Senate Bill No. 146

CHAPTER 107

An act to amend Sections 11265.15, 11320.1, 11325.15, 11325.4, 16121.5, and 18901.36 of, and to add Sections 10618.9 and 18900.95 to, the Welfare and Institutions Code, relating to human services, and making an appropriation therefore, to take effect immediately, bill related to the budget.

[Approved by Governor September 17, 2025. Filed with Secretary of State September 17, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 146, Committee on Budget and Fiscal Review. Human services.

(1) Existing law establishes various programs, administered by the State Department of Social Services, to assist individuals experiencing, or at risk of, homelessness, including, among other programs, the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program.

This bill would require counties opting to participate in any of those programs to have written program policies and make them available to the public, and to implement and conduct county-level complaint resolution processes according to minimum requirements developed by the department, as specified. The bill would require the department to develop program guidance on a procedure for counties to inform recipients in writing of housing-related services and financial assistance being provided to the recipient, would provide program recipients with the right to file a request with the department for a state administrative hearing for county actions resulting in a reduction or discontinuance of housing-related services and financial assistance, as specified, and would require the department to establish criteria for recipients to receive housing-related services and financial assistance pending the resolution of a complaint and a state hearing. The bill would require the department to consult with the County Welfare Directors Association of California, counties, and advocates for program applicants and recipients on the development of the previously described processes, and would authorize the department to implement and administer these provisions by means of all-county letters or similar written instructions.

(2) Existing law establishes the California Work Opportunity and Responsibility to Kids (CalWORKs) program, under which each county provides cash assistance and other benefits to qualified low-income families using federal, state, and county funds. Existing law generally requires a recipient of CalWORKs to participate in welfare-to-work activities as a condition of eligibility. Existing law specifies the sequence of employment-related activities a welfare-to-work participant is required to undertake, which includes orientation and appraisal and, commencing July

1, 2026, or, if automation is necessary, the later of July 1, 2026, or when the department notifies the Legislature that the California Statewide Automated Welfare System can perform the necessary automation, if eligible, family stabilization, substance abuse, mental health, or domestic violence services. Existing law, as it relates to family stabilization, substance abuse, mental health, or domestic violence services, requires the recipient to make their election verbally or in writing on the welfare-to-work plan.

This bill would remove the requirement that the recipient make their election verbally or in writing on the welfare-to-work plan.

Existing law, commencing July 1, 2026, or, if automation is necessary, the later of July 1, 2026, or when the department notifies the Legislature that the California Statewide Automated Welfare System can perform the necessary automation, requires the department to develop an updated, streamlined appraisal tool to replace the Online CalWORKs Appraisal Tool (OCAT) and exempts a contract necessary to obtain licenses for OCAT and the alternative appraisal tool developed by the department from, among other things, the Public Contract Code and the State Contracting Manual. Existing law, commencing July 1, 2026, or, if automation is necessary, the later of July 1, 2026, or when the department notifies the Legislature that the California Statewide Automated Welfare System can perform the necessary automation, requires an assessment to be available upon completion of orientation and appraisal and, at the participant's option, authorizes the assessment to incorporate the OCAT, as specified.

The bill would make technical corrections to the above provisions relating to the OCAT and the alternative appraisal tool developed by the department.

Existing law requires counties, as part of the administration of the CalWORKs program, to use a semiannual report form and, to the extent permitted by federal law, provide recipients with a prepopulated semiannual report form. Existing law requires the State Department of Social Services to complete final policy guidance for changes to the prepopulated semiannual report form by August 15, 2025.

This bill would delete the requirement that the department complete final policy guidance relating to the semiannual report form by August 15, 2025.

(3) Existing law establishes the Adoption Assistance Program (AAP), administered by the State Department of Social Services, to benefit children residing in foster homes by providing the stability and security of permanent homes. Existing law authorizes AAP payments for placement in an out-of-state residential treatment facility if one or more of the adoptive parents reside in the state in which the residential treatment facility is located and the responsible public agency has confirmed that placement is necessary. Existing law defines a "responsible public agency" to mean either the department or the licensed county adoption agency responsible for making AAP determinations for a child.

This bill would revise the definition of "responsible public agency" to include all county adoption agencies responsible for making AAP determinations for a child without regard to whether the agency is licensed.

(4) Existing federal law establishes the Supplemental Nutrition Assistance Program (SNAP), known in California as CalFresh, under which supplemental nutrition assistance benefits allocated to the state by the federal government are distributed to eligible individuals by each county. Under existing federal law, beginning in fiscal year 2028, a state's cost share for SNAP benefits will be determined based on the state's payment error rate. Under that federal law, if a state's payment error rate is less than 6%, the state's cost share is 0%, with increasing cost share for the state if the payment error rate is above that threshold.

This bill would, until October 1, 2027, and when necessary to reduce the CalFresh payment error rate, authorize the State Department of Social Services to implement and administer the CalFresh program by means of all-county letters and emergency regulations, as specified. The bill would require the department to engage in stakeholder consultation starting in September 2025 and continuing through the duration of the multiyear activities. The bill would also require the department, beginning in November 2025 through November 2027, to update the Legislature, including specified information, on a quarterly basis on the implementation of the multiyear activities.

Existing federal law generally prohibits a resident of an institution from receiving supplemental nutrition assistance benefits. Existing law requires the State Department of Social Services, if the department deems it necessary to maximize CalFresh enrollment outcomes or employment placement success rates for individuals reentering the community from the state prison or a county jail, to submit to the United States Department of Agriculture's Food and Nutrition Service a request to waive that prohibition to allow for preenrollment of applicants prior to their release. Existing law requires the State Department of Social Services to establish a CalFresh workgroup by February 1, 2026, composed of members with specified backgrounds, to meet no less than quarterly. Existing law requires the workgroup to create and submit a report to the department and to the Legislature by August 31, 2027, and by August 31 annually thereafter, through 2030, with its recommendations for a state reentry process incorporating the necessary resources for transition from state prison or county jail to obtaining CalFresh benefits upon reentry into the community.

This bill would delay the establishment of the workgroup to February 1, 2028, and would delay the reporting period by 2 years.

(5) This bill would appropriate $3,200,000 from the General Fund to the State Department of Social Services for automation related to CalFresh payment error rate mitigation and implementation of federal H.R. 1 (Public Law 119-21).

(6) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 10618.9 is added to the Welfare and Institutions Code, to read:

10618.9. (a) The Legislature finds and declares that the procedure described in this section is sufficient to meet any applicable due process requirements for the programs described in this section. Furthermore, for the purposes of those programs, it is the intent of the Legislature to promote the fair and expeditious resolution of disputes through the creation of complaint resolution processes and to establish minimum standards for the development of individualized written housing plans.

(b) (1) Counties opting to participate in any of the following programs shall have written program policies and make them available to the public, including on the internet website of the county, and implement and conduct county-level complaint resolution processes according to minimum requirements developed by the department:

(A) The CalWORKs Housing Support Program (Article 3.3 (commencing with Section 11330) of Chapter 2 of Part 3).

(B) The Home Safe Program (Chapter 14 (commencing with Section 15770) of Part 3).

(C) The Bringing Families Home Program (Article 6 (commencing with Section 16523) of Chapter 5 of Part 4).

(D) The Housing and Disability Income Advocacy Program (Chapter 17 (commencing with Section 18999) of Part 6).

(2) The minimum requirements developed by the department pursuant to paragraph (1) shall include all of the following elements:

(A) A statewide standardized notice informing applicants for, and recipients of, the programs of the county-level complaint resolution process and state hearings process pursuant to subdivision (c), including all associated timelines, the right to submit a complaint within 30 calendar days from the date of the county action that gave rise to the complaint, and what constitutes good cause, as defined by future guidance to be developed by the department, for submitting a complaint after 30 calendar days. This information shall be provided in writing at the time of enrollment and discontinuance from the program, and shall meet all language and accessibility requirements, as prescribed by the department. The statewide standardized notice, which may be modified by counties to reflect their county-level complaint resolution process, shall be developed in consultation with stakeholders, including advocates for program applicants and recipients, representatives of labor organizations, the County Welfare Directors Association of California (CWDA), and legislative staff.

(B) An objective decisionmaker who is a neutral person not directly involved in the county action that gave rise to the complaint and who has knowledge of the program's written policies, the program requirements, and departmental guidance.

(C) The right for any party to the complaint to present information in support of the complaint. Any party to the complaint shall also have the

right to request a meeting to present information in person, by phone, or virtually, and to be represented by someone of their choosing. The meeting shall be held within 30 calendar days of receipt of a complaint.

(D) A written decision describing the outcome of the complaint, including information about the complaint, the date of the decision, the basis of the county's decision, including the relevant policies, laws, and facts, county contact information for any questions about the decision, and notice of the right to appeal the decision to a state hearing pursuant to subdivision (c). The decision shall be issued within the following timelines:

(i) If no meeting is requested, a written decision shall be issued by the county no later than 30 calendar days following receipt of a complaint.

(ii) If a meeting is requested, a written decision shall be issued within 15 working days from the date of the meeting.

(E) Any other criteria or clarifying guidance determined by the department, in collaboration with CWDA, counties, and advocates for program applicants and recipients.

(3) The department shall develop program guidance on a procedure for counties to inform recipients in writing of housing-related services and financial assistance being provided to the recipient, which shall include advance notice when housing-related services or financial assistance will be reduced or discontinued, and which may include electronic copies. This guidance shall include, at a minimum, all of the following elements:

(A) Counties shall provide recipients with an individualized written housing plan that shall meet all of the following requirements:

(i) Be developed by the county in coordination with the recipient, when possible, and consistent with Housing First requirements specified in Section 8255, to meet the recipient's specified housing-related goals.

(ii) Describe the housing-related services and financial assistance being provided to a recipient and specify the start and expiration dates, as applicable, within the plan.

(iii) Be provided to the recipient upon enrollment and updated when the recipient's housing-related services or financial assistance change and as specified by the department.

(B) If the recurring housing-related services or financial assistance described in a current written housing plan will be reduced or discontinued before its planned expiration date stated in the plan, the county shall provide the recipient with an updated housing plan before the reduction or discontinuance is effective that explains why the change is being made and when the change will take effect. The updated housing plan shall include accessible and easily understandable information about possible alternative and available housing supports and services.

(C) A formal process for discontinuing a recipient from a program that includes providing the recipient with a written description of the reason for the discontinuance and when it will occur.

(D) The county shall document in an updated written housing plan provided to the recipient when the reduction or discontinuance of housing-related services or financial assistance is a result of the county

closing the program, including closure or caseload reduction due to insufficient program funding.

(E) Any other criteria or clarifying guidance determined by the department in collaboration with CWDA, counties, and advocates for program applicants and recipients.

(4) A county participating in a program shall amend existing processes for those programs to satisfy the minimum requirements developed by the department pursuant to this subdivision if the existing processes do not meet the minimum requirements. If the county does not have existing processes for those programs, the county shall adopt processes for those programs that satisfy the minimum requirements developed by the department pursuant to this subdivision.

(c) If a recipient is dissatisfied with a decision issued pursuant to subparagraph (D) of paragraph (2) of subdivision (b), or if the county fails to provide a county complaint process or timely issue a decision as set forth in paragraph (2) of subdivision (b), the recipient shall have the right to file a request within 30 calendar days with the department for a state administrative hearing conducted by an administrative law judge for county actions resulting in a reduction or discontinuance of housing-related services or financial assistance, including discontinuance from a program, subject to all of the following:

(1) (A) An administrative hearing decision may determine that a county action is correct or incorrect.

(B) If a county action for discontinuance from a program is determined incorrect, the decision shall order the county to reenroll the recipient into the program, subject to the availability of funds for that program.

(C) If a county action for reduction or discontinuance of housing-related services or financial assistance is determined incorrect, the decision shall either order the county to continue to provide the housing-related services or financial assistance, as stated in the previous housing plan in effect immediately prior to the proposed county action for reduction or discontinuance of housing-related services or financial assistance that gave rise to the complaint, or order the county to reevaluate the housing-related services or financial assistance provided to the recipient when the previous housing plan no longer suits the needs of the recipient or if the housing-related services or financial assistance is no longer available within the county program, subject to guidance from the department and the availability of funds for that program.

(D) The county shall carry out all orders in accordance with its written policies, the program requirements, and departmental guidance. The county shall notify the recipient and state hearings upon complying with the decision as set forth in Section 22-071.1 (h) and 22-078.2 of Chapter 22-000 of Division 22 of the State Department of Social Services Manual of Policies and Procedures.

(2) (A) An administrative hearing decision may determine that the county failed to provide a county-level complaint resolution process, as required by paragraph (2) of subdivision (b), or that the county failed to issue a timely

decision, as required by subparagraph (D) of paragraph (2) of subdivision (b).

(B) If an administrative hearing decision finds that the county failed to issue a timely decision, as required by subparagraph (D) of paragraph (2) of subdivision (b), the decision shall order the county to issue a decision within 15 calendar days.

(C) If an administrative hearing decision finds that the county failed to provide a county-level complaint resolution process, the administrative law judge shall render a decision consistent with this section and guidance issued by the department.

(3) (A) For any program specified under paragraph (1) of subdivision (b), a county shall notify the department in writing at least 30 calendar days in advance of programwide caseload reductions due to insufficient funding, and of any temporary or permanent interruption or end to a program's services and operations, for any reason, including fully spending the given allocation.

(B) There shall be no right to an administrative hearing for county actions if the county has provided notice to the recipients that their housing-related services or financial assistance will be reduced or discontinued, as set forth in paragraph (3) of subdivision (b), in the following circumstances:

(i) The program under which the recipient is receiving housing-related services or financial assistance has closed or is closing permanently or temporarily, and the county has provided notice to the department, as required by subparagraph (A).

(ii) A county determination to reduce its program caseload due to insufficient funding.

(iii) For temporary program reductions or suspensions to program operations due to unexpected and extenuating circumstances that are publicly disclosed, including on the internet website of the county, and approved by the department.

(4) In the event that program funding is depleted, as defined by department guidance, or the program closes while an administrative hearing is pending, and the administrative law judge is made aware that the funding has been depleted or the program has closed, the matter shall be administratively dismissed without a hearing.

(5) Local assistance funds shall be used to implement this subdivision if an appropriation for administrative resources for the purpose of implementing this subdivision is not provided by the Legislature, subject to all of the following:

(A) The department shall prioritize any available funding for state set asides from local assistance allocations, or other available state administrative funding, such as for evaluation or training, appropriated prior to the Budget Act of 2025 for the purpose of implementing this subdivision.

(B) To the extent additional state operation funds are needed, any local assistance funds specifically set aside for state administrative costs for the program, pursuant to and consistent with Provisions 14, 15, and 16 of Item

5180-151-0001 of the Budget Act of 2025, may be used to implement this subdivision.

(C) During the first fiscal year that this subdivision is implemented, at least nine hundred fifty one thousand dollars ($951,000) in local assistance funds set aside for state administrative costs shall be available for this purpose. The department shall notify CWDA and advocates for program applicants and recipients on any updated estimates for state operations funding needed for implementing this subdivision in a future fiscal year. Any changes to local assistance funds needed for implementing this subdivision in a future fiscal year shall be reported to the Legislature.

(D) Commencing February 1, 2028, and each year thereafter, the department shall report to the Legislature on the counties' cost of implementing county-level complaint resolution processes and participating in state hearings. The reporting process shall be developed by the department in consultation with CWDA, and shall include, but not be limited to, the number of county-level complaints, the number of state hearing requests, and the number of cases which proceeded to state hearings when available.

(E) Following the first fiscal year of implementation, to the extent state operations funding is needed for continued implementation of this subdivision, and if there is no separate appropriation for administrative purposes, set aside funds from appropriations for the CalWORKs Housing Support Program and Housing and Disability Income Advocacy Program, and, if applicable, future appropriations for the Home Safe Program and Bringing Families Home Program, may be used to implement this subdivision. The total combined amount of these set aside funds to be used for this purpose may not exceed 1 percent of the total combined amount of the appropriated funds for these four programs in a given fiscal year.

(d) (1) The department shall establish criteria for recipients to receive housing-related services and financial assistance pending the resolution of a complaint pursuant to subdivision (b) and a state hearing pursuant to subdivision (c), in consultation with CWDA and advocates for program applicants and recipients.

(2) Assistance pending shall mean the continuation of housing-related services and financial assistance, as described in the recipient's housing plan that was in effect immediately prior to a proposed county action for reduction or discontinuance of assistance that gave rise to the complaint prior to the expiration of that housing plan.

(3) Financial assistance provided under this subdivision shall include recurring housing-related direct financial assistance provided to, or on behalf of, a recipient, including, but not limited to, rental assistance, utility payments, or other recurring payments consistent with program requirements and departmental guidance.

(4) Housing-related services that may be provided under this subdivision include, but are not limited to, housing navigation, credit repair support, ongoing housing education, case management, and legal services.

(5) The department shall establish criteria for collecting overpayments for financial assistance only, in the event that the county action reducing or

discontinuing the financial assistance is determined correct pursuant to subdivision (b) or (c). The criteria, at a minimum, shall include both of the following provisions:

(A) There shall be no collection of overpayments for services rendered.

(B) The county shall waive overpayment collections when the collection will create an exceptional burden to the recipient, and for other good cause, as determined by further guidance issued by the department, in consultation with CWDA and advocates for applicants and recipients.

(e) The department shall issue guidance to counties to implement subdivisions (b), (c) and (d) no later than 18 months after the effective date of this section. The county shall then implement the guidance within six months of the department's issuance of guidance. The right to file a request for an administrative hearing and the right to receive assistance pending shall become operative on the date the department notifies the Legislature that the department and counties have finalized the implementation of that guidance.

(f) Notwithstanding any other law, the processes described in subdivisions (b) and (c) shall be the sole administrative remedies available to any applicant for, or recipient of, the programs.

(g) 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), the department may implement and administer this section by means of all-county letters or similar written instructions from the department. These all-county letters or similar written instructions shall have the same force and effect as regulations.

(h) The department shall consult with CWDA, counties, and advocates for program applicants and recipients on the development of the processes described in subdivisions (b), (c) and (d).

(i) Subject to paragraph (5) of subdivision (c), funds appropriated for the programs shall be available to the department to administer this section. Funds appropriated for the programs shall also be available to counties participating in those programs to administer this section.

(j) "Program" or "Programs" means the programs described in paragraph (1) of subdivision (b).

SEC. 2. Section 11265.15 of the Welfare and Institutions Code is amended to read:

11265.15. (a) The department shall work with the County Welfare Directors Association of California, representatives of county eligibility workers, the Statewide Automated Welfare System, and client advocates to develop and implement the necessary system changes to prepopulate the semiannual report form described in Section 11265.1.

(b) Upon certification that the Statewide Automated Welfare System can perform the necessary automation to implement this section, and to the extent permitted by federal law, counties shall provide recipients with a prepopulated semiannual report, either via mail or electronically, at the

election of the recipient, instead of a blank form to comply with the requirement described in paragraph (2) of subdivision (c) of Section 11265.1.

SEC. 3. Section 11320.1 of the Welfare and Institutions Code, as added by Section 9 of Chapter 79 of the Statutes of 2025, is amended to read:

11320.1. (a) Subsequent to the commencement of the receipt of aid under this chapter, the sequence of activities of counties and recipients under this article, unless exempted under Section 11320.3, shall be as follows:

(1) (A) Orientation and appraisal. The county shall provide recipients with a combined appraisal and an orientation to the welfare-to-work program provided under this article, unless the recipient has attended an appraisal in the past 12 months.

(B) The county shall provide the recipient with a blank simplified appraisal form, as set forth in Section 11325.15, and an online link to the form that the individual can return in person, by mail, or electronically. The appraisal shall gather and provide information about the applicant in all of the following areas:

(i) Housing status and stability.

(ii) Language barriers.

(iii) Physical and behavioral health, including mental health and substance abuse issues.

(iv) Child physical and behavioral health and well-being.

(v) Criminal background that may present a barrier to employment or housing stability.

(vi) The individual's assessment of their skills, prior work experience, and employability. The individual may indicate they would like assistance with this assessment.

(vii) Need for supportive services, as described in Section 11323.2.

(viii) Any other barrier the individual chooses to identify.

(C) Orientation shall include all of the following:

(i) A review of the full range of the welfare-to-work activities described in Section 11322.6 and supportive services described in Section 11323.2.

(ii) Information on the bases for exemption described in Section 11320.3, how to request an exemption, and the opportunity to participate and receive supportive services as an exempt volunteer.

(iii) An offer to be screened and evaluated for a learning disability.

(iv) Information regarding the ability to request barrier removal services and referrals at any time.

(v) Provision of a welfare-to-work plan, as described in Section 11325.21, and information on alternative ways to submit the plan, including electronically. The recipient may attend orientation in person, by telephone, or by any alternative mode the county has available that the recipient chooses.

(vi) The county shall ask if the recipient has a physical, mental, or emotional circumstance that would interfere with their participation in welfare-to-work activities. If the recipient discloses a barrier, the county shall review the recipient's case for and provide exemptions pursuant to Section 11320.3 and offer services to assist with barrier removal.

(D) Pursuant to Section 11325.15, the department shall develop a standardized statewide orientation and appraisal, in consultation with stakeholders. Counties may add county-specific information to the standardized orientation.

(2) Initial engagement activities may include other activities, if eligible, such as family stabilization pursuant to Section 11325.24, or substance abuse, mental health, or domestic violence services.

(3) Create welfare-to-work plan. After completing orientation and appraisal, the participant may complete and return the welfare-to-work plan to the county.

(4) (A) Assessment and welfare-to-work plan development.

(B) If a recipient has not either completed a simplified appraisal or a welfare-to-work plan within 45 days of being approved for aid, or if a recipient has requested county assistance, as described in paragraph (11) of subdivision (a) of Section 11325.2, the county shall set an appointment, which may include an assessment to collaboratively develop the plan, as described in Section 11325.4. The notice to the recipient of the appointment shall include a blank welfare-to-work plan, as described in Section 11325.21, and information on alternative ways to submit the plan. The assessment shall be conducted in person, by telephone, or by any alternative mode the county has available that the recipient chooses.

(C) The plan development appointment may be in person, by telephone, or by any alternative mode the county has available that the recipient chooses. The recipient may complete and return a welfare-to-work plan in lieu of attending the appointment. The plan, as set forth in Section 11325.21, shall be developed within 90 days of approval of aid.

(5) Work activities. At the completion of the welfare-to-work plan development, the recipient shall sign the plan in person, or by any alternative mode of providing a signature, as available in the county, including, but not limited to, electronic, telephonic, and oral attestation. A recipient who has signed a welfare-to-work plan described in Section 11325.21 shall participate in work activities, as described in this article.

(6) The county shall regularly review the welfare-to-work plan with the participant to ensure that the plan accurately reflects the current services and participation activities the county feels are best suited to support their well-being. During times that the county has personal contacts with the participant, or during other outreach efforts made by the county, the county shall offer to review the welfare-to-work activities. If those contacts or other outreach efforts have not occurred, and no other plan adjustments have been made to the plan within the past six months, the county shall send the participant a written notice along with their current plan and information on how to contact the county to make any plan adjustments.

(b) 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), the department may implement, interpret, or make specific this section by means of all-county letters or similar written instructions from the department until regulations

are adopted. These all-county letters or similar instructions shall have the same force and effect as regulations until the adoption of regulations.

(c) This section shall become operative on July 1, 2026, or, if automation is necessary, the later of July 1, 2026, or when the department notifies the Legislature that the Statewide Automated Welfare System can perform the necessary automation to implement this section.

SEC. 4. Section 11325.15 of the Welfare and Institutions Code, as amended by Section 13 of Chapter 79 of the Statutes of 2025, is amended to read:

11325.15. (a) (1) The Legislature hereby finds and declares that the Online CalWORKs Appraisal Tool (OCAT) is an essential part of CalWORKs welfare-to-work case management and should function as a shared service in the Statewide Automated Welfare System (SAWS), which is the system of record for the CalWORKs program, as expeditiously as possible.

(2) The State Department of Social Services shall expedite any necessary steps to obtain any necessary licenses to allow the OCAT to function as a shared service in the SAWS environment.

(b) OCAT shall become a shared service in the SAWS environment, consistent with the state's shared services strategy. The functionality of OCAT in the SAWS environment shall include, but not be limited to, the exchange of data to prevent the need for duplicate data entry, to alert users to potential data conflicts, and to transmit OCAT recommendations to SAWS, where the recommendations may be used to streamline the case management of welfare-to-work activities and to produce reports.

(c) The implementation of this section shall not reduce access by the department nor counties to OCAT data and recommendations, as that access existed as of June 30, 2017.

(d) Notwithstanding any other law, a contract awarded pursuant to this article shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, the Public Contract Code, and the State Contracting Manual and is not subject to review or approval by the Department of General Services.

(e) Consistent with Section 11325.2, the department shall develop an updated streamlined appraisal tool to replace OCAT. This tool shall be designed to improve efficiency while maintaining the ability to assess participant strengths and barriers. The department shall convene a stakeholder workgroup, which may be convened concurrently with an existing department stakeholder meeting, to inform the development and use of this tool. The stakeholder workgroup shall include, but not be limited to, representatives of organizations representing the County Welfare Directors Association of California, CalWORKs recipients, social workers, advocacy groups, and any relevant state, county, or city government agencies. The department shall ensure that, in replacing OCAT, the lines of inquiry necessary to support participants are retained in the appraisal

tool, including, but not limited to, domestic violence, learning disabilities, and pregnant or parenting teenagers.

(f) 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), the department may implement, interpret, or make specific the changes made to this section by the act that added this subdivision by means of all-county letters or similar written instructions from the department until regulations are adopted. These all-county letters or similar instructions shall have the same force and effect as regulations until the adoption of regulations.

(g) The changes made to this section by the act that added this subdivision shall become operative on July 1, 2026, or, if automation is necessary, the later of July 1, 2026, or on the date the department notifies the Legislature that the Statewide Automated Welfare System can perform the necessary automation to implement the changes made to this section by the act that added this subdivision.

SEC. 5. Section 11325.4 of the Welfare and Institutions Code, as added by Section 18 of Chapter 79 of the Statutes of 2025, is amended to read:

11325.4. (a) An assessment shall be available upon completion of orientation and appraisal pursuant to Section 11320.1. An assessment evaluates the participants' strengths and skills to assist them in choosing the activities they wish to include in their welfare-to-work plan. At the participant's option, this assessment may incorporate the appraisal tool used pursuant to Section 11325.15 and shall include at least all of the following:

(1) The participant's work history and an inventory of their employment skills, knowledge, and abilities.

(2) The participant's educational history and present educational competency level.

(3) The participant's need for supportive and barrier removal services in order to obtain the greatest benefit from the employment and training services offered under this article.

(4) An evaluation of the chances for employment given the current skills of the participant and the local labor market conditions.

(5) Local labor market information.

(6) Physical limitations or mental conditions that limit the participant's ability for employment or participation in welfare-to-work activities.

(b) Counties may contract with outside parties, including local educational agencies and service delivery areas to perform all or part of the assessment.

(c) 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), the department may implement, interpret, or make specific this section by means of all-county letters or similar written instructions from the department until regulations are adopted. These all-county letters or similar instructions shall have the same force and effect as regulations until the adoption of regulations.

(d) This section shall become operative on July 1, 2026, or, if automation is necessary, the later of July 1, 2026, or when the department notifies the

Legislature that the Statewide Automated Welfare System can perform the necessary automation to implement this section.

SEC. 6. Section 16121.5 of the Welfare and Institutions Code, as added by Section 7 of Chapter 7 of the Statutes of 2025, is amended to read:

16121.5. (a) Adoption Assistance Program (AAP) payments may be made on behalf of an otherwise eligible child for placement in out-of-state residential treatment facility if one or more of the adoptive parents reside in the state in which the residential treatment facility is located and the responsible public agency has confirmed that placement in the an out-of-state residential treatment facility is necessary for the temporary resolution of the mental health, behavioral health, or emotional health needs of the child and related to a condition that existed before the adoptive placement.

(b) AAP benefits may be authorized for payment for an eligible child's placement in an out-of-state residential treatment facility if the responsible public agency has determined that both of the following conditions exist:

(1) One or more of the adoptive parents reside in the state in which the residential treatment facility is located.

(2) The placement is justified by a specific condition and does not exceed a 12-month cumulative period of time. For the purpose of transitioning the child home, payment at the rate described in subdivision (d) may continue for up to an additional 60 calendar days if the child remains placed at the out-of-state residential treatment facility.

(c) The designation of the placement facility shall be made, after consultation with the adoptive family, by the responsible public agency. Placement in an out-of-state residential treatment facility shall only be made as part of a plan for return of the child to the adoptive family and the adoptive parents shall actively participate in the reunification plan.

(d) The AAP rate paid on behalf of the child for an out-of-state residential treatment facility shall not exceed the lesser amount of the following:

(1) The rate paid for a foster care placement in a short-term residential therapeutic program, as defined in paragraph (18) of subdivision (a) of Section 1502 of the Health and Safety Code.

(2) The rate determined by the ratesetting authority in the state in which the out-of-state residential treatment facility is located.

(e) (1) For the purpose of this section, "out-of-state residential treatment facility" means a facility that is located in a state outside of California, is licensed and in good standing or otherwise approved and in good standing by the applicable state or tribal authority, is eligible as a Title IV-E funded placement in the state in which it is situated, and provides an integrated program of specialized and intensive care and supervision, services and supports, treatment, and short-term, 24-hour, trauma-informed care and supervision to children. An out-of-state residential treatment facility may be called another name, including a group home, a residential facility, or a residential care treatment facility. An out-of-state residential treatment facility shall have a trauma-informed therapeutic focus to treat a child's mental health, behavioral health, emotional health, and attachment needs, and shall have a mental health clinic program.

(2) For purposes of this section, "out-of-state residential treatment facility" shall not include wilderness programs, boot camps, detention facilities, any facility operated primarily for the detention of youth who are involved in the juvenile justice system, academies, or schools, including, but not limited to, boarding schools and military schools.

(3) For purposes of this section, "responsible public agency" means the department or county adoption agency responsible for determining a child's AAP eligibility and initial and subsequent payment amount.

(f) (1) Prior to the authorization of AAP benefits in the out-of-state residential treatment facility, the adoptive family shall provide proof of licensing and accreditation to the responsible public agency. The adoptive family shall provide verification that the out-of-state residential treatment facility is all of the following:

(A) Licensed or otherwise approved by the applicable state or tribal authority.

(B) In good standing.

(C) Eligible as a Title IV-E funded placement.

(D) A qualified residential treatment program, as defined in the federal Social Security Act (42 U.S.C. Sec. 672(k)(4)).

(2) The documentation required by paragraph (1) shall originate from the government agency or tribal authority that licenses or otherwise approves the out-of-state residential treatment facility, or the appropriate state or tribal Title IV-E agency.

(g) Commencing September 1, 2025, and annually thereafter, county adoption agencies shall provide all of the following information to the department:

(1) The total number of children in out-of-state residential treatment facilities.

(2) The name and location of each out-of-state residential treatment facility during the reporting period.

(3) The number of days each child placed in an out-of-state residential treatment facility remained in that facility.

(h) Nothing in this section shall be interpreted to invalidate or alter the terms or conditions of adoption assistance agreements executed before the effective date of this section. For a child who is placed in any facility outside of California funded through AAP before June 30, 2025, or the effective date of this section, whichever date is later, and remains in placement on June 30, 2025, or the effective date of this section, whichever date is later, payment at the negotiated benefit amount shall not exceed the timeframe authorized in the adoption assistance agreement in effect on June 30, 2025, or the effective date of this section, whichever date is later, unless the responsible public agency and the adoptive parents have negotiated and agreed upon up to an additional 60 calendar days for the purpose of transitioning the child home.

(i) The department shall engage child welfare advocates, county child welfare agencies, tribes, and interested stakeholders to update policies regarding the use of AAP for wraparound and out-of-home placements,

including planning for transition back home to the family setting, and shall provide to the Legislature proposed statutory changes no later than February 1, 2026.

(j) (1) The department shall provide guidance to counties regarding the steps necessary to document the requirements described in this section and shall develop processes to regularly document that the out-of-state residential treatment facility continues to meet the requirements of subdivision (f).

(2) 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), the department may implement, interpret, or make specific this section by means of all-county letters or similar written instructions and amended forms, which shall be exempt from submission to or review by the Office of Administrative Law. These all-county letters or similar instructions shall have the same force and effect as regulations.

(k) This section is inoperative on July 1, 2027, or the date that the department notifies the Legislature that the California Statewide Automated Welfare System can perform the necessary automation to implement the Tiered Rate Structure described in subdivision (h) of Section 11461, whichever is later, and is repealed as of January 1 of the following year.

SEC. 7. Section 16121.5 of the Welfare and Institutions Code, as added by Section 8 of Chapter 7 of the Statutes of 2025, is amended to read:

16121.5. (a) Adoption Assistance Program (AAP) payments may be made on behalf of an otherwise eligible child for placement in an out-of-state residential treatment facility if one or more of the adoptive parents reside in the state in which the residential treatment facility is located and the responsible public agency has confirmed that placement in the out-of-state residential treatment facility is necessary for the temporary resolution of the mental health, behavioral health, or emotional health needs of the child and related to a condition that existed before the adoptive placement.

(b) AAP benefits may be authorized for payment for an eligible child's placement in an out-of-state residential treatment facility if the responsible public agency has determined that both of the following conditions exist:

(1) One or more of the adoptive parents reside in the state in which the residential treatment facility is located.

(2) The placement is justified by a specific condition and does not exceed a 12-month cumulative period of time. For the purpose of transitioning the child home, payment at the rate described in subdivision (d) may continue for up to an additional 60 calendar days if the child remains placed at the out-of-state residential treatment facility.

(c) The designation of the placement facility shall be made, after consultation with the adoptive family, by the responsible public agency. Placement in an out-of-state residential treatment facility shall only be made as part of a plan for return of the child to the adoptive family and the adoptive parents shall actively participate in the reunification plan.

(d) The AAP rate paid on behalf of the child for an out-of-state residential treatment facility shall not exceed the lesser amount of the following:

(1) The sum of all of the following:

(A) The Tier 3+ Care and Supervision rate established under paragraph (3) of subdivision (h) of Section 11461.

(B) The Tier 3+ administrative rate established under paragraph (2) of subdivision (e) of Section 11462.

(C) The Tier 3+ Immediate Needs Funding established under subparagraph (B) of paragraph (1) of subdivision (d) of Section 16562.

(2) The rate determined by the ratesetting authority in the state in which the out-of-state residential treatment facility is located.

(e) (1) For the purpose of this section, "out-of-state residential treatment facility" means a facility that is located in a state outside of California, is licensed and in good standing or otherwise approved and in good standing by the applicable state or tribal authority, is eligible as a Title IV-E funded placement in the state in which it is situated, and provides an integrated program of specialized and intensive care and supervision, services and supports, treatment, and short-term, 24-hour, trauma-informed care and supervision to children. An out-of-state residential treatment facility may be called another name, including a group home, a residential facility, or a residential care treatment facility. An out-of-state residential treatment facility shall have a trauma-informed therapeutic focus to treat a child's mental health, behavioral health, emotional health, and attachment needs, and shall have a mental health clinic program.

(2) For purposes of this section, "out-of-state residential treatment facility" shall not include wilderness programs, boot camps, detention facilities, any facility operated primarily for the detention of youth who are involved in the juvenile justice system, academies, or schools, including, but not limited to, boarding schools and military schools.

(3) For purposes of this section, "responsible public agency" means the department or county adoption agency responsible for determining a child's AAP eligibility and initial and subsequent payment amount.

(f) (1) Prior to the authorization of AAP benefits in the out-of-state residential treatment facility, the adoptive family shall provide proof of licensing and accreditation to the responsible public agency. The adoptive family shall provide verification that the out-of-state residential treatment facility is all of the following:

(A) Licensed or otherwise approved by the applicable state or tribal authority.

(B) In good standing.

(C) Eligible as a Title IV-E funded placement.

(D) A qualified residential treatment program, as defined in the federal Social Security Act (42 U.S.C. Sec. 672(k)(4)).

(2) The documentation required by paragraph (1) shall originate from the government agency or tribal authority that licenses or otherwise approves the out-of-state residential treatment facility, or the appropriate state or tribal Title IV-E agency.

(g) County adoption agencies shall annually provide all of the following information to the department:

(1) The total number of children in out-of-state residential treatment facilities.

(2) The name and location of each out-of-state residential treatment facility during the reporting period.

(3) The number of days each child placed in an out-of-state residential treatment facility remained in that facility.

(h) (1) The department shall provide guidance to counties regarding the steps necessary to document the requirements described in this section and shall develop processes to regularly document that the out-of-state residential treatment facility continues to meet the requirements of subdivision (f).

(2) 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), the department may implement, interpret, or make specific this section by means of all-county letters or similar written instructions and amended forms, which shall be exempt from submission to or review by the Office of Administrative Law. These all-county letters or similar instructions shall have the same force and effect as regulations until the adoption of regulations no later than January 1, 2031.

(i) This section is operative on July 1, 2027, or the date that the department notifies the Legislature that the California Statewide Automated Welfare System can perform the necessary automation to implement the Tiered Rate Structure described in subdivision (h) of Section 11461, whichever is later.

SEC. 8. Section 18900.95 is added to the Welfare and Institutions Code, immediately following Section 18900.9, to read:

18900.95. (a) (1) It is the intent of the Legislature in enacting this section that California's state cost share for CalFresh benefits pursuant to Section 10105 of Public Law 119-21 (7 U.S.C. Sec. 2013(a)) be reduced to the greatest extent possible by reducing the CalFresh payment error rate to the greatest extent possible.

(2) It is further the intent of the Legislature that these efforts shall mitigate adverse impacts or restrictions for CalFresh applicants or recipients, and shall not result in a reduction in the eligible population accessing benefits, so as not to cause increased hunger for the population served by this program to the maximum extent possible. It is further the intent of the Legislature to reduce administrative burden and improve the client experience.

(b) (1) 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), the State Department of Social Services may, until October 1, 2027, and when necessary to reduce the CalFresh payment error rate, implement and administer the CalFresh program by means of all-county letters and emergency regulations. The department may readopt any emergency regulation authorized by this section that is the same as, or substantially equivalent to, an emergency regulation previously adopted under this section. All-county letters and emergency regulations adopted under this section shall not impede or reduce an

applicant's or recipient's access to benefits, or benefits themselves, for which they are eligible under this chapter.

(2) The initial adoption of emergency regulations pursuant to this section and one readoption of emergency regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. Initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be exempt from review by the Office of Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be shared with the County Welfare Directors Association of California (CWDA), the exclusive representatives of CalFresh eligibility workers, advocates for program applicants and recipients, and legislative staff for review and feedback. Upon consideration of stakeholder review and feedback, the emergency regulations shall then be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days, by which time final regulations shall be adopted. The consultative process for review and feedback required by this paragraph shall also apply to all-county letters adopted pursuant to this section.

(c) Notwithstanding any other law, an agreement between the department and any entity that is entered into for the purpose of this section and that is executed prior to October 1, 2027, shall be exempt from the requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, the Public Contract Code, and the State Contracting Manual, and shall not be subject to the approval of the Department of General Services or the Department of Technology.

(d) The department shall engage in stakeholder consultation starting in September 2025 and continuing through the duration of the multiyear activities pursuant to this section and with any funding appropriated for this purpose in the state budget. This engagement shall include the California Statewide Automated Welfare System, CWDA, the exclusive representatives of CalFresh eligibility workers, advocates for program applicants and recipients, and legislative staff.

(e) Beginning in November 2025 through November 2027, the department shall update the Legislature on a quarterly basis on the implementation of the multiyear activities pursuant to this section and with any funding appropriated for this purpose in the state budget. These updates shall include, but not be limited to, all of the following information:

(1) Emergency regulations developed by the department pursuant to this section.

(2) Contracts entered into pursuant to subdivision (c), including contract amounts, general purposes, timelines, and when available, outcomes.

(3) New methods utilized to verify incomes, any methods that have been attempted and discontinued, and the number of individuals who are utilizing or have opted not to use new verification tools. For CalFresh recipients whose income cannot be verified using existing methods, the department shall provide a summary of new methods used to verify income, including

a description of the type of income, any concerns raised about those verification methods, and any changes in practice to mitigate those concerns.

SEC. 9. Section 18901.36 of the Welfare and Institutions Code is amended to read:

18901.36. (a) (1) The department, by February 1, 2028, shall establish a CalFresh workgroup to create recommendations for a state reentry process incorporating the necessary resources for transition from state prison or county jail to obtaining CalFresh benefits upon reentry into the community. The composition of the workgroup shall consist of all of the following:

(A) Two representatives from the State Department of Social Services, including one from the Disability Determination Services Division.

(B) One representative from community-based organizations.

(C) One representative from the Department of Corrections and Rehabilitation.

(D) One representative from the California Health and Human Services Agency.

(E) One representative from the County Welfare Directors Association of California.

(F) Two impacted individuals who were recipients of CalFresh benefits prior to release.

(G) A sheriff or an individual appointed by a sheriff.

(H) One representative from a county human services agency with expertise in CalFresh.

(2) The workgroup shall consider how best to increase CalFresh enrollment for otherwise eligible applicants for the CalFresh program to ensure that an applicant's benefits begin upon the reentry of the applicant into the community from the state prison or county jail.

(3) The workgroup shall consider federal programs or applicable federal waivers to reduce food insecurity for individuals leaving incarceration and to aid in the reentry process.

(4) The workgroup shall meet no less than quarterly.

(b) By August 31, 2029, and annually by August 31 thereafter, through 2032, the workgroup shall create and submit a report to the department and the Legislature outlining the workgroup's recommendations. That report shall be submitted in compliance with Section 9795 of the Government Code.

(c) By January 1, 2026, the department shall seek a federal waiver of Section 273.1(b)(7)(vi) of Title 7 of the Code of Federal Regulations to allow for preenrollment of applicants prior to their release from the state prison or a county jail.

(d) By January 1, 2026, the department shall seek a federal waiver of Section 272.13 of Title 7 of the Code of Federal Regulations to allow for delay of verification of incarcerated individuals for up to five months.

(e) The department shall seek any other relevant federal waivers necessary to implement this section.

(f) (1) Subject to paragraph (2), the department shall partner with the Department of Corrections and Rehabilitation and county jails to allow for

preenrollment of otherwise eligible applicants who are ineligible because of their incarceration status for the CalFresh program to ensure that an applicant's benefits may begin as soon as possible upon reentry of the applicant into the community from the state prison or a county jail.

(2) In the case of a given county, the department shall implement the partnership described in paragraph (1) with the Department of Corrections and Rehabilitation and county jails upon notification to the State Department of Health Care Services that the corresponding county has implemented the Justice-Involved Initiative that is developed by the State Department of Health Care Services pursuant to CalAIM provisions, including, but not limited to, Section 14184.800.

(g) This section shall become operative on the date that the department notifies the Legislature that the Statewide Automated Welfare System can perform the necessary automation to implement this section.

SEC. 10. The sum of three million two hundred thousand dollars ($3,200,000) is hereby appropriated from the General Fund to the State Department of Social Services for automation related to CalFresh payment error rate mitigation and implementation of federal H.R. 1 (Public Law 119-21).

SEC. 11. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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