APRIL 8, 2026

Major H.R. 1 Changes in CalFresh

PRESENTED TO:

Assembly Select Committee on CalFresh Enrollment and Nutrition
Hon. Mia Bonta, Co-Chair
Hon. LaShae Sharp-Collins, Co-Chair

LEGISLATIVE ANALYST'S OFFICE

Background

CalFresh

- CalFresh is California's version of the Supplemental Nutrition Assistance Program. It provides federally funded food assistance to about 5.4 million low-income Californians.
- The state also provides state-funded food assistance to about 60,000 additional low-income, legally present noncitizens who do not qualify for federal CalFresh benefits.
- The Governor's budget estimates total CalFresh food assistance spending to be $13.3 billion ($122 million General Fund) in 2025-26, with an additional $2.6 billion ($959 million General Fund) for program administration.

H.R. 1 (2025)

- H.R. 1—also known as the One Big Beautiful Bill Act—was signed by the President in July 2025. H.R. 1 introduces multiple significant changes to CalFresh.
- Changes are phased in over time, with some changes already in effect and others to take effect in the future.
- Most H.R. 1 changes to CalFresh fall under the following categories:
  - Work requirements.
  - Narrowed eligibility for legally present noncitizens.
  - Program financing.

Work Requirements

- CalFresh currently has a three-month time limit tied to a work requirement for certain enrollees, but until recently had a statewide waiver from the requirement. H.R. 1 expands this requirement and effectively ends the statewide waiver. Work requirement changes in CalFresh are expected to be implemented beginning June 2026.
- At a high level, H.R. 1 increases the work requirement for able-bodied, working-age adults. Certain adults are exempt, such as those with certain challenges to working the required number of hours, such as disabilities or those with responsibilities to care for younger children. The table below identifies the groups of individuals that H.R. 1 exempts from the requirements.

CalFresh Work Requirement and Affected Population[a]

What Is the Work Requirement?	
At least 20 hours weekly of work, certain work programs (which may include education), or community service.	
Who Is Affected?	
Affected population before exemptions	Adults age 18-64
Exemptions	
Medically certified as physically or mentally unfit for work[b]	
Receiving substance abuse treatment	
Pregnancy	
Caring for dependent children under age 14	
Caring for a dependent with disabilities	
High unemployment county[c]	
Certain American Indians	
Receiving unemployment insurance benefits	
Estimated affected individuals after exemptions	About 845,000
Individuals estimated to be disenrolled	About 665,500

[a] Refers to the ABAWD work requirement, not the general work requirement (which is unaffected by H.R. 1).

[b] This exemption may apply if an individual is obviously unfit to work based on observation of a county worker. Circumstances that historically have resulted in exemption have included chronic homelessness, substance use disorders, and domestic violence.

[c] For the requirement to be waived, a county's unemployment rate must be above 10 percent. Waivers are currently in place and continue through October 2026 for Alpine, Colusa, Imperial, Merced, Monterey, Plumas, and Tulare Counties.

ABAWD = able-bodied adult without dependents.

Narrowed Eligibility for Legally Present Noncitizens

- Under federal law, some legally present noncitizens currently qualify for federal CalFresh assistance. Other groups—such as undocumented immigrants—are not eligible.
- H.R. 1 disqualifies some legally present noncitizen groups from being eligible for federal assistance, including asylees, refugees, parolees, battered noncitizens, and trafficking victims, among others. This change began to be implemented in April 2026.
- An estimated 72,000 individuals enrolled in CalFresh are expected to lose benefits due to narrowed eligibility.

Program Financing

Shift of Benefit Costs to State

- Today, federal CalFresh benefits are solely funded by the federal government. Beginning October 2027, H.R. 1 imposes a state share of cost on states with a payment error rate of 6 percent or higher. The payment error rate measures the extent to which actual benefit payments are higher or lower than they should be.
- As shown below, the required state share of cost will depend on the state's error rate. California's most recent measured rate (for the 2023-24 federal fiscal year) was nearly 11 percent. If this error rate continues, the state will be at the maximum possible cost, approximately $2 billion in new annual General Fund costs.

State Shares of CalFresh Benefit Costs for Different Payment Error Rates

Payment Error Rate	State Share of Benefit Costs	Approximate Annual California Cost
Less than 6%	—	—
From 6% to less than 8%	5%	$650 million
From 8% to less than 10%	10	$1.3 billion
10% or greater[a]	15	$2 billion

[a] Implementation of the state share of benefit costs is delayed to as late as October 2029 for states with an error rate of over 13.3 percent.

Program Financing

(Continued)

Lower Federal Share for Administrative Costs

- Currently, the federal government covers 50 percent of CalFresh administrative costs, with the state and counties covering the remaining 50 percent.
- Effective October 2026, H.R. 1 reduces the federal government's share of administrative costs to 25 percent, increasing the nonfederal share to 75 percent. Consistent with current law, the state and counties each take a portion of this increased nonfederal share as shown below.

CalFresh Administration Funding Responsibilities

	Current	Beginning October 2026
Federal	50.0%	25.0%
State	35.0	52.5
Counties	15.0	22.5

- This shift increases ongoing annual costs by approximately $480 million General Fund for the state and $190 million for counties.

H.R. 1 Puts Strain on State and County Budgets

- ***State Faces Structural Deficit…***
  - Even before considering H.R. 1, our office and the administration estimate that the state faces significant structural budget deficits starting in 2027-28. Addressing these will require difficult trade-offs.
  - In view of these challenges, it will not be possible for the state to backfill all the losses created by H.R. 1 absent significant other budget actions. Doing so would require the identification of billions of dollars in increased revenues and programmatic reductions elsewhere in the state budget.
- ***…While Counties Face Multiple Cost Pressures.***
  - H.R. 1 also puts strain on county finances. As counties take on additional administrative costs in CalFresh due to H.R. 1, state revenues provided to counties through state-local realignment to cover these costs will not immediately adjust upward to account for the increase.
  - Other H.R. 1 provisions unrelated to CalFresh will put significant pressure on counties' responsibility to provide health care to individuals without insurance.
- ***Barriers Exist to Connecting Disenrolled People to Other Sources of Support.***
  - While some other sources of support exist for individuals affected by H.R. 1, in general they are limited and do not replace all benefits now provided in CalFresh.
  - For example, food banks and other community organizations provide additional food assistance, but their capacity is limited by existing infrastructure and the funding they receive from federal, state, and private sources.

Key Issues for Supporting Implementation

- ***Mitigating Risk of Disenrolling Eligible Individuals.***
  - Work requirements will require new processes to monitor and verify compliance.
  - Processes that are manual or require interaction with enrollees increase administrative complexity and can result in eligible individuals losing enrollment.
  - Linking to existing data sources and automating verification processes will be important to minimize the risk of disenrolling eligible individuals.
- ***Supporting County Implementation.***
  - Counties are responsible for front-line implementation of H.R. 1.
  - Counties have a key role to play in efforts to reduce payment error rates and mitigate related state costs. Counties are also key in efforts to limit administrative burden on enrollees.
  - The Governor's budget provides additional funding for counties to implement changes to the work requirement, but this funding is offset by funding reductions due to anticipated disenrollment related to H.R. 1 policies.
  - As it weighs its priorities in our constrained fiscal environment, the Legislature could consider providing additional funding for county CalFresh administration to allow for more time to be spent working with enrollees to limit disenrollment. If additional funding is provided, we recommend that the augmentation be temporary until the level of ongoing workload related to H.R. 1 is better understood.

Key Issues for Supporting Implementation

(Continued)

- ***Providing Direction Over State Implementation Decisions and Ensuring Oversight.***
  - Some implementation decisions will require weighing trade-offs of key policy issues. Legislative direction will be key to ensure that decisions align with legislative priorities.
  - We recommend the Legislature take steps to ensure implementation aligns with its priorities, including enacting key decisions in statute and adopting mechanisms to ensure ongoing legislative oversight.