



AB 42 – Simplifying CalWORKs/CalFresh

SUMMARY

Assembly Bill 42 will exempt all student grants, loans, fellowships, and scholarships from calculations of income for the purposes of CalWORKs and apply any exemption under CalWORKs to CalFresh.

BACKGROUND

According to the Public Policy Institute of California (PPIC), only 27% of community college students who receive CalWORKs funding complete a credential program or successfully transfer to a four-year college. In 2019, the California Community College Chancellor’s Office identified increasing financial aid to cover total costs of college, including living expenses, as a way to boost credential or degree completion. Despite the colleges’ best efforts, the COVID-19 pandemic and rising housing prices have made higher education even more inaccessible, especially for low-income students.

Currently, federal law gives California the option to exempt any form of income for CalFresh that is already exempt for CalWORKs. It also gives California the ability to exempt all educational funding as income for the purposes of the two programs. In 2022, Massachusetts began exempting all forms of financial aid from being calculated as a form of income for SNAP beneficiaries. In the same year, California Governor Gavin Newsom signed AB 288 (Calderon) into law, which prohibited colleges in California from reducing a low-income student’s financial aid when they earn a private grant, a practice known as scholarship displacement.

PROBLEM

Despite banning colleges from practicing scholarship displacement, the state still punishes CalWORKs and CalFresh recipients by reducing their state assistance if they earn any merit-based grants and scholarships.

CalWORKs students must balance their academic pursuits with providing for their child. They face the additional barrier of completing their credentials within 24 months; after this period, they are required to work 20 hours or more a week to continue receiving cash aid from the state. By counting merit-based educational funding against their cash aid, the state forces low-income student parents to choose between two vital forms of assistance, neither of which is enough to support both the student and their dependent(s).

SOLUTION

AB 42 will exempt all student grants, loans, fellowships, or scholarships from calculations of income for the purposes of CalWORKs and CalFresh eligibility. This will allow our state’s most vulnerable students, CalWORKs and CalFresh recipients, to access the maximum amount of aid available to them. It will also simplify the current benefits calculation process, saving time and resources for both students and the California Department of Social Services (CDSS).

SUPPORT

Coalition of California Welfare Rights Organizations (Co-Sponsor)
Western Center on Law and Poverty (Co-Sponsor)
uAspire (Co-Sponsor)

FOR MORE INFORMATION

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