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March 9, 2026

The Honorable Corey Jackson, Chair
Assembly Budget Subcommittee No. 2
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable Caroline Menjivar, Chair
Senate Budget & Fiscal Review 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: Concerns with the Governor's 2026-27 Budget Proposal – CalFresh and Medi-Cal

Dear Chairs Jackson, Menjivar, and Addis,

I am writing on behalf of the Kern County Board of Supervisors to respectfully urge action in the Budget Act of 2026 to support counties' in helping clients navigate major federal changes enacted under H.R. 1 affecting both CalFresh and Medi-Cal. County eligibility workers serve as the front line for administering these programs and helping low-income Californians access essential nutrition and health coverage.

Without targeted State investments and statutory protections for counties and eligibility workers, the proposed budget will create serious risks to continuity of food assistance and health coverage for vulnerable Californians. In Kern, approximately 200,000 residents receive CalFresh and 456,000 residents receive Medi-Cal. These residents depend on county-administered eligibility systems that must now implement new federal requirements on an accelerated timeline and without adequate funding.

Budget action is needed to ensure counties can implement H.R. 1 responsibly to minimize preventable benefit loss, protect state and federal funding, and mitigate downstream impacts associated with reduced access to concrete supports like increases in homelessness, involvement in the child welfare system, uncompensated care, and decreases in life expectancy.

Protect Food Access Through Adequate Support for ABAWD Implementation

Effective June 1, 2026 in California, H.R. 1 significantly expands the federal Able-Bodied Adults Without Dependents (ABAWD) three-month time limit and work requirements, placing nearly one million Californians at risk of losing food assistance unless they meet complex work requirements or qualify for exemptions.

These new rules will require counties to conduct multiple rounds of exemption screening, engage and educate clients, and assist non-exempt clients to ensure they are compliant and meet their required work hours. Many of these beneficiaries will be those with unstable employment or minimal data footprints in the eligibility system, making them particularly at risk of losing benefits and requiring intensive engagement and conversation between the eligibility worker and client to protect their benefits.

Without adequate funding in the amount of **\$9.3 million General Fund in FY 2025-26, \$103 million General Fund in FY 2026-27, and \$58 million General Fund ongoing**, eligible individuals are likely to lose benefits due to procedural barriers rather than true ineligibility. Counties will need sufficient staffing to:

- Conduct robust screening for exemptions.
- Provide clear and repeated client education on complex requirements.
- Support non-exempt CalFresh recipients in overcoming documentation challenges.
- Monitor compliance and intervene before inappropriate discontinuances and refer clients to employment and training programs.
- Reduce churn, error rates, and downstream costs.

In Kern County, these requirements will require significant new staffing and operational resources at a time when counties are already operating at capacity. Adequate funding is essential to prevent avoidable hunger and disruption in food assistance.

We also note that the **Budget Act of 2025 provisionally set aside \$20 million General Fund** for county administration to implement ABAWD requirements and support affected clients, subject to Department of Finance approval. **We call on the Legislature to request the Administration release these funds immediately** and offset the aforementioned budget request to support the imminent implementation of these requirements.

Kern County faces significant operational impacts associated with the imminent expansion of CalFresh ABAWD work requirements under the CalFresh Program. Implementing and monitoring these requirements will significantly increase administrative workload for eligibility staff, including tracking exemptions, verifying participation in qualifying work or training activities, and processing time-sensitive case actions. In a large and geographically diverse county like Kern, these responsibilities will require additional staffing capacity and coordination with workforce and community partners to ensure eligible residents do not lose benefits due to administrative barriers. The proposed \$20 million in state and ongoing resources would allow Kern County to strengthen customer service by investing in worker retraining and cross-program staff support, improving data-sharing and interoperability with state systems to better verify exemptions and participation, and expanding partnerships with community-based organizations and local workforce development boards to connect CalFresh participants with employment and training opportunities. These investments would help ensure the County can implement the ABAWD requirements efficiently while minimizing disruptions to food assistance for eligible households and maintaining timely, responsive service for residents seeking support.

Protect Medi-Cal through County Administration and CPI Adjustments

H.R. 1 imposes major new and onerous requirements on certain adults in Medi-Cal, including work and community engagement requirements and more frequent eligibility redeterminations, affecting approximately 4.6 million Californians beginning January 2027.

Counties will be responsible for implementing these changes and supporting millions of enrollees in navigating new reporting and verification requirements. Many affected individuals will require direct assistance from county eligibility workers because their exemptions or compliance cannot be verified automatically through existing data sources, meaning they are at an increased risk of losing their Medi-Cal coverage.

We are urging your support for increased Medi-Cal administrative funding, which leverages enhanced federal funding of 75 percent, as follows:

- **\$230.9 million General Fund in FY 2026-27,**
- **\$304.7 million General Fund in FY 2027-28,**
- **\$175.9 million General Fund in FY 2028-29, and**
- **\$114.1 million General Fund ongoing thereafter.**

At the same time, counties face serious constraints in keeping up with baseline growth in costs due to the suspension of Medi-Cal Consumer Price Index (CPI) adjustments through FY 2027-28. Without CPI adjustments, county administrative funding is not keeping pace with rising salary and operating costs, threatening counties' ability to retain experienced eligibility staff. Counties also request your support for **restoration of CPI adjustments beginning FY 2026-27 and ongoing (\$78.5 million total funds, \$39.2 million General Fund).**

Kern County will face a significant increase in Medi-Cal eligibility workload under H.R. 1, requiring more frequent verifications, complex eligibility assessments, and intensified client assistance at a time when staffing and systems are already stretched. Without additional administrative funding, the County risks longer processing times, reduced customer service capacity, and preventable interruptions in health coverage for the approximately 456,000 Medi-Cal beneficiaries we serve. To prepare, Kern County is strengthening data-sharing and interoperability efforts, expanding cross-program staff training, and coordinating with managed care plans, CBOs, and workforce partners to support seamless eligibility navigation. However, without additional administrative funding, the scale of new responsibilities could significantly strain county operations and increase the risk of coverage disruptions for eligible residents.

Adequate investment in Medi-Cal administration and restoration of CPI adjustments are critical to:

- Prevent avoidable coverage loss
- Maintain a stable eligibility workforce
- Support timely redeterminations
- Maximize federal administrative funding
- Reduce downstream uncompensated care costs

Without these investments, counties will struggle to implement H.R. 1 in a manner that preserves access to care and protects the State's historic investments in health coverage.

Authorize a CalFresh Match Waiver to Protect State and Federal Funding

H.R. 1 also shifts CalFresh administrative costs to states and counties, triggering an automatic increase in county match requirements under 1991 realignment law beginning in October 2026.

This cost shift is estimated to exceed \$200 million annually for counties. Without relief, some counties may be unable to meet match requirements, potentially leaving substantial state and federal funds unclaimed. Counties will be in danger of not being able to run their programs because they do not have the funds to draw down the federal and state funds. This threatens widening inequities for the CalFresh program.

A CalFresh match waiver provides a pragmatic and budget-neutral solution that allows counties unable to come up with the increased match to continue drawing down their State General Fund allocations and associated federal funding.

Match waivers have been successfully implemented during prior economic downturns and emergencies, including the Great Recession and the COVID-19 pandemic, and is a vital tool to help ensure that available CalFresh funding is fully utilized to support Californians experiencing food insecurity. A match waiver is a critical tool to **prevent the worst-case outcome in loss of funding** for CalFresh Administration as a result of H.R. 1.

Hold Counties Harmless from Pre- H.R. 1 Federally-Driven Payment Error Rate Fiscal Sanctions

As counties implement complex federal changes under H.R. 1, they face increased exposure to federal SNAP Payment Error Rate (PER) fiscal sanctions, that pre-date H.R. 1, and which will be exacerbated by federal policy changes and circumstances outside county control.

Long-standing federal rules, separate from H.R. 1, impose financial sanctions on states that exceed 105 percent of the national PER average for two consecutive federal fiscal years. A portion of these penalties are passed through to 19 Performance Measurement Counties in California. Counties are already facing heightened PER risk due to federally-driven changes and operational disruptions. Additional fiscal penalties would divert resources away from client services at precisely the time when counties must invest heavily in implementation of new federal requirements.

As a Performance Measurement County, Kern County faces significant fiscal and operational strain if required to absorb a CalFresh Program Payment Error Rate (PER) fiscal sanction while also implementing major federal policy changes under H.R. 1. Any county share of a PER penalty would have to be paid from limited local administrative resources, potentially forcing difficult trade-offs such as delaying critical technology upgrades, reducing investments in staff training and quality assurance, or limiting the hiring and retention of eligibility workers needed to maintain timely service. These constraints could slow application processing, increase call center wait times, and reduce the County's ability to conduct proactive outreach and case management that help prevent errors and support program integrity. At the same time, staff are preparing for substantial system, policy, and workload changes associated with H.R. 1 implementation, including additional verification and reporting requirements that will further increase

administrative complexity. The combined impact of these pressures could undermine the County's ability to maintain accurate eligibility determinations while ensuring vulnerable residents continue to receive timely access to food assistance.

Statutory and regulatory changes are needed to temporarily hold counties harmless from federally-driven PER increases for the pre- H.R. 1 penalties so counties can focus their limited resources on serving clients and maintaining program integrity. Without these protections, counties may face significant cost pressures that would undermine their ability to implement H.R. 1 effectively.

Conclusion

H.R. 1 represents a significant challenge for low-income Californians in accessing the social safety net and obtaining food and health care. Counties remain committed to implementing these changes responsibly and minimizing harm to the Californians who depend on these programs. However, counties cannot absorb these new requirements and assist clients without adequate State support.

In summary, the Kern County Board of Supervisors respectfully urges adoption of budget actions that:

- Fund CalFresh ABAWD work requirement implementation
- Strengthen Medi-Cal county administration and restore CPI adjustments
- Authorize a CalFresh match waiver
- Protect counties from federally-driven pre-H.R. 1 PER fiscal sanctions

These investments will help preserve food access and health coverage for vulnerable Californians while protecting the State's interests and maximizing federal funding.

Sincerely,



Phillip Peters, Chairman
Kern County Board of Supervisors

cc: Members and Staff of the Senate Budget Subcommittee No. 3
Members and Staff of the Assembly Budget Subcommittee No. 2
Members and Staff of the Assembly Budget Subcommittee No. 1
Honorable Members, Kern Legislative Delegation
County Welfare Directors Association (CWDA)
Kern County Department of Human Services
Shaw Yoder Antwih Schmelzer & Lange