



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



Monday, January 19, 2026

The Honorable Jesse Gabriel, Chair  
Assembly Committee on Budget  
1021 O Street, Suite 8230  
Sacramento, CA 95814

The Honorable John Laird, Chair  
Senate Committee on Budget & Fiscal Review  
1021 O Street, Suite 8720  
Sacramento, CA 95814

The Honorable Dr. Corey Jackson, Chair  
Assembly Budget Subcommittee No. 2  
1021 O Street, Room 6120  
Sacramento, CA 95814

Honorable Caroline Menjivar, Chair  
Senate Budget Subcommittee No. 3  
1021 O Street, Suite 6630  
Sacramento, CA 95814

The Honorable Dawn Addis, Chair  
Assembly Budget Subcommittee No. 1  
1021 O Street, Suite 4120  
Sacramento, CA 95814

**RE: FY 2026-27 Governor's Budget Misses Opportunity to Protect Low-income Californians' Access to Food and Health Care Against Regressive Federal Policy**

Dear Chairs Gabriel, Laird, Jackson, Menjivar, and Addis:

On behalf of the County Welfare Directors Association of California (CWDA) and Service Employees International Union (SEIU) California, we urge the Legislature to protect maximum levels of CalFresh benefits and Medi-Cal coverage in the face of federal H.R. 1 implementation by 1) adequately funding the county eligibility workforce and 2) rejecting State-imposed county cost shifts proposed by the Administration that threaten to further strain county capacity for mitigating H.R. 1-related program losses.

We are disappointed with the lack of investment proposed at Governor's Budget in the robust county-run exemption screening, redetermination/recertification, and client navigation supports essential for CalFresh and Medi-Cal recipients to maintain food benefits and healthcare coverage in the face of new H.R. 1 work requirements; investments without which 1.4 million individuals may lose Medi-Cal coverage<sup>1</sup> and approximately 69.7% of newly impacted CalFresh recipients subject to work requirements

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<sup>1</sup> Department of Health Care Services (DHCS) November 2025 Estimate.

may be at risk of losing or having gaps in food assistance.<sup>2</sup> We are equally concerned with a proposal by the Administration to shift \$233.6 million in In-Home Supportive Services (IHSS) costs to counties, exacerbating the underfunding of county workload associated with H.R. 1 while also establishing perverse incentives to reduce desperately needed IHSS provider hours and client services at a time when counties are serving a growing aging population with emergent needs.

Historically, when the State has adequately funded California's well-trained, time-tested county eligibility workforce and county human services agencies, California's county-run safety net has delivered for our most vulnerable, making steady and significant progress in reducing hunger, poverty, and uncompensated care. Whether helping realize the vision of the Affordable Care Act (ACA) by reducing uninsured rates to historic lows among the ACA adult expansion population, preserving higher levels of Medi-Cal coverage than 46 other states during the COVID-19 Public Health Emergency (PHE) unwinding,<sup>3</sup> or improving the CalFresh take-up rate from 66% in 2014 to 81% in 2022,<sup>4</sup> when properly resourced, the county eligibility workforce has proven to be difference-makers in preserving life-saving benefits and preventing catastrophic losses.

Unfortunately, that progress is at risk under H.R. 1. While increased workload for counties is inevitable under H.R. 1, the central question before the Legislature and Administration now is to what degree this progress can be preserved and harm mitigated as the State and counties prepare to implement H.R. 1. County human services agencies and the county eligibility workforce offer a clear path for the Legislature to invest in cost-effective, proven, upstream eligibility retention strategies as a mechanism for reducing precipitous program drop off, and preventing far greater expenses from downstream economic, health system, and societal impacts associated with widespread hunger and uncompensated care. Adequate investment in the county eligibility workforce is essential to blunting the impacts of H.R. 1.

### **Prevent Unmitigated Hunger Crisis By Adequately Funding County Eligibility Workforce**

Beginning June 2026, counties are required to start applying an expansion and reimplementation of work and documentation requirements on CalFresh recipients who are subject to Able-Bodied Adults Without Dependents (ABAWD) rules in order to retain eligibility for food assistance. At Governor's Budget, the California Department of Social

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<sup>2</sup> California Department of Social Services (CDSS) FY 2026-27 Governor's Budget Estimate Methodologies.

<sup>3</sup> Medicaid Enrollment and Unwinding Tracker, KFF. See Table 1, middle column.  
<https://www.kff.org/medicaid/medicaid-enrollment-and-unwinding-tracker/>

<sup>4</sup> <https://www.fns.usda.gov/research/snap/state-participation-rates>

Services (CDSS) estimates that 954,800 CalFresh recipients are considered ABAWD and therefore will be restricted to 3 months of food benefits within a 3-year period unless they comply with these new requirements or meet an exemption. CDSS estimates that approximately 88.5% of ABAWDs will be deemed “fit for work” under federal rules. Approximately 69.7% are estimated to be “fit for work” but are currently not meeting the work requirement, and therefore may be at risk of being discontinued if they face challenges meeting the work requirements. However, additional staffing capacity to implement robust screening protocols and education will support impacted clients to maintain access to their food benefits.

At this time, subject to additional data from the Administration, we estimate that \$11.1 million General Fund in FY 2025-26 and \$114.4 million General Fund in FY 2026-27 is needed in order to properly scale, prepare, train, and resource the county eligibility workforce with the funding needed for:

- Counties to hire at least hundreds of new FTE eligibility workers, and
- All workers to spend an additional two hours per case per year outside of intake for a more robust exemption screening approach that supports newly impacted clients in maintaining critical CalFresh benefits. While we look forward to continuing to work with the State to understand their assumptions, it appears that outside of intake, the Budget only accounts for 38 minutes for one final screening before the client is discontinued to determine eligibility for an exemption or additional opportunities to educate about compliance.

We note that the Budget Act of 2025 (SB 105, Chapter 104, Statutes of 2025) already set aside \$20 million General Fund provisionally for the purposes of county administration to implement and support clients through ABAWD rules, and could be tapped into, upon Department of Finance approval, to support the FY 2025-26 request and a portion of the FY 2026-27 resource need. The requested funds will support county human services agencies in resourcing multiple rounds of exemption screening, intensive client engagement, and accurate documentation, while mitigating spikes in the SNAP error rate. CWDA and SEIU’s CalFresh budget request also ensures that counties have the resources to support clients who are likely to reapply and among some, unfortunately cycle through the system due to procedural or workforce barriers to meeting these requirements, also known as “churn.”

This harm mitigation approach to H.R. 1 will simply not be achievable with the funding levels as proposed in the Governor’s Budget, which essentially assume workload costs to engage with ABAWD clients as largely negated due to anticipated caseload reductions (with exemption of some resources provided for the oral notice of rules). H.R. 1 notwithstanding, in FY 2024-25 counties overspent their CalFresh allocation by 106% or

\$52.8 million, demonstrating that our existing CalFresh allocation is simply insufficient for accommodating new workload associated with H.R. 1 compliance and harm mitigation. Further exacerbating counties' ability to meet this workload is the Administration's reliance at Governor's Budget on outdated data from a pre-H.R. 1 county survey that served as the basis for a FY 2023-24 CalFresh administration funding rebase but does not contemplate strategies for minimizing harms associated with widescale re-adoption of ABAWD work requirements under the new H.R. 1 provisions.

The COVID-19 pandemic, recent state policy changes and eligibility expansions, the effectiveness of the county eligibility workforce, and continuous outreach efforts to all populations have contributed to a significant increase in 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 existing underfunding of county eligibility capacity, which H.R. 1 exacerbates, threatens those gains, as well as CalFresh benefit and workforce retention.

We know that when the State provides adequate funding to county human services agencies, the county eligibility workforce translates these investments into improved service delivery for our clients. As an example, the FY 2023-24 CalFresh administrative funding rebase coincided with improved consumer access, including improved timeliness, particularly for clients eligible for Expedited Service (ES). Since August 2023, counties have steadily improved their performance in issuing ES CalFresh benefits within three days. Beginning in April 2024, counties have consistently met or exceeded a 90% on time issuance rate, reaching approximately 96% as of October 2025. Importantly, this improvement also occurred during a period when CalFresh application volumes increased. The county eligibility workforce has demonstrated that with additional investment, the CalFresh client experience has seen significant improvements. The Legislature must leverage these lessons as a strategy for mitigating CalFresh program losses in the context of H.R. 1.

### **Mitigate Uncompensated Care Crisis By Adequately Funding County Eligibility Workforce**

In California, counties process Medi-Cal applications and renewals. County eligibility workers review an individual's application, verify income and other information to determine eligibility, and support low-income Californians in maintaining access to Medi-Cal. Millions of new, previously ineligible individuals were enrolled in Medi-Cal under the ACA, the largest group of post-ACA Medi-Cal eligible people being low-income, non-disabled adults without children. These individuals are commonly referred to as the ACA adult expansion population. Medi-Cal eligibility for these individuals is determined by the

county eligibility workforce and the county health and human services agencies that administer this work.

Beginning January 1, 2027, ACA adult expansion enrollees must navigate two major barriers to retain Medi-Cal coverage: documenting at least 80 hours per month of qualifying activities, such as work, education, or volunteering, unless they qualify for an exemption, *and* re-verifying eligibility every six months rather than annually. Many enrollees are already working, caregiving, and/or managing chronic health conditions. These changes are likely to lead to losses or interruptions in health care coverage, not primarily because individuals become ineligible, but because administrative hurdles and bureaucratic barriers impede successful enrollment and renewal.<sup>5,6</sup> Additionally, adults *applying* for Medi-Cal under the ACA expansion provisions must demonstrate compliance with these work requirements in order to qualify for benefits at all, unless they too qualify for an exemption. Screening for exemptions or compliance at intake for new applicants will be particularly labor intensive for the county eligibility workforce, as data that may automatically be available to exempt or qualify existing enrollees may only be discoverable for new applicants through worker-driven intake and screening protocols, and because applicants will need to demonstrate compliance one month *before* enrollment.

The California Department of Health Care Services (DHCS) estimates that 4.6 million adults will be impacted by new work and community engagement requirements and biannual redeterminations. At Governor's Budget, DHCS estimates that 2.8 million will be subject to work and community engagement requirements after accounting for the 1.8 million Medi-Cal enrollees whom DHCS assumes will meet an automatic exemption or be income compliant. These remaining 2.8 million enrollees will largely fall to the county eligibility workforce for support in navigating these new requirements. DHCS projects a 50% disenrollment rate among these enrollees due to failure to comply and/or return necessary verifications, meaning 1.4 million enrollees – comprising 3.5% of the state's population – would lose Medi-Cal coverage. Reducing the disenrollment rate among this vulnerable population hinges on adequate funding of the county eligibility workforce responsible for reviewing for exemptions, and supporting enrollees through compliance.

For historical context, during previous major changes in federal healthcare policy, the state augmented annual county Medi-Cal administrative funding by 50% or \$655 million total funds during the implementation of the ACA (specifically in FYs 2016-17 and 2017-18), and by \$73 million total funds during the PHE unwinding period, which funded 45

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<sup>5</sup> Haley, J. M., Dubay, L., Carter, J., & Zuckerman, S. (2025, May 21). [More-frequent Medicaid redeterminations would reduce health insurance coverage and increase administrative costs](#). Urban Institute.

<sup>6</sup> Karpman, M., Haley, J. M., & Kenney, G. M. (2025, March 17). [Assessing potential coverage losses among Medicaid expansion enrollees under a federal Medicaid work requirement](#). Urban Institute.

additional minutes per case, per year, and yielded the retention of Medi-Cal coverage for 9 million Medi-Cal enrollees<sup>7</sup>.

Anticipating the strain on the county eligibility workforce that will result from implementation of new eligibility and redetermination rules for both CalFresh and Medi-Cal programs within six months of each other, CWDA and SEIU's Medi-Cal eligibility budget request projects the need for an additional 3.5 hours per client, per year, for work requirements, and an additional 1.20 hours per client, per year for an additional redetermination, to minimize unnecessary Medi-Cal disenrollment, reduce downstream uncompensated care costs, and ensure that federal requirements are implemented in a fair, equitable, and workable manner.

An augmentation to counties' Medi-Cal administrative allocation of \$289 million General Fund in FY 2026-27 (growing to reflect full year impact in FY 2027-28) is needed to implement H.R. 1 responsibly, providing the county eligibility workforce adequate resources to support clients in navigating these complex new requirements and conduct robust review for potential exemptions and engagement hours.<sup>8</sup> When no exemptions are found, the request ensures eligibility workers have resources to comprehensively review for sufficient work and community engagement hours.

Without sufficient resources for counties to administer Medi-Cal H.R. 1 requirements, preventable coverage losses are likely to increase and exacerbate cost pressures on indigent health care. Counties have historically received COLA adjustments for Medi-Cal administration, however, the 2024 Budget Act froze funding levels for Medi-Cal county administration effective FY 2024-25 through FY 2027-28. Counties will not be receiving a COLA for Medi-Cal administration during these fiscal years. This means counties are not expected to receive any increased funding to meet increased workload absent additional State funding.

### **Reject State-Imposed County Cost Shifts That Strain County Capacity to Mitigate H.R. 1 Harms**

CWDA and SEIU have significant concerns with the Governor's Budget proposal to shift costs associated with the growth in IHSS hours to counties, estimated at \$233.6 million beginning in FY 2027-28, especially as counties gird for cost shifts and new workload associated with H.R. 1. Absent a new local revenue source, the proposal would effectively place a higher burden on 1991 Realignment funding that most counties rely upon to support caseload and cost growth in the IHSS Program, as well as other programs realigned to counties and delivered by county agencies serving the most vulnerable Californians, including behavioral/mental health, indigent care, public health, and foster care/child welfare programs. The cost shift will create both a perverse incentive for counties to reduce hours for services legitimately needed to keep highly vulnerable

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<sup>7</sup> <https://www.chcf.org/wp-content/uploads/2025/06/Medi-CalUnwindingLessonsRecommendations.pdf>

<sup>8</sup> Note, we continue to work with DHCS to understand assumptions in the Governor's Budget, as such, this figure is subject to change.

Californians safely in their homes, as well as produce a chilling effect on county collective bargaining efforts with IHSS provider representatives.

This cost shift also comes on the heels of the recent cost shift onto counties for IHSS Community First Choice Option (CFCO) penalties, which began in FY 2025-26 and is currently shared with the State, but which are set to fully shift to counties beginning FY 2026-27. As we describe below, the CFCO cost shift has already had a significantly negative impact on older adults and persons with disabilities, and any additional cost shifts pose serious risks to the health and safety of older and disabled individuals statewide who rely on IHSS. Lastly, the proposal fails to acknowledge the root causes of the growth in the assessed hours needed by a growing older adult population to remain safe in their own homes.

**Realignment Adequacy Concerns:** Counties rely upon 1991 Realignment revenues to support counties' share-of-cost in the IHSS Program, as intended when Realignment was established to support safety net programs administered by counties on behalf of the State. This includes social services programs, including IHSS, child welfare/foster care, and CalWORKs, with remaining funds supporting other critical safety net programs or benefits such as CalWORKs grant increases, behavioral/mental health, and public health. As noted in the UC Berkeley Labor Center [report](#) to CDSS (December 2024) related to statewide collective bargaining, the growth in IHSS costs are taking an increasing share of the overall 1991 Realignment revenues, and "because growth in the MOE has outpaced growth in sales tax revenues, counties today have a smaller share of Realignment funding available to pay for other realigned social services, health, and mental health programs than in the period prior to the pandemic." The proposed cost-shift would magnify these challenges and make it even more difficult for counties to cover the costs for safety net programs.

**Collective Bargaining Concerns:** Counties currently pay a Maintenance of Effort (MOE) for IHSS program services that is increased annually by a four percent inflationary factor. For FY 2025-26 and FY 2026-27 counties are estimated to contribute nearly \$2.3 billion and \$2.4 billion, respectively. Counties are also responsible for 35% of the non-federal share of any increases in wages and benefits resulting from local collective bargaining, up to the state participation cap, and generally pay 100% of the non-federal share above that cap. Shifting higher state costs onto counties will hinder counties' ability to collectively bargain with unions to support providers, which undermines efforts to strengthen the provider workforce and threatens access to care for older adults.

**CFCO Cost Shift:** Beginning in FY 2025-26, counties became responsible for 50% of costs resulting from late reassessments of IHSS recipients supported through the CFCO program. The State estimates this cost shift to be \$40.5 million in FY 2025-26, growing to \$92.1 million in FY 2026-27. Although the cost is expected to be lower as counties have worked diligently to improve timely reassessments of CFCO cases, this comes at the expense of other IHSS applicants and recipients, due to the severe and chronic underfunding of IHSS social workers, who are the gateway to these services—by at least \$125

million General Fund by the Administration's own 2025 estimates. IHSS social workers process applications and annually review and adjust service hours based on clients' needs. Since the CFCO penalties were enacted, roughly 1 in 6 counties have seen a decline of more than 10% in the share of applications processed within the required 90-day timeframe. The latest data from CDSS shows that the number of late applications processed has grown from over 1,600 applications in July 2025 to over 4,600 applications as of December 2025.

***Increased Cost Drivers in IHSS:*** The Administration justifies the proposed cost shift by noting that functional index (FI) scores – which measure an individual's relative need for in-home assistance - have remained relatively stable even while authorized hours have increased. This suggests counties may not be conducting assessments accurately or consistently. However, counties utilize State-mandated tools and have significant oversight from CDSS in their assessments, through the comprehensive Quality Assurance process. Shifting statewide cost growth onto counties does not address assessment accuracy but instead places IHSS recipients' health at risk and counties under further financial strain. California's continued growth of its aging population is impacting the IHSS Program. Between 2010 and 2022 the number of Californians 65 and older increased by approximately 44%, and that number will only grow over the next twenty years ([usafacts.org](https://www.usafacts.org)). These and other root causes should be analyzed and discussed with counties, policymakers, and stakeholders.

Counties are already struggling to absorb costs imposed onto counties in the 2025 Budget Act, and under H.R. 1. The absorption of 100% of the CFCO penalties, in addition to the Governor's Budget IHSS proposals, will only exacerbate these undesired tradeoffs, negatively impacting access to IHSS services and threatening IHSS provider capacity. IHSS applicants will wait longer to receive services, annual reassessments will be delayed, and those who rely on IHSS services could face serious threats to their safety and stability.

### **Conclusion**

County human services agencies and the county eligibility workforce offer a clear path for the Legislature to invest in cost-effective, proven, upstream eligibility retention strategies as a mechanism for reducing precipitous program drop off, and preventing expensive downstream economic, health system, and societal impacts associated with hunger and uncompensated care. Adequate investment in the county eligibility workforce is essential to blunting the impacts of H.R. 1. As the State has done consistently during previous major changes in federal policy, we urge you to turn to and invest in the county eligibility workforce again to ensure our most vulnerable can maintain access to life-saving benefits, and to reject State-imposed county cost shifts that threaten to further strain county capacity for mitigating H.R. 1-related program losses.

Sincerely,



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Tiffany Whiten  
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cc: Members and Staff of the Senate Budget Subcommittee No. 3  
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