increase from prior projections, and this universe may be even greater based on the latest reports from the Administration. Of note, the Administration projects that 69.7 percent of these individuals are estimated to be at risk of losing benefits because the data show they may not be currently reporting sufficient work hours—that's nearly 665,000 beneficiaries who are at risk of going hungry.

Experience from prior ABAWD implementation and national evidence[15] shows that benefit losses are overwhelmingly driven by procedural and reporting barriers, rather than true ineligibility. While the literature shows an unfortunate strong relationship between ABAWD work requirements and risks to benefits, CWDA has questions regarding what data points the California Department of Social Services (CDSS) relied on for its estimated nearly 70% disenrollment rate (among the 954,800 assumed to be impacted and primarily non-exempt clients), whether a harm mitigation approach as proposed by CWDA could help mitigate this severe level of assumed drop off, and also whether the absence of investment or support for counties might even result in worse outcomes. We understand CDSS partially derived the estimate from analysis of SNAP 2023 Quality Control data, and CWDA is also curious to further learn whether the data is longitudinal or point-in-time and whether it included information about volunteer work or school attendance that might count toward the work requirements. Ultimately, either way, we note it may be premature to score this high level of disenrollment as Administrative savings—as currently reflected in the Governor's Budget—which will likely create significant operational and programmatic impacts.

On the whole, CWDA is deeply concerned that the lack of investment in the Governor's Budget fails to acknowledge the risk of these harms, is misaligned with the robust client-oriented approach in the State's guidance (see page 11), and will

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[15] Bauer, L., & East, C. (2025, April). A primer on SNAP work requirements (The Hamilton Project, Brookings Institution). Brookings Institution.

inevitably contribute to a high disenrollment rate as it does not include any resources for the workforce that will directly engage with impacted clients. The Governor's Budget largely assumes that the aforementioned anticipated caseload reductions will offset the staffing and eligibility worker time needed to support clients in navigating these ABAWD rules, resulting in no meaningful investment in harm mitigation, let alone to ensure counties can provide existing customer service levels as they prepare to implement the complex rules while facing other H.R. 1 cost pressures. More specifically, outside of funding for workers to provide an oral notice of rules (which the Budget assumes will only take 9 minutes per client), the Governor's Budget does not resource the intensive work required for exemption screening, client education, and ongoing monitoring of the time clock and work hours to track whether a client may lose benefits.

We note the Administration has expressed openness to further discuss its assumptions with CWDA, and we look forward to those discussions and appreciate their willingness to engage. The below provides CWDA's assessment of the resources needed to adequately fund the county eligibility workforce to maximize retention of benefits while ensuring accurate payments. Additionally, we provide an analysis of identified concerns and questions based on what we understand to be included and assumed in the Governor's Budget as of the publishing of this memo.

Overall eligibility worker time per client

CWDA estimates that a meaningful harm mitigation approach requires an additional 2.6 to 2.9 hours of eligibility worker time per impacted client per year (on average) to explore eligibility for exemptions and/or support clients to understand needs for retaining their benefits.[16] This is in addition to the time per case that is accounted for in CDSS' baseline budget, and is in addition to approximately 79 minutes per ABAWD client CDSS is assuming for new-ABAWD specific workload (which as noted, 70 of the 79 minutes are almost entirely offset by assumed caseload savings). Inclusive of CDSS' estimated 79 minutes, CWDA estimates a total of 3.9 to 4.25 hours

[16] We note all estimated workload is reflected in the average, as some clients may not require certain frequency or level of engagement (e.g., as they may have a longstanding, easy-to-identify exemption), while others may require greater engagement.

per client per year (on average) above baseline are needed. The below table illustrates the hours per client, on average, in addition to and inclusive of what CWDA understands to be accounted for in the Governor's Budget. This additional capacity would allow counties to:

- Conduct multiple rounds of exemption screening;
- Provide clear and repeated client education on complex requirements;
- Support non-exempt CalFresh recipients in overcoming documentation challenges;
- Screen for a temporary good cause like lack of transportation if work hours drop;
- Monitor compliance and intervene before inappropriate discontinuances and refer clients to employment and training programs; and
- Reduce churn, error rates, and downstream costs.

Hours per Client Per Year: ABAWD Unique Eligibility Activities		
	In Addition to CDSS Estimate	Including CDSS Estimate
All Activities (education, screening, confirmation of work hours, & referrals)		
Traditional ABAWDs	2.60	3.92
ABAWDs newly subject by H.R. 1	2.93	4.25
Screening for Exemptions		
Traditional ABAWD	2.03	2.67
ABAWDs newly subject by H.R. 1	2.37	3.00

Footnotes
1) Not inclusive of time for training or state fair hearing workload (reflected in dollar amount), includes oral notice of rules.
2) This is an estimation of activities above and beyond what is accounted for in the CalFresh baseline budgeting methodology. We estimate that the baseline does not uniquely account for any ABAWD-specific activities that may be comparable to a post H.R. 1 environment, though may include some minutes for screening at intake/recertification. While a break out is unavailable, we assume it would have taken a county eligibility worker at least 20 minutes for the average ABAWD, who would have been subject notwithstanding H.R. 1, to conduct a screening pre- H.R. 1 under the statewide waiver when there was no risk of a beneficiary losing their benefits. This baseline screening workload is excluded from our request.
3) CDSS' Estimate does include 79 additional minutes per client (9 minutes for oral notice of rules, 32 minutes for confirmation of work hours, and 38 minutes for screening/engagement right before a beneficiary might be discontinued) above the baseline. The first column reflects CWDA-estimated workload in addition to the 79 minutes; the second column is inclusive of CDSS' 79 minutes.
4) Importantly, despite these additional minutes included, the Budget largely assumes caseload savings offset these costs.

We note that in the baseline CalFresh budget, there are approximately 268 minutes or 4.46 hours included for various eligibility determination and ongoing case management activities for ABAWD individuals, such as intake, recertification, and regular reporting. However, this workload essentially equates to the average CalFresh case in terms of "time needed," which we know in practice and based on county input the workload to support an ABAWD and screen for exemptions will far exceed the workload of an average case and in some cases may double the workload (approx. ~8 hours total). Moreover, as we further expand on below, we have concerns with potential assertions that this estimated baseline workload fully accounts for screening of exemptions beyond screening right before discontinuance and other ABAWD workload. The baseline funding methodology does not contemplate (and couldn't have contemplated) the risks clients and counties newly face as a result of H.R. 1, and also does not consider the fact that ABAWD rules are expanded to new populations, such as those with dependents, who may have unique characteristics beyond the traditional ABAWD population for which the workload was originally estimated when there were lower stakes for clients involved. This is because the workload data for the methodology is based on an outdated 2023 county survey. On page 14, we further expand on why it is troublesome to extrapolate data from the 2023 survey and apply to a post H.R. 1 environment to estimate unique ABAWD activities such as screening for exemptions.

Funding Misaligned with Robust Screening Approach Defined in Guidance

Determining who qualifies for an exemption is a county worker-driven process that will require multiple screening opportunities, and nuanced conversations that build trust and rapport with clients to ensure accurate disclosure of relevant life circumstances that may qualify an individual for an exemption. The vulnerable profile of CalFresh recipients suggests that robust and accurate screening protocols aimed at helping discover qualifying conditions for an exemption may result in a higher exemption rate. For example, evidence illustrates ABAWDs may experience higher levels of homelessness and may have higher rates of mental and physical limitations that, while not qualifying as a total disability, may nevertheless render them unable to work.[17]

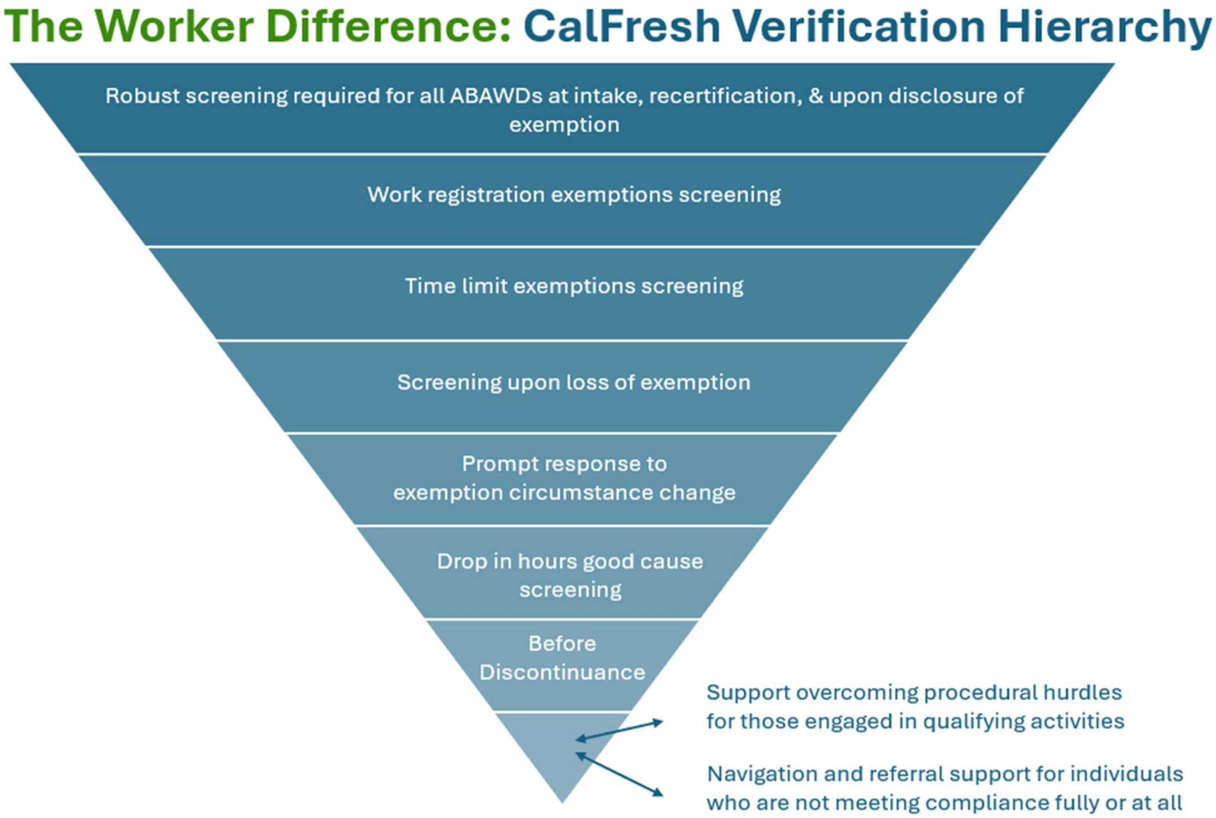
[17] https://fns-prod.azureedge.us/sites/default/files/resource-files/ABAWDTimeLimit.pdf

CWDA commends the Administration for its robust screening approach as directed by [All County Letter 25-93](), to support this population—yet the proposed funding is insufficient to implement such an approach. As demonstrated by the below visual, the guidance requires screening at multiple touchpoints with the client, to maximize identification of exemptions so an individual does not have to overcome the onerous requirements in order to receive their food benefits. These (limited remaining) exemptions include but are not limited to being enrolled in a substance use program, physical/mental incapacity, and pregnancy. As envisioned by the guidance, workers are to robustly screen at the front end at the point of intake and recertification, and also when:

- An individual may voluntarily disclose a change in circumstances.
- When a beneficiary discloses that they may no longer be eligible for an exemption.
- In the event a client's work hours have dropped.
- Before an individual is at risk of being discontinued.

In the instances where a beneficiary is subject to the work requirements but fails to report the sufficient work hours, the eligibility worker must also identify whether there was good cause for not meeting the hours. Good cause includes (but is not limited to) circumstances beyond the individual's control, such as illness, illness of another household member requiring the presence of the member, a household emergency, or the unavailability of transportation (7 CFR 273.24(b)(2)).

Importantly, the Budget assumes that 11.5% of ABAWD individuals will be *newly* determined exempt as "unfit for work," but there are no resources to fund the conversations that will need to take place with beneficiaries to evaluate if they meet the criteria or to potentially increase the retention rate beyond 11.5%. We note the only additional time accounted for screening of exemptions in the Governor's Budget is some portion of 38 minutes for workers to conduct one last screening before a client is about to be discontinued. These minutes are simply insufficient to allow for conversation with the client as well as provide time for one comprehensive screening to avoid the worst-case outcome of a client losing their food assistance.



Key questions and areas of concern

In addition to the aforementioned questions we have around CDSS' assumed disenrollment rate, and in addition to questions regarding the assumption that 11.5% of individuals may be exempt based on "unfitness for work" yet there are no new resources for counties to conduct the more involved screening for this population, we note a few key additional areas of concern below.

For historical context related to some methodological shortcomings in the Governor's Budget, the 2023 Budget Act adopted a new budgeting methodology and included $406.5 million ($159.5 million General Fund) to accordingly right-size CalFresh administration funding. CWDA appreciated the collaboration and extensive work of the Administration to revise the budgeting methodology and address the chronic underfunding for CalFresh administration in FY 2023-24. Importantly, the administrative rebase was informed by a CalFresh county survey, which the Administration is leveraging to inform its assumptions around ABAWD implementation. There are several limitations in how the FY 2023-24 rebase was calculated that will make it challenging for counties to meet the rising cost of doing business, let alone to be able to scale up for and support robust exemption screening and client engagement to mitigate the severe harms of H.R. 1:

1. Nearly every county (with exception of currently seven counties due to approved unemployment rate waivers) will be required to implement the complex and confusing ABAWD time limit. Unfortunately, the 2023 county survey which informed the CalFresh administration budgeting methodology was based on data at that point. At that time, only six Bay Area counties had experience implementing the policy since the Great Recession. Many counties also struggled to complete questions related to intake and recertification of ABAWDs, as they did not have recent experience implementing the work requirements. As such, the data likely fails to reflect the true workload that would be needed to now screen at intake and recertification, and also likely understates the full array of ABAWD-specific activities to continue to screen and maintain enrollment. The Administration appears to be assuming a large bulk of the workload is accounted for, yet as CWDA understands it, there were no specific questions in the 2023 survey that attempted to identify how many minutes would be needed for robust ABAWD screening (beyond a screening immediately before potential discontinuance). As such, it is challenging to see how this workload is accounted for.

   Moreover, the stakes of the post-H.R. 1 time limit policy have grown significantly compared to California's pre-H.R. 1 time limit policy. The prior policy environment allowed for a "1, 2, 3" approach in which the final step enabled counties to apply "percentage exemptions" providing additional months of CalFresh.[18] Federal law has eliminated the prior pool of "percentage exemptions," and so keeping people connected to CalFresh hinges on eligibility workers having the capacity and training to conduct robust screening.

   Ultimately, the methodology relied upon in the Governor's Budget does not contemplate the widescale risks of H.R. 1. If the Administration were to continue to rely on the existing funding methodology for the 2026 Budget Act, counties

[18] CDSS ACL 19-93. https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/ACLs/2019/19-93_ES.pdf

would not have sufficient resources to engage the client to continuously evaluate for exemptions that might protect their access to the program.

2. The ongoing methodology did not factor in cost-of-living adjustments, meaning it has not kept up with labor and other costs of doing business, which H.R. 1 will exacerbate. Inflation since the rebase has and will result in the erosion of funding over time, due to rising costs related to workforce retention and other costs of doing business, as well as make it more challenging for counties to fully serve all clients without tradeoffs. In fact, since the rebase in FY 2023-24, the average hourly CalFresh eligibility worker cost has increased from $151.04 per hour to $159.13 per hour. While the budget methodology will be revisited in FY 2027-28 and there will be an opportunity for further refinements at that time, with H.R. 1 implementation taking effect in the current state fiscal year, timely action is required in this year's Budget.

While counties will continue to prioritize ensuring eligible beneficiaries maintain access to the program, this increased workload is simply unsustainable, increasing the risk of exacerbating the state's PER and undermining efforts to ensure clients retain benefits. Without these investments, hundreds of thousands of Californians are at risk of losing access to food assistance due to administrative failure, not policy intent. This worsens food insecurity and increases pressure on emergency food systems, health care, and homelessness services.

CWDA Request: These threats from H.R. 1 are not a foregone conclusion: the Budget can mitigate the risk of a hunger crisis and of a potential $2 billion CalFresh benefit cost shift if we scale, train, and resource our county eligibility workforce to meet this moment. CWDA requests sufficient administrative funding to support ABAWD implementation, aligned with realistic workload assumptions, to ensure eligible Californians do not lose food assistance due to preventable administrative barriers: **$9.3 million General Fund in FY 2025-26, $102.8 million General Fund in FY 2026-27, and $57.9 million General Fund annually thereafter to support up to 400 permanent FTEs statewide.** An ongoing investment will be essential so counties can have a sustainable funding source to hire the eligibility staff to do the work. These investments mitigate harm, reduce churn, and protect both clients and the State from avoidable fiscal risk. If adequately funded, staffed, and trained, the county eligibility workforce offers a clear, cost-effective, and proven pathway for the State to reduce the harms of H.R. 1 by keeping as many people as possible connected to food assistance and mitigating an emerging hunger crisis.

We also note that the Budget Act of 2025 (SB 105, Chapter 104, Statutes of 2025) provisionally set aside $20 million General Fund for county administration to implement ABAWD requirements and support affected clients, subject to Department of Finance approval. The Department of Finance can authorize these funds to be expended through June 2027, which means $20 million General Fund could offset our request across both FY 2025-26 and FY 2026-27. Given implementation of work requirements will go into effect in just a little over three months, we urgently request the Administration to release $9.3 million General Fund in FY 2025-26 from these provisionally set aside dollars by **March 1, 2026,** so counties have the necessary resources for readiness activities, and use the remainder of the funding to support the request in FY 2026-27.

Counties are actively preparing for the June 1, 2026 implementation of H.R. 1 ABAWD work requirements. Preparatory activities are already underway across policy, training, systems, quality assurance, employment services, and community outreach. However, counties consistently report that existing resources are insufficient to absorb the new workload without additional state investment both in the immediate-term and ongoing.

Despite limited resources, counties have already initiated readiness work including:

- Policy Review and Workflow Redesign
    - Reviewing CDSS ABAWD guidance
    - Mapping new ABAWD requirements to local business processes and CalSAWS functionality
    - Updating desk guides, screening tools, and oral informing language with new processes for exemption screening, good cause determinations, time-limit tracking and referrals
    - Redesigning intake and certification workflows
- Staff Training and Capacity Building
    - Conducting ABAWD refresher trainings as well as H.R. 1 specific trainings
    - Hosting scenario-based lab sessions using the CalSAWS training environment
    - Contracting with external partners to assist with expanding training

capacity

- Quality Assurance and Case Review
    - Planning targeted supervisory reviews of ABAWD determinations and work registration
    - Embedded review of exemption screening accuracy and documentation requirements
- CalFresh Employment and Training (E&T)
    - Expanding CalFresh E&T capacity and referral tools
    - Coordinating with WIOA programs, community colleges, adult schools, behavioral health, and community-based organizations (CBOs)
- Outreach and Stakeholder Engagement
    - Hosting CBO webinars, website updates, posting lobby signage, using social media, text alerts, and Interactive Voice Response (IVR) messaging
    - Tailoring targeted outreach to students, unhoused individuals, and other high-risk populations
- Impact Forecasting
    - Estimating affected populations, potential caseload loss, staffing needs and workload impacts

With the release of the full $20 million General Fund provisionally set-aside, counties may be able to:

- Enhance Training
    - Authorize staff to work overtime to finalize necessary updates to policies and procedures
    - Support an outreach campaign to clearly communicate new ABAWD work requirements to the community
    - Provide staff additional training hours, including for training programs focused on strengthening eligibility workers' interviewing skills to ensure all applicable exemptions are thoroughly identified and documented before participants are referred to work requirements
- Ensure Operation Readiness and Case Clean-Up
    - Funding overtime to review and make updates to correct ABAWD screens, validate exemptions, and clean up cases prior to implementation

    - Creating temporary or specialized units to manage ABAWD cases
- Align Policy and Procedures
    - Funding analyst overtime to align local procedures, job aids, and screening tools across programs
    - Develop strategies to identify overlap between CalFresh and Medi-Cal beneficiaries, supporting a more coordinated and streamlined approach for these clients
- Data and Reporting
    - Developing ad hoc tracking tools and streamlining QA review workflows
- Customer Outreach
    - Creating multilingual outreach materials explaining requirements, exemptions, good cause, and reporting responsibilities
    - Expanding text campaigns, signage, and targeted communications
    - Strengthening partnerships with CBOs and workforce agencies
- Temporary Staffing and Capacity Support
    - Hiring limited-term or extra help staff
    - Funding overtime to support outside business hours while maintaining service levels

Any further delay in authorization of these dollars will significantly hamstring counties' ability to scale up, train, and prepare to assist clients through ABAWD work requirements.

Counties overwhelming report that sustainable implementation of ABAWD requirements also depends on ongoing funding support for:

- Staffing Capacity
    - Hiring permanent eligibility, QA, and support staff
- Employment and Community Capacity
    - Expanding CalFresh E&T and work participation opportunities
    - Building and maintaining volunteer and community service networks
    - Increasing supportive services for high-barrier populations
- Technology Investments
    - Enhancing customer-facing participation and referrals
    - Purchasing equipment for community resource centers

One-time funding provides only temporary relief and may not address the root issues at hand; ongoing investment is essential to protect program integrity, prevent hunger, and avoid downstream fiscal and social costs.

Issue 2: Prevent Worst Impacts of H.R. 1 Cost Shift that Will Harm Clients

Beginning October 2026, H.R. 1 reduces the federal share of CalFresh administrative costs from 50 percent to 25 percent. Under longstanding 1991 Realignment statute (WIC 18906.5), the non-federal share of CalFresh administrative costs are split 70 percent State and 30 percent counties. Historically, with a 50 percent federal share, this formula translated to counties paying 15 percent of total costs. Put another way, in order for counties to fully draw down all available state General Fund and federal funding, they were required to put up this 15 percent match (though counties are generally able to draw down $1 state dollar for every 42 cents they put up, up to the allocated amount available by the State).

When the federal share drops to 25 percent, the same statutory formula automatically increases the county share to 22.5 percent of total costs—a 50 percent increase in required local contributions without any change in revenues to support this increase. This results in a cost shift of over $200 million in new county costs annually.

CWDA appreciates the Administration's significant investment at Governor's Budget, approximately $382.9 million General Fund in FY 2026-27 (estimated to be $478 million General Fund in FY 2027-28), to cover the State's increased share of costs. This represents a substantial commitment to maintaining CalFresh operations statewide.

However, many counties lack the financial means to absorb a 50 percent increase in their required match. Counties are having increasing difficulty meeting their share of cost and are in danger of not being able to run their programs because they do not have the funds to draw down the federal and state funds. Today, nearly one-quarter of counties report difficulty meeting the existing 15 percent match, as caseloads have grown over time. With an increase to 22.5 percent, nearly half of counties anticipate being unable to draw down their full CalFresh administrative allocation. This threatens widening inequities, especially for counties such as in rural areas that have limited capacity to increase local resources.

If counties cannot draw down their State General Fund allocation, the consequences will be felt directly by CalFresh households. Recipients will experience longer wait times, delayed approvals, potential interrupted access to food benefits, and reduced capacity to handle customer calls, office visits, online submissions of documents and information, and over-the-phone interviews. These service disruptions disproportionately impact working families, older adults, and individuals with disabilities.

Moreover, when counties cannot meet the match, the consequences compound:

- State General Fund appropriations go unused;
- Federal funds are forfeited; and
- Counties are forced to reduce staffing and service capacity.

Importantly, CalFresh administration is a realigned program under 1991 realignment, meaning realignment revenues are intended to support counties' share of costs. With slow revenue growth for the social services account that supports CalFresh administration and other human services programs, these revenues will fail to match this sudden, substantial rise in costs. Ultimately, failure to meet the higher match could leave hundreds of millions of dollars in state and federal funds on the table, directly translating into fewer workers processing applications and longer delays for families seeking food assistance. In the scenario where no county can come up with the increased match, over $600 million State General Fund and federal funds could be at risk.

The human impact of these funding losses is particularly concerning given that counties are simultaneously preparing for several additional mandates under H.R. 1. Expanded CalFresh work requirements, forthcoming Medi-Cal work requirements, and increased error-prevention responsibilities will all create additional customer support needs at the same time that counties would be forced to reduce capacity. Without relief, counties will be under-resourced, just as program complexity and client needs continue to intensify.

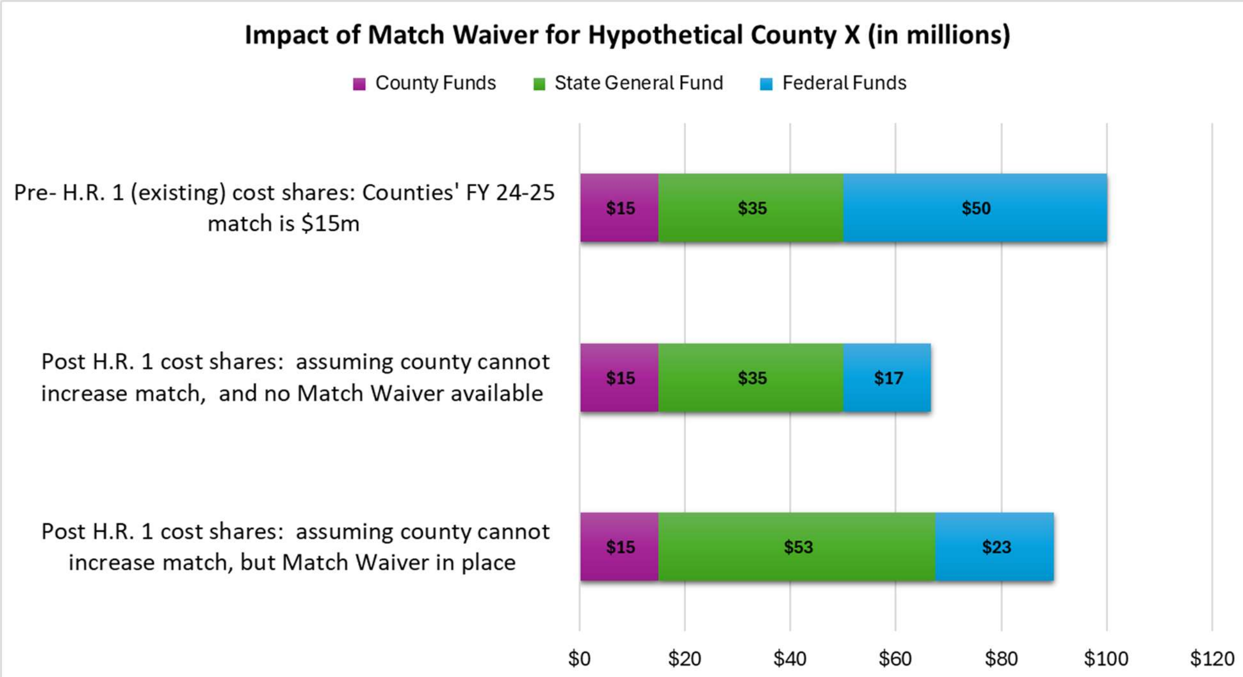
CWDA Request: Adopt a temporary CalFresh match waiver that maintains county contributions at FY 2024-25 levels through at least FY 2028-29, and provide a four-year phase-out at that time. This multi-year approach to phasing out the Match Waiver would give counties time to ramp up their CalFresh Administration spending in a planned fashion, thereby avoiding potentially immediate and significant cuts. This approach preserves access to food assistance, protects the State's investment, and prevents the loss of federal funds with no net General Fund impact.

The match waiver is a critical tool to prevent the worst-case outcome in loss of funding for CalFresh Administration as a result of H.R. 1. Assuming 50 percent of counties cannot come up with their increased 7.5 percent match, without a match waiver in place, that could jeopardize potentially $355 million in total funds, including State and federal dollars left on the table. In contrast, a match waiver would allow counties and the State to preserve drawdown of the majority of these dollars, and only result in loss of funding equivalent to the county's increased share of costs and the associated federal funding (again, we note, these counties face fundamental barriers in coming up with the match). This is an impact of potentially $98 million total funds, in the scenario that those same 50% of counties cannot increase their match.[19] That's a difference between a $355 million versus $98 million total fund impact (i.e., approximately $250 million) to the State and counties' ability to deliver food benefits to vulnerable populations.

A Match Waiver could be the difference in protecting up to $250 million total funds for CalFresh administration.

See charts below for further demonstration of how a match waiver can help preserve funding for CalFresh. In this example, County X is only able to contribute $15 million toward CalFresh administration. Under existing cost shares, total funding for County X's CalFresh administration is $100 million total funds. Absent a match waiver, the total funding for the county is reduced by 33% or down to $67 million total funds. With a match waiver in place, the county can still tap into a portion of its State General Fund allocation (which will also increase from 35% to 52.5% pursuant to H.R. 1) and commensurate federal funds, meaning 90% of its funding is preserved.

[19] Estimates based on FY 2025-26 allocation levels.



The State has previously acknowledged barriers counties face in meeting the CalFresh administrative match requirement and, in response, adopted temporary match waivers during both the Great Recession and the COVID-19 public health emergency (2020-2022). These waivers were cost-neutral to the State and prevented counties from leaving State General Fund dollars unclaimed. Importantly, counties retained the ability to exceed the minimum contribution. During the Great Recession, for example, the CalFresh Administration Match Waiver was an essential tool in helping counties both keep pace with the unprecedented demand for CalFresh benefits beginning with the Great Recession, and to increase outreach and access to improve California's participation rate.

Proposed trailer bill language (See Attachment I) would allow counties to access the State and corresponding federal share of their CalFresh eligibility allocation by waiving the required 15 percent county match as long as the county contributes its level of FY 2024-25 expenditures, or the amount the county was required to contribute to receive its full allocation of State General in FY 2024-25, whichever is lower. This would allow counties to draw down a portion of their General Fund and federal fund CalFresh Administration allocation without a match of county funds, as long as they meet their FY 2024-25 contribution level, and nothing would preclude a county from contributing additional funds to maintain their total funding level.

Maintaining the minimum contribution at FY 2024-25 expenditures or required match provides a feasible and recent level of commitment from counties in their share of costs. Moreover, pegging the minimum contribution to counties' FY 2024-25 expenditures or required match, whichever is lower, is important to avoid penalizing counties who might have been struggling to meet their full match in FY 2024-25 (due to local resource constraints or unexpectedly high caseloads, for example).

We urge the Administration and Legislature to adopt this budget-neutral, common sense, and time-tested method to protect Californians accessing CalFresh by supporting counties who deliver our critical anti-hunger safety net program against H.R. 1's cruel cost shift. The proposal simply allows counties to draw down additional funding without incurring a match, rather than risking leaving all of the additional funding on the table if county matching funds are not available.

Issue 3: Mitigating Pre-H.R. 1 County CalFresh Penalties for H.R.1 Implementation & Federal Changes Outside of Counties' Control

Separate from H.R. 1, long-standing federal rules impose financial penalties on states with persistently high SNAP Payment Error Rates. Payment Error Rates (PER) reflect the complexity of program rules and administration and measure payment accuracy – including underpayments – not fraud or misuse. Long-standing federal rules impose financial sanctions on states that exceed 105 percent of the national PER average for two consecutive federal fiscal years (FFY).

In California, a portion of these penalties are passed through to 19 Performance Measurement Counties (PMCs), who comprise the vast majority of CalFresh benefits in California. The 19 PMCs are as follows: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Merced, Monterey, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Clara, Solano, Stanislaus, Tulare, and Ventura.[20] These counties were selected to handle the quality control review of CalFresh cases to verify the validity of the actions.

The federal penalty is calculated based on all federal benefits issued in the respective

[20] The counties were selected based on expenditure levels in the early 1990s. See MPP Sections 15-310 to 15-621 for details.

fiscal year, multiplied by the difference between the state's PER and 6%, then multiplied by 10%. A portion of this penalty is passed through to PMCs with PERs above the national average, after excluding an amount assumed to be attributable to non-PMC counties. Using FFY 2024 data as a hypothetical, the resulting statewide penalty would have totaled $52.3 million, with $45.7 million subject to pass-on to PMCs. A fiscal impact of this magnitude would force counties to make significant tradeoffs, redirecting scarce administrative resources away from client-centered services at a time when households are already at heightened risk of losing benefits due to ABAWD work requirements. In addition, counties with higher error rates may bear disproportionately large shares of the penalty regardless of caseload size.

Yet counties do not control many drivers of the PER, including federal policy timelines, state implementation decisions, and external disruptions such as federal shutdowns. The State has discretion on how and when to implement federal policy changes, however, there are circumstances outside of the State and county control, that may result in an increased PER and therefore financial sanctions. In FFY 26 this already includes:

- Benefits payments during the 2025 Federal Shutdown (USDA has said guidance is forthcoming but there is no guarantee of relief).
- USDA implementation of major H.R. 1 provisions such as ABAWD time limit and humanitarian immigrants well ahead of achievable timelines.

At the same time, the State is, as a trial, transitioning the Quality Control review process to the State (for all counties excluding Los Angeles), meaning PMC counties will lose timely opportunities to analyze trends and identify and address errors in real time. While existing regulations provide for an appeal of sanction pass-through, including for situations or actions beyond the county's control (MPP 15-621), counties should not be forced to appeal implementation decisions outside of county control, which will require significant state and county time and resources. Any upheld penalties will also create significant fiscal impacts for counties that will then harm CalFresh recipients. This must be addressed directly by temporarily modifying the formula for estimating each PMC county's liability for this volatile time of federally-driven changes that may increase errors.

CWDA Request: Hold Performance Measure Counties harmless from pre-H.R. 1 PER fiscal sanctions that are driven by state decisions and federal actions as a result of federal policy changes such as H.R. 1 and the government shutdown. These existing penalties are exacerbated by H.R. 1's harsh policy changes and federally imposed and unrealistic timeline which is forcing implementation decisions that expose counties to major fiscal penalties that are out of their control, and will undermine local efforts to mitigate the harms from H.R. 1 to CalFresh recipients. Temporary relief is needed to hold counties harmless.

CWDA proposes that the 19 PMC counties should not be held financially responsible for federal sanctions resulting from policy decisions as a result of federal policies or circumstances in FFY 2026 and FFY 2027 that affect the PER but are entirely outside of county administration (see Attachment II for draft trailer bill language). Existing regulations already include an appeal process to address factors beyond a county's control; therefore, this proposal should not result in increased General Fund costs. However, without this protection, counties will bear the burden of having to potentially appeal the source of errors. Increased appeals and penalty corrections would translate into higher administrative expenses and added strain on county staff. Importantly, a hold-harmless provision is necessary to provide meaningful workload relief for counties, reduce inconsistencies and duplicative appeals across counties stemming from the same underlying federal issue, and promote a more equitable process by accounting for county liability within the penalty calculation from the outset.

Conclusion

These three issues, the CalFresh match increase, ABAWD expansion, and PER fiscal exposure, are deeply interconnected. Targeted, temporary relief and strategic investments will allow counties to continue translating public dollars into timely access to nutrition assistance while protecting the State from compounding fiscal risk. CWDA urges the Administration and Legislature to act on these proposals to stabilize CalFresh administration and prevent avoidable hunger across California.

Sincerely,

Carlos Marquez III, Executive Director | CWDA

Cc: Chris Woods, Office of the Senate President Pro Tempore
Mareva Brown, Office of the Senate President Pro Tempore
Jason Sisney, Office of the Speaker of the Assembly
Kelsy Castillo, Office of the Speaker of the Assembly
Elizabeth Freeman, Senate Budget and Fiscal Review Subcommittee No. 3
Nicole Vazquez, Assembly Committee on Budget Subcommittee No. 2
Kirk Feely, Fiscal Director, Senate Republican Fiscal
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus
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Paula Villescaz, Office of the Governor
Kim Johnson, Health and Human Services Agency
Corrin Buchanan, Health and Human Services Agency
Jennifer Troia, California Department of Social Services
Kris Cook, Human Services, Department of Finance

Attachment I: CalFresh Match Waiver TBL

Section 18906.55 is added to the Welfare and Institutions Code, to read:

(a) (1) Notwithstanding Section 18906.5 or any other law, in order to provide fiscal relief for the substantial fiscal pressures on counties created by the unprecedented and unanticipated increase in CalFresh administrative costs as a result of federal H.R. 1, for the 2026-27, 2027-28, and 2028-29 fiscal years, the amount of a county's share of the nonfederal costs for administration of CalFresh is capped at the amount the county expended in its contribution in 2024-25, or the amount the county was required to contribute to receive its full allocation of state General Fund moneys under the Budget Act of 2024 (Chapter 35, Statutes of 2024), whichever amount is lower.

(2) For the 2029-30, 2030-31, 2031-32, and 2032-33 fiscal years, the waived portion of each county's share of the nonfederal costs for the amount above the minimum contribution as defined in (1) shall be reduced incrementally, so that there will be no waiver of the county's share in the 2033-34 fiscal year and each fiscal year thereafter. The waived portion of the county's share shall be 80 percent in the 2029-30 fiscal year, 60 percent in the 2030-31 fiscal year, 40 percent in the 2031-32 fiscal year, and 20 percent in the 2032-33 fiscal year of the amount that would be required to access the county's full General Fund allocation for administration of CalFresh from the state.

(3) Once a county has reached the nonfederal share of costs specified in paragraphs (1) and (2), the county shall receive the full General Fund allocation for administration of CalFresh for that fiscal year.

(b) The full General Fund allocation for administration of CalFresh for July 1, 2026 through September 30, 2026, pursuant to subdivision (a), shall equal 35 percent of the total federal and nonfederal projected funding need for administration of CalFresh. The full General Fund allocation for administration of CalFresh effective October 1, 2026, for the remainder of 2026-27, and for 2027-28, 2028-29, 2029-30, 2030-31, 2031-32, and 2032-33 fiscal years, pursuant to subdivision (a), shall equal 52.5 percent of the total federal and nonfederal projected funding need for administration of CalFresh.

(c) Relief to the county share of administrative costs authorized by this section shall not result in any increased cost to the General Fund as determined in subdivision (b).

(d) Subdivision (a) does not prevent a county from expending funds in excess of the amount specified in subdivision (a).

(e) This section shall become inoperative on July 1, 2033, and, as of January 1, 2034, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2034, deletes or extends the dates on which it becomes inoperative and is repealed.

Attachment II: Pre-H.R. 1 CalFresh PER Penalties – County Relief TBL

Section 18905 of the Welfare and Institutions Code is amended to read:

(a) In the event that the United States Department of Agriculture makes a final determination to reduce federal funding of the federal Supplemental Nutrition Assistance Program, administered in California as CalFresh, due to issuance errors or improper or inadequate county administration of the program, the county or counties responsible for such reduction shall be liable for the amount thereof in accordance with standards adopted by the Director of Social Services.

(b) (1) In assessing the portion of penalties that are to be passed onto Performance Measurement Counties pursuant to 7 U.S.C. § 2025(c)(1)(C) and state regulations, the department shall not assess a financial penalty or sanction against a county based on errors that are a result of federally-driven policy changes or federal circumstances in Federal Fiscal Years 2026 and Federal Fiscal Year 2027. This includes but is not limited to:

(A) Implementation of H.R. 1, 119th Cong. (2025-2026)

(B) Issuance of CalFresh benefits or other programmatic decisions made during the fall 2025 lapse in federal appropriations.

(2) The department, in consultation with the County Welfare Directors Association of California, shall develop and implement a process by which penalties that are not attributable to county actions are excluded from any penalty calculation before counties are assessed.

(3) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), until regulations are adopted, the department may implement this section through all-county letters or similar instructions. The department shall adopt regulations implementing this section.

(4) This section shall become inoperative on October 1, 2027, and, as of January 1, 2028, is repealed.