

Department of Social Services Budget Update

October 7, 2025

Executive Summary

Context

At FY 2025-26 Budget Workshops and Budget Hearings, the Department committed to returning to the Board in the fall to address three issues:

- an overview of the Department's funding structure and ongoing structural imbalance;
- FY 2025-26 budget status reflecting updated projections and state budget impacts;
- a brief look ahead into Fiscal Year 2026-27 as we anticipate the loss of one-time General Fund dollars.

The Department has faced significant funding challenges in the past, with the most notable crisis occurring in FY 2017-18 due to increased retirement costs, funding reductions, and revenue losses in key areas like CalWORKs and CalFresh. Currently, the Department is dealing with increased categorical aid payments, decreased revenue, a freeze on Medi-Cal funding, and rising costs, while relying on one-time funds to bridge funding gaps. Since rebounding from the funding crisis of FY 2017-18, the Department has made strategic investments in areas like staff training, technology, and process improvement. Addressing the current fiscal challenges will require impacts to service levels as resources are prioritized for safety and access to benefits.

I. Background

About the Department

Governed primarily by federal and State mandates, the Department of Social Services (DSS) provides services and programs critical to delivering a countywide system of health, security, and safety for vulnerable County residents.

For purposes of this document, the Department's activities are separated into three budget programs: Administration & Support, Economic Assistance & Employment Services, and Protective Services for Children, Adults & Disabled.

The **Administration & Support** budget program helps staff achieve the Department's mission through policy direction, financial planning and accounting, human resource guidance, employee relations, staff development, fair hearings and collections, technology, facilities management, disaster planning and response, data analytics, and special projects; and serves as a liaison with other County departments and state and federal agencies.

The **Economic Assistance and Employment Services** budget program helps qualifying low-income or disabled individuals and families meet their basic needs and work toward self-sufficiency. It includes food aid from CalFresh, health coverage from Medi-Cal, and cash aid from General Relief and CalWORKs (with self-sufficiency services including Welfare-to-Work and Child Care support).

Other job-related services are available from the multi-agency America's Job Centers of California, the Workforce Innovation and Opportunity Act (WIOA), and the Workforce Development Board (WDB), which develops workforce strategies to help businesses, individuals, and industries achieve and sustain economic vitality.

The **Protective Services for Children, Adults, and Disabled** budget program provides services that make it possible for children, adults, and individuals with disabilities to either continue living safely in their homes or obtain out-of-home placement through the provision of Child Welfare Services (CWS), Adult Protective Services (APS), and In-Home Supportive Services (IHSS).

This budget program also includes the Adult & Aging Network and the KIDS Network. These community networks coordinate, improve upon, and report on programs and services that impact the well-being of children and their families, seniors, and individuals with disabilities.

The Santa Barbara County Department of Social Services works to meet the evolving needs of the community as it grows and becomes more diverse. Services available to those who qualify include:

- *Health & Nutrition:* Health care coverage and food assistance for families and individuals
- *Security & Support:* Financial assistance, childcare assistance for TANF-eligible working parents, work experience for youth and low-income parents, and employment and training help for job seekers
- *Safety & Dignity:* Emergency response to allegations of abuse and neglect, child placement (including foster care, parental reunification, adoption, emancipation and transitional housing), and in-home and protective services for seniors and adults with disabilities
- Referrals to other County agencies and partner organizations

The overview below describes our programs and how many lives we improve in our County.

In Fiscal Year 2024-25:



We helped over 2,800 families make ends meet with CalWORKs



We helped over 31,700 job seekers at our Job Centers



We investigated over 3,255 reports of suspected child abuse



We responded to over 4,900 allegations of elder & dependent adult abuse



We helped 5,500 people a month live at home with dignity



We helped 56,500 people eat with CalFresh each month



We helped 300 people a month meet basic subsistence needs



We provided 161,300 people a month with health coverage

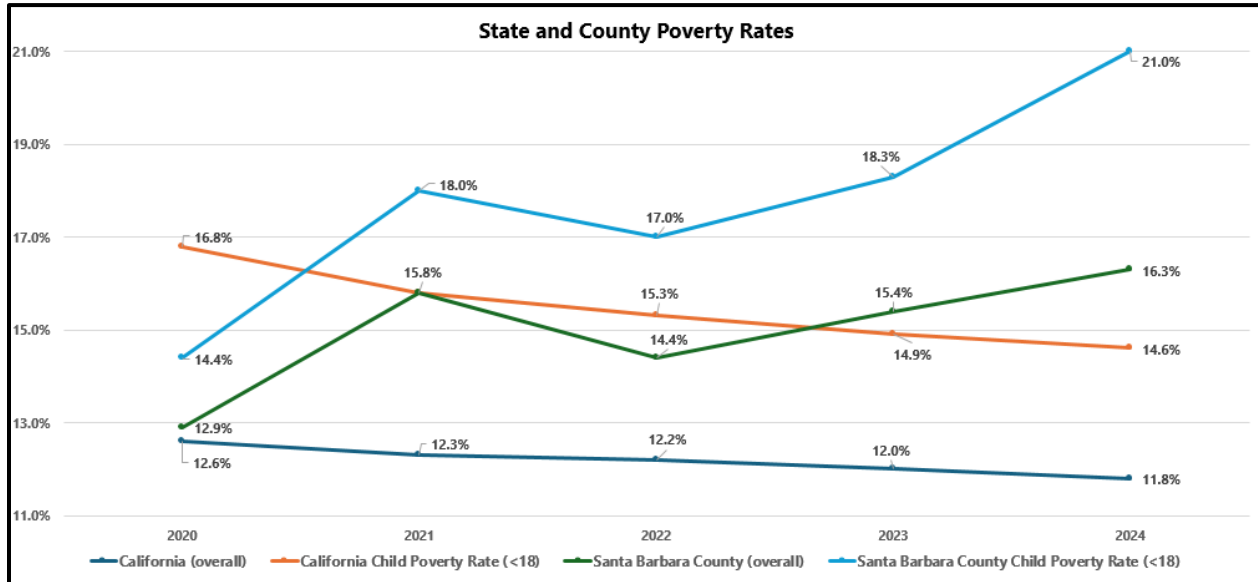
Each month the Department serves over 178,000 County residents, or 40% of the County population and more than 87,500 children or 89% of the County's child population.

People Served by Program Area

Program Area	Average Individuals Served Monthly
CalFresh	57,705
Medi-Cal	161,128
CalWORKs	7,180
Welfare-to-Work	1,157
General Relief	323
Child Abuse and Neglect Reports	358
Children in Out-of-Home Care	475
In-Home Supportive Services	5,709
Adult Protective Services Reports	413

Source: DSS Website/Data & Reports/ Program Statistics/DSS Statistics/June 2025

Poverty Rates (Overall and Child) in Santa Barbara County and Statewide



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 5-Year Estimates for 2020

The chart above illustrates the importance of public assistance programs given the significance of poverty in our area. Since 2021, both the overall poverty rate and the child poverty rate in Santa Barbara County exceeded the State rates. Without cash and food assistance benefits, the poverty rate would be higher, especially for children.

Cash and Food Assistance Benefits & County Economic Impact

FY 2024-25 (July 2024 - June 2025)				
Program	Fiscal Year Actuals	Fiscal Year Average Monthly Benefits	Fiscal Year Multiplier Economic Impact **	Monthly Multiplier Economic Impact
CalWORKs	\$33,622,841	\$2,801,903	\$51,779,175	\$4,314,931
General Relief	\$340,927	\$28,411	\$525,028	\$43,752
CalFresh	\$135,910,998	\$11,325,917	\$209,302,937	\$17,441,911
Total Benefits Issued	\$169,874,766	\$14,156,231	\$261,607,140	\$21,800,595
**For every \$1 in benefits spent there is a \$1.54 economic stimulus impact from assistance benefits spent in the local community on goods and services.				

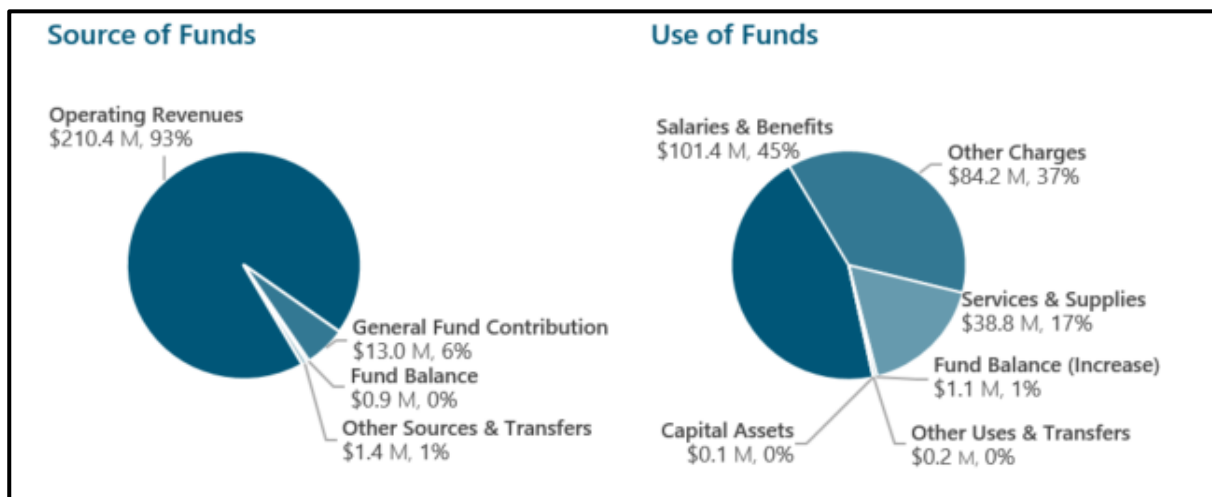
Source: United State Department of Agriculture (USDA) and Department Statistics

The chart above illustrates that on average last fiscal year, the Department issued over \$14 million each month in cash and food assistance and an estimated \$22 million in local economic activity as recipients use their EBT cards at grocery stores, farmers' markets, and other retailers. In FY 2024-25, the local County match for the \$14 million in monthly benefits issued was \$72,681 or 0.5%.

Department Funding Structure

The Social Services Department is funded through a mix of federal, state, and local sources. These funds support a wide range of programs and services aimed at improving the well-being of the county's most vulnerable residents. The department's financial structure is complex, as local funds are often required to draw down additional federal and state dollars.

In nearly all programs provided by the Department, the local share of cost (Realignment or General Fund) is only a portion of labor and non-labor costs but is a required component for accessing the available state and federal funds. In some cases, such as the IHSS MOE, it is a required cost at a pre-determined amount. In some cases, such as CalFresh, it is a required match of 15% to draw down the allocated state and federal funds. It would take an additional \$0.7 million in County General Fund match in the current fiscal year to maximize the CalFresh funding source; that amount of local match would draw down \$3.4 million in state and federal funds equating to an additional \$4.1 million to administer the program.



The pie charts above show the major funding categories and expenditure categories that make up the Department's budget.

Major Funding Sources

Federal Government

Federal funds make up the single largest source of revenue for the department, representing 41% or \$92.5 million of the Department's \$224.7 million in annual operating revenue in the FY 2025-26 Estimated Actual budget. These funds support core public assistance programs such as CalWORKs, CalFresh, and In-Home Supportive Services (IHSS), as well as child welfare and adult protective services. Federal dollars are typically provided on a reimbursement basis and require matching funds from state and local sources.

State of California

State funding is the second largest source of revenue for the department and is closely aligned with federal funding, often serving as the required match to access federal dollars. State funds in the FY

2025-26 Estimated Actual Budget total \$74.8 million, making up 33% of all operating revenues in the Department. The State also provides direct support for certain mandated programs and administrative costs. Programs such as the administration of the Medi-Cal and CalFresh receive significant State contributions.

Realignment (1991 and 2011)

Realignment revenues are derived from statewide sales taxes and vehicle license fees. The 1991 and 2011 realignment structures shifted the state share of program and funding responsibility for the realigned programs from the State to counties, with the counties still expected to maintain their share of cost utilizing local funds at the same ratio as occurred prior to realignment. These funds are a major source of support for social services and are used strategically to leverage both State and federal funds. Together, 1991 and 2011 realignment revenues total \$42.4 million in the FY 2025-26 Estimated Actual Budget, or 19% of the Department's total operating revenues.

County General Fund

While a smaller portion of the overall budget, County General Fund dollars play a critical role in meeting local match requirements. These funds help maximize State and federal contributions and provide flexibility to maintain services during funding fluctuations. In some instances, in recent years, the Department has not been able to maximize all available State and federal funds due to either expenses being lower than available revenue or the lack of sufficient County General Fund dollars to access the available State and federal revenue. Current General Fund Contribution totals nearly \$13.0 million, representing 6% of the Department's total operating revenues.

Over the past four years, 1991 and 2011 Realignment revenues have remained largely flat while other major revenue sources have seen moderate growth. Current projections of Realignment revenues anticipate that they will be 6% lower in the current fiscal year than they were three years ago.

Major Expenditure Categories

Salaries and Employee Benefits

Personnel costs are one of the department's largest expenditures, making up 45% of all costs. These costs cover eligibility workers, social workers, administrative staff, and management needed to deliver programs and ensure compliance with regulations.

Cash Assistance Payments (Categorical Aid Programs – 37 in total)

The department administers direct financial aid for programs including foster care and adoptions assistance for children who cannot remain with their family safely and require out of home placement. This also includes programs such as CalWORKs, which provides temporary financial support to parents of minor children to meet their basic needs. These are entitlement programs with cost increases outside of the Department's control (for example, the increasing cost of goods and services). These costs represent 32% of the Department's total operating expenditures in the FY 2025-26 Estimated Actual Budget.

In-Home Supportive Services (IHSS) Maintenance of Effort

The County is responsible for a required share of IHSS program costs through the IHSS Maintenance of

Effort (MOE). This state-mandated local contribution helps provide in-home care to eligible seniors and people with disabilities, allowing them to live safely in their homes. This MOE is \$13.9 million, or 6% of the Department's estimated actual operating budget.

Support and Care of Persons

The Department contracts with providers to deliver specialized services in support of the programs we administer. These services include housing navigation and rental assistance, mental health services for children and families, and placement support for children and youth in foster care. Costs for these services account for 5% of the Department's estimated actual budget.

Department Operations

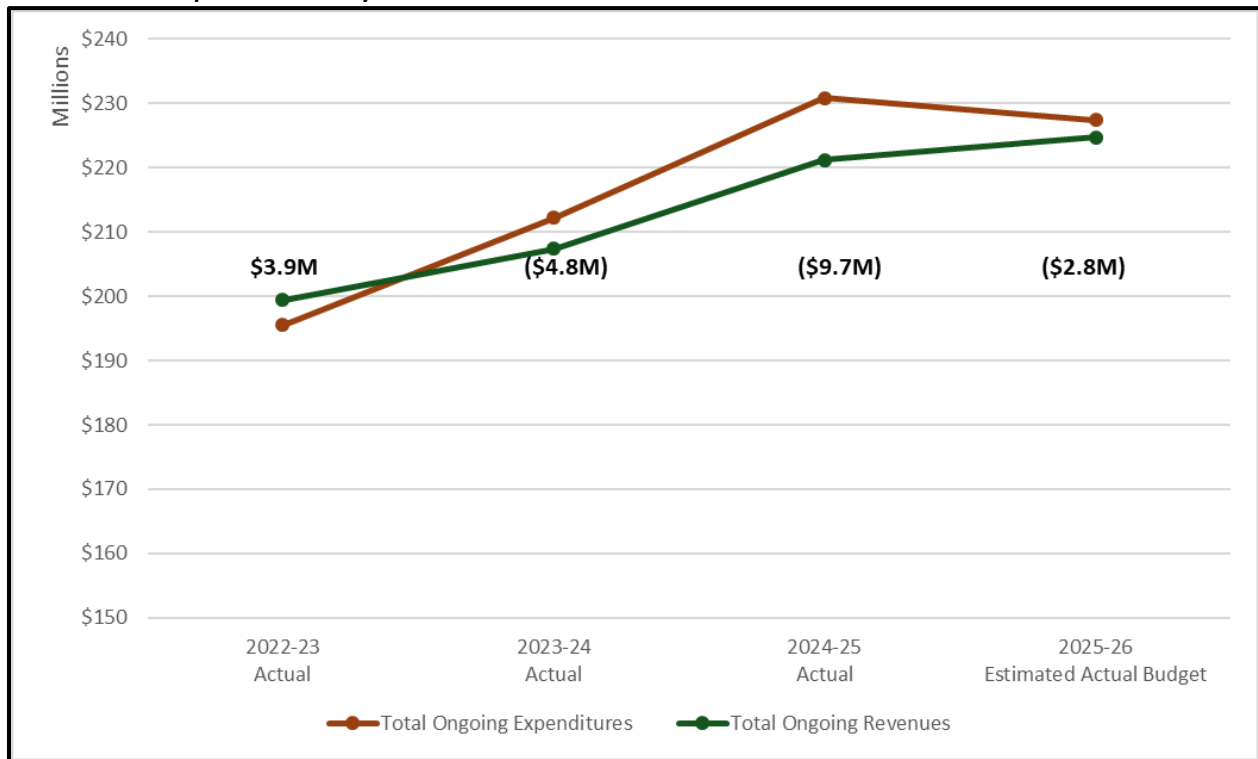
Operational expenses include costs for rent, utilities, internal County service charges, IT systems, supplies, and other overhead necessary for day-to-day administration and service delivery. These infrastructure costs ensure the department can function efficiently and in compliance with government requirements. Together these costs make up approximately 10% of the Department's expenditures in the estimated actual budget.

Costs over the past several years have steadily increased, particularly in the area of cash assistance payments, which are outside of the Department's control.

II. Fiscal Structural Imbalance and Service Delivery Impacts

A structural imbalance occurs when a department's ongoing expenditures consistently exceed its ongoing revenues, creating a persistent gap that cannot be resolved through temporary measures. For the Department, this imbalance has been years in the making and is driven by multiple interrelated factors. While revenue growth has remained relatively modest, the Department has faced steadily increasing caseloads and higher demand for mandated services as well as significant growth in mandated cash assistance payments in recent years. Rising operating costs, including wages, benefits, service delivery expenses (such as countywide IT charges, utilities, lease and facility maintenance costs, and liability insurance), and County cost allocation charges, have further compounded the problem. These increases are primarily outside of the Department's direct control yet must be absorbed within the budget each year, as is the case for all County departments.

Revenues and Expenditures – 4-year Trend



The use of one-time funding sources, via fund balance or one-time General Fund Contribution (often accumulating as a result of difficulties in recruitment, delays in planned capital expenditures and unplanned increases in allocations that were not budgeted) has temporarily masked the imbalance. Reliance on these funds has only provided short-term relief without addressing the underlying gap between expenditures and ongoing revenues. As these one-time sources expire, the Department is left with recurring obligations and service expectations that far exceed its sustainable funding base. The result is a structural deficit that requires difficult choices about staffing, programs, and service levels to bring expenditures back in line with reliable funding. These challenges are compounded by additional state or federal requirements that set or increase service level obligations without sufficient growth in available funding to cover the associated costs.

Realignment revenue, a critical funding source for mandated programs, has experienced inadequate growth and has not kept pace with escalating costs. This has required the Department to redirect limited Realignment resources away from programs with non-mandated funding levels (but with specific performance standards to which the Department is held accountable) to those with mandated funding requirements. For example, 1991 Realignment growth in recent years has been allocated only to the In-Home Supportive Services (IHSS), leaving no additional funding each year to pay for increasing costs of other 1991 Realigned programs. Similarly, with the recent trend of increased Categorical Aid growth, budgeted County General Fund dollars have been redirected to meet this need, reducing the Department's ability to maintain sufficient matching funds for the CalFresh program, limiting the amount of State and federal dollars that can be accessed, as well as reducing funds available for staffing in the protective services programs. The Department has had sufficient unanticipated revenues or cost savings in prior years, as well as available fund balance to close any projected budget gaps.

The Department identified a structural deficit of \$7.4 million in local funds in the FY 2025-26 budget:

- The State FY 2025-26 Adopted Budget reduced the anticipated growth in Realignment revenues by \$1.5 million beyond the County's Adopted Budget amount. The Department had used the January 2025 Governor's proposed budget, which included a higher number, as a basis for its FY 2025-26 Adopted Budget.
- Recent trends in categorical aid costs (mainly foster care and adoptions programs) indicate greater costs than anticipated in the adopted budget by \$2.6 million (local cost approximately \$1.3 million). The adopted budget had already included a significant increase in categorical aid expenditures over the prior year.
- An over-projection in salary savings as well as negotiated salary increases resulted in an \$8.9 million increase (local cost approximately \$1.8 million) in the Department's salary and benefit costs.

Proposed reductions outlined in this report will address \$4.6 million of the gap. The remaining \$2.8 million funded on a one-time basis will need to be addressed in the FY 2026-27 budget.

Additionally, the Department is operating with \$1.8 million less in the current year than had been planned due to the need to move that money from the current year to the prior year to close the books.

As a result of these factors, the Department has determined a need to implement mid-year service level reductions (in non-labor spending and staffing) to bring expenditures in line with available funding.

Without structural changes to revenue growth or expenditure requirements, the Department will continue to face significant fiscal pressures that threaten its ability to sustain services across the full range of its programs.

Major Changes to Revenues and Expenditures to Address Imbalance

The Department will make changes to its FY 2025-26 Adopted Budget to address the imbalance and ensure consistency with anticipated revenues and expenditures.

- A reduction in anticipated Realignment revenues of approximately \$1.5 million from the adopted budget.
- A net reduction of \$1.0 million in salaries and benefits, reflecting the reduction of 121 funded positions (a cost reduction of \$9.9 million) offset by a cost increase of \$8.9 million due to a reduced vacancy factor.
- An increase of \$2.6 million in cash assistance payments to reflect current trends (approximately \$1.3 million increase in local share and \$1.3 million in additional federal funding).
- A reduction of approximately \$1.1 million in services contracted through other providers for CWS programs to meet available funding levels.

Staffing Statistics

The average salary and benefit cost for a DSS employee including salary, health benefits, retirement, FICA taxes and Medicare is \$142,100, which is funded through a mix of revenue sources. Because every dollar of local funding leverages state and federal funding, the average employee is funded by only 20% in local funds (although the ratio differs by job classification and assignment, ranging from 0% to 60%). To meet available revenues, the department reduced non-labor costs by \$1.1 million and 121 positions to net a local share savings of \$4.6 million. The remaining \$2.8 million of the current year gap is solved by one-time allocation of funding from General County Programs and must be addressed in the next fiscal year.

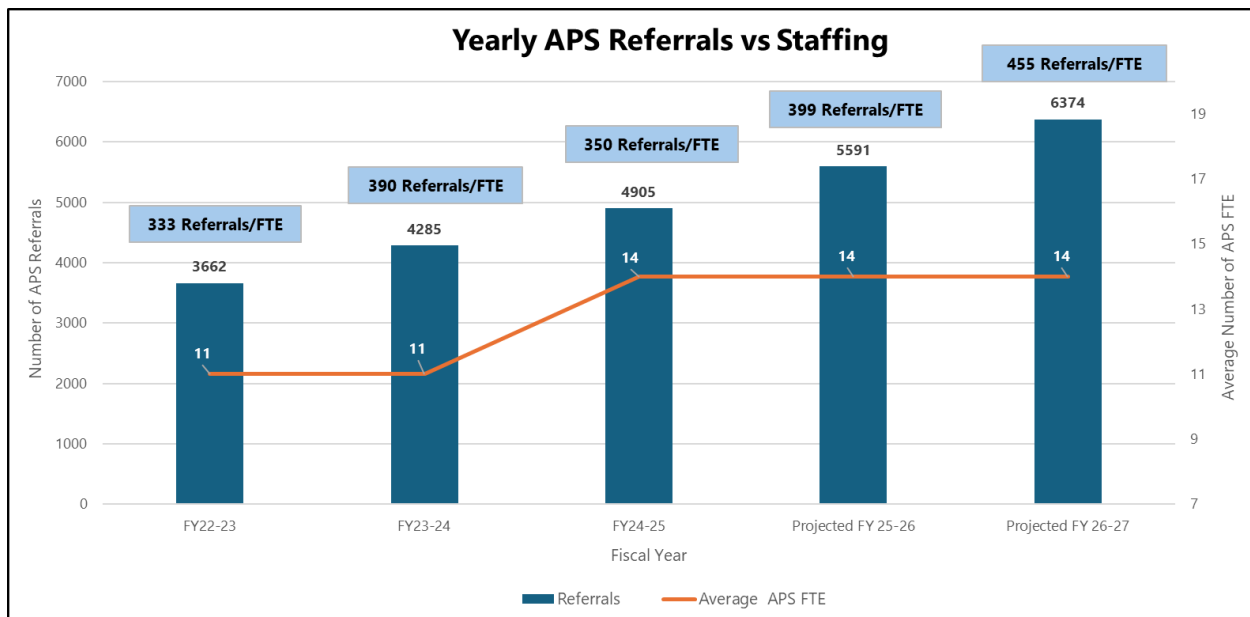
The chart below shows how the average DSS employee is funded, with an average of 80% funded through state and federal sources, and the remaining 20% funded through local sources (of which 10% is County General Fund Contribution and 10% is realignment revenues).

Average Salary and Benefit Cost per Employee

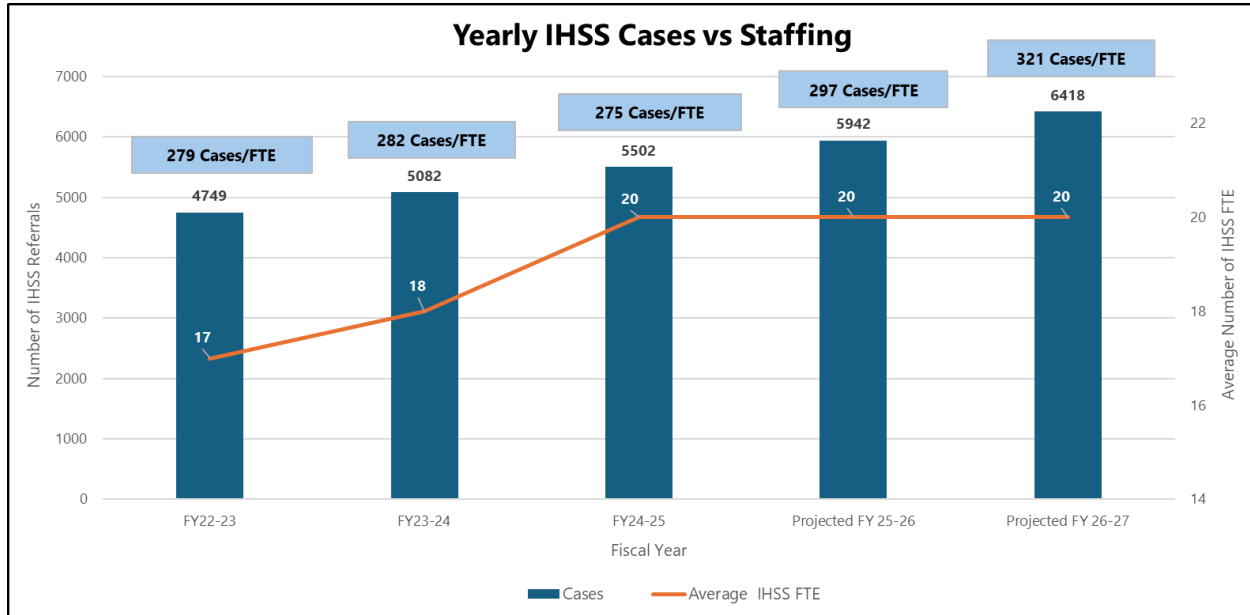
Funding Source	Average Cost	Sharing Ratio
Federal Funds	\$ 68,200	48%
State Funds	45,500	32%
Realignment	14,200	10%
General Fund Contribution	14,200	10%
Total	\$ 142,100	100%

Workload Data

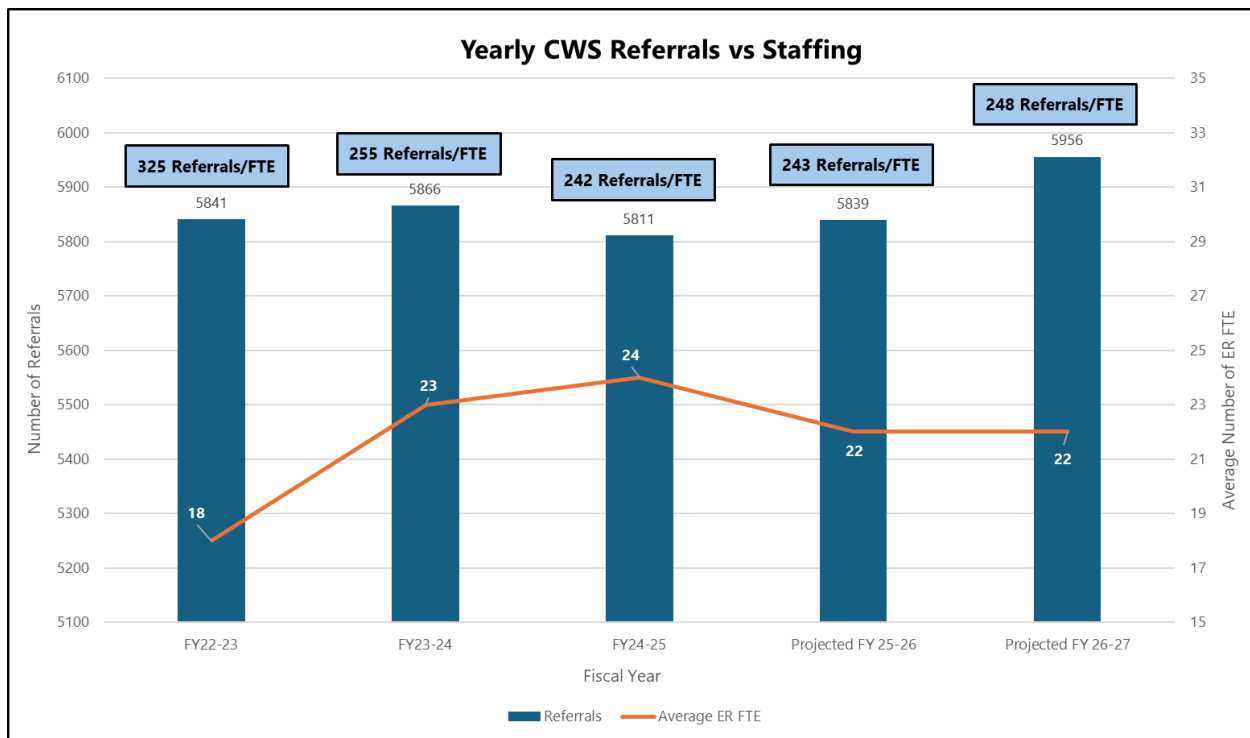
In the charts below, Projected FY 25-26 and FY 26-27 FTE counts consider the proposed reductions in this report.



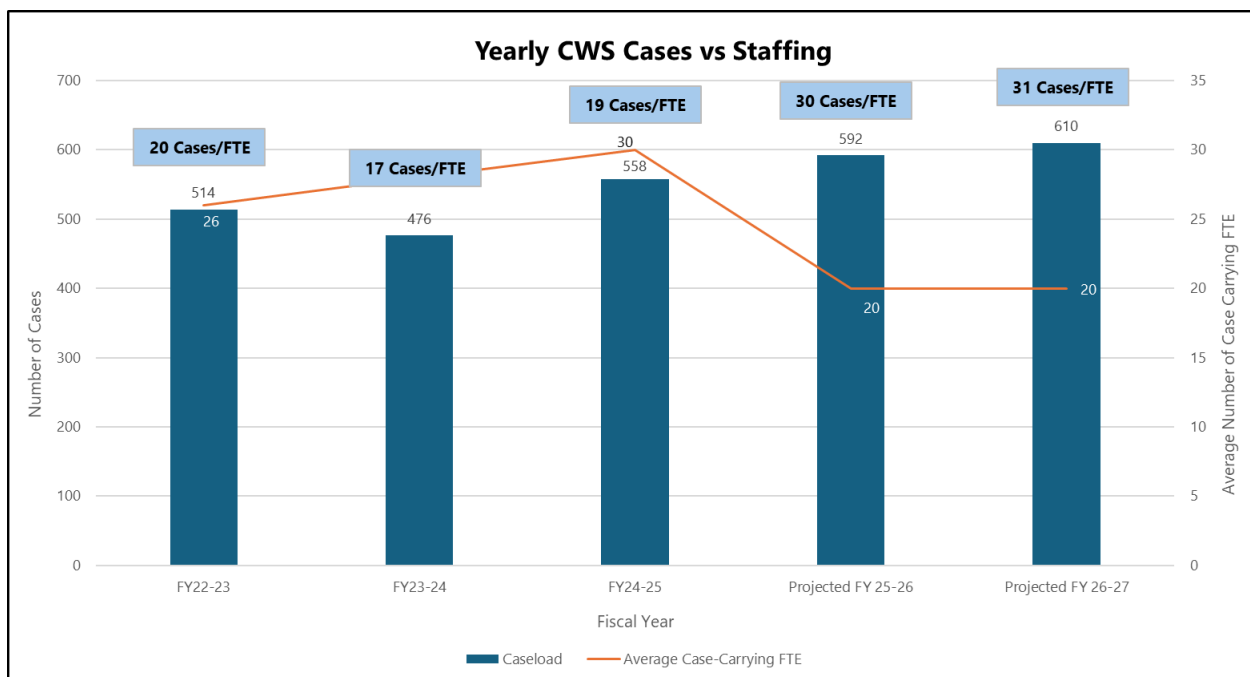
APS Referrals continue to increase year over year as the population of older adults continues to grow. From FY 22-23 to FY 24-25, there was a 34% increase in referrals received. Even if staffing levels were to remain constant, it is expected that caseload growth will continue based on year-over-year trends, which will increase the referrals for existing staff requiring triage and prioritization to ensure we are addressing the needs of the most vulnerable older adults.



The number of IHSS recipients also continues to grow steadily in line with the aging population. From FY 22-23 to FY 24-25, the number of participants rose by 17%. The IHSS administrative allocation is currently fully maximized and future caseload growth will need to continue to be absorbed by existing staff unless the state increases the Department's allocation.

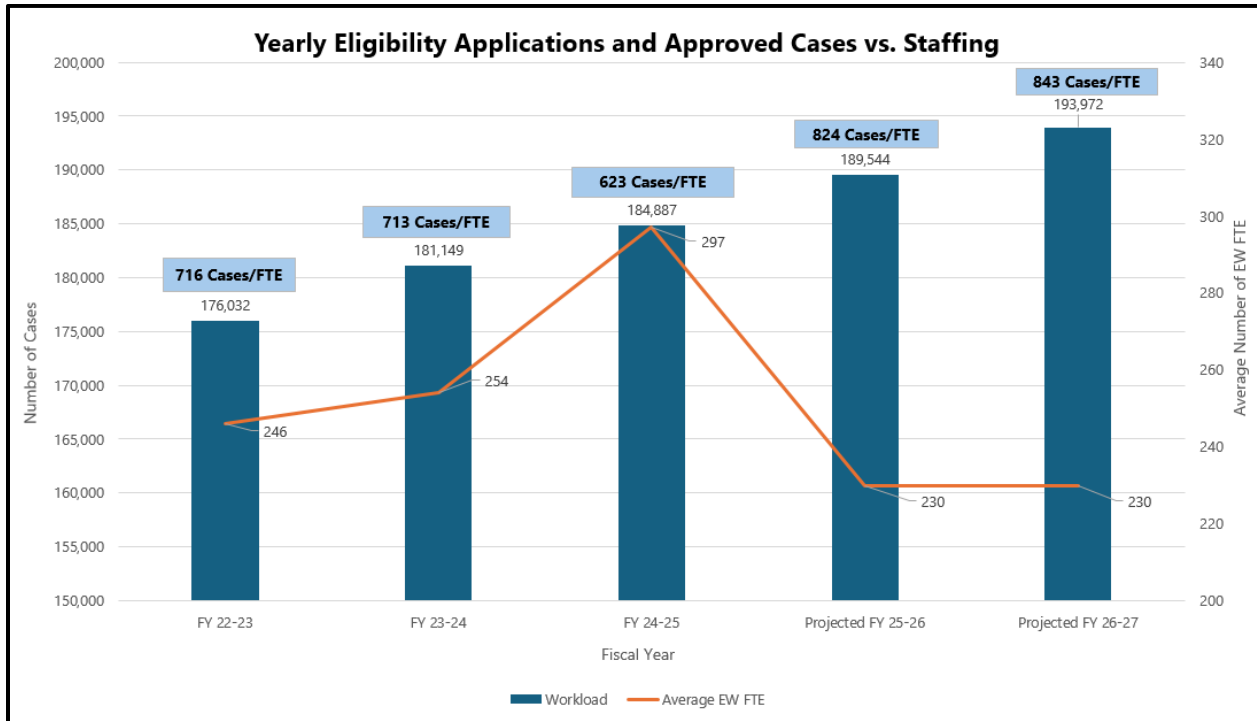


Although CWS referral levels have remained fairly consistent, the severity and complexity of issues facing children and families in combination with declining safety net and community resources is increasing workload for existing staff, increasing the number of children in foster care, and contributing to higher categorical aide costs.



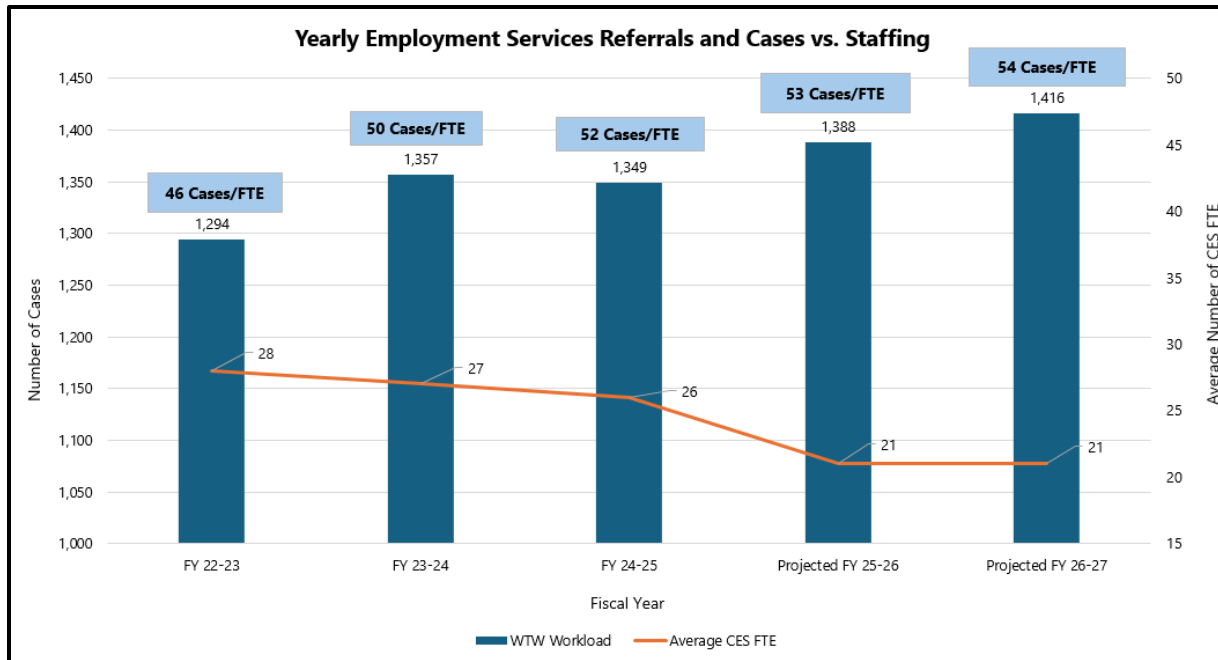
Note: The FTE count includes case-carrying Social Workers and not case aides or other administrative staff.

As referenced above, there has been a sharp increase in children entering foster care contributing to higher caseloads. From FY 23-24 to FY 24-25 there was a 17% increase in open cases. CWS related mandates continue to increase both social worker and administrative workload every year.

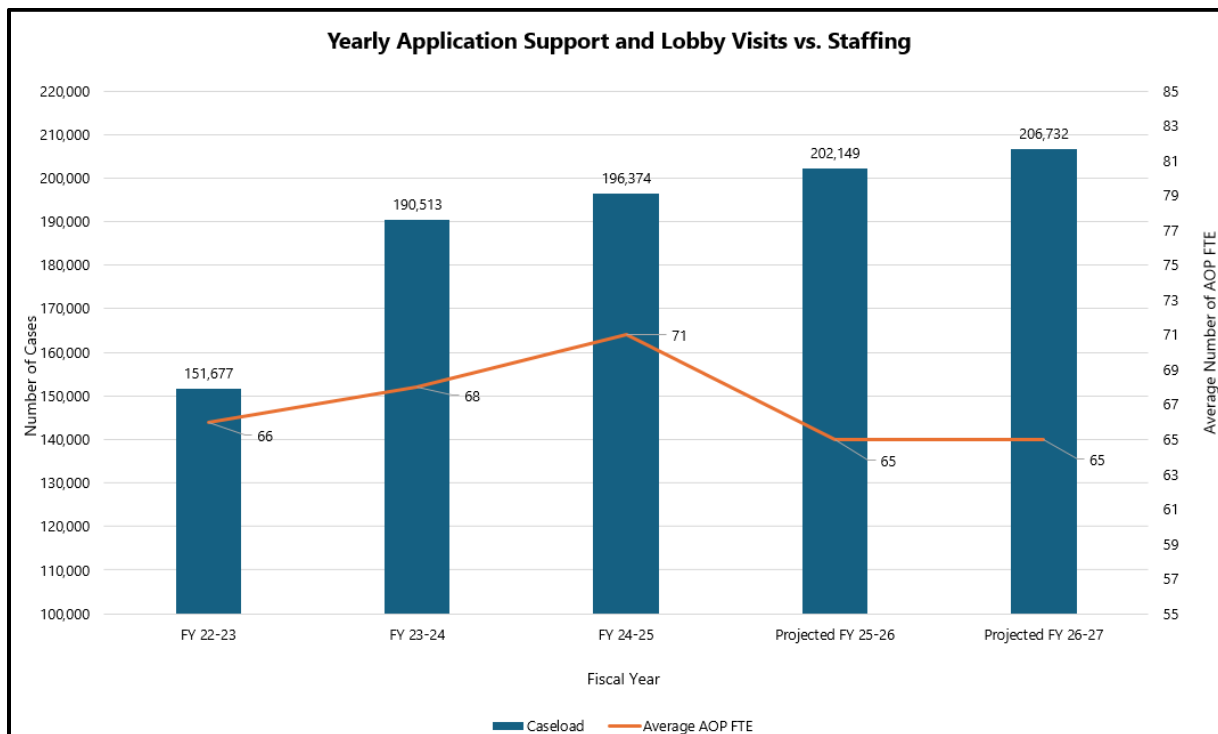


Note: FTE count includes Eligibility Worker I/II/IIIs.

The combined Medi-Cal, CalFresh, CalWORKs, and General Relief caseloads and applications received continues to increase each year. In the CalFresh program alone, the monthly caseload average has increased by nearly 2,000 households per year since FY 2022-23. Based on state estimates, eligibility workload is projected to grow to 824 cases per FTE this year, an increase of 16% from FY 2023-24. The volume of changes in the state budget and the federal H.R. 1 will also significantly increase workloads. Even if a program has changed eligibility criteria, all applications must be reviewed and provided eligibility determinations.



Employment services workload is projected to grow to an average of 53 cases per FTE this year, an increase of 6% from FY 2023-24.



The Central Operations and Reception (CORE) staff are public facing, greeting visitors at reception windows, ensuring applications are reviewed and assigned, and handling numerous other essential support tasks. Application support lobby visits are expected to increase based on state estimates.

III. FY 2025-26 Budget Status and Service Level Reductions

In order to reduce expenditures to meet available revenues, the Department has already taken steps to eliminate or reduce spending to the extent possible.

Strategies Implemented to Reduce Budget Gap

- Re-organized divisions and branches to consolidate, where possible
- Held positions vacant
- Reduced CWS contracted services
- Eliminated non-emergency overtime
- Eliminated non-essential travel
- Reduced training contracts
- Eliminated computer replacements
- Eliminated vehicle replacements
- All program allocations have been maximized with the exception of CalFresh due to lack of sufficient funding to provide the 15% local match

Remaining Actions Needed to Balance Budget

- Proposed staffing (service level) reductions of 121 positions
 - 65 filled positions
 - 56 vacant funded positions

Positions Proposed for Elimination

Job Class	Filled	Unfilled	Total Eliminated Positions	Remaining Funded Positions	Average Local Cost per Position*	Average Federal/State Cost per Position*
ADMINISTRATIVE OFFICE PROFESSIONAL I / II	8	4	12	93	\$ 35,000	\$ 83,800
ADMINISTRATIVE OFFICE PROFESSIONAL SR	4	1	5	26	\$ 39,000	\$ 111,600
ADMINISTRATIVE SERVICES MANAGER I	1		1	1	\$ 43,100	\$ 184,000
CAREER EMPLOYMENT SPECIALIST / SR		1	1	36	\$ -	\$ 127,100
CAREER EMPLOYMENT SPECIALIST SUPERVISOR		1	1	6	\$ -	\$ 153,300
COMPUTER SYSTEMS SPECIALIST I / II		1	1	9	\$ 19,300	\$ 148,200
DEPT BUSINESS SPECIALIST I / II	8	3	11	49	\$ 51,100	\$ 122,200
EDP SYSTEMS & PROGRAM ANALYST I / II	2	1	3	6	\$ 21,200	\$ 163,000
ELIGIBILITY SUPERVISOR		1	1	38	\$ 19,900	\$ 260,300
ELIGIBILITY WORKER I / II	9	29	38	225	\$ 7,200	\$ 109,200
ELIGIBILITY WORKER III	3	4	7	54	\$ 34,300	\$ 301,700
IT BUSINESS SYSTEMS MANAGER I	1		1		\$ 25,600	\$ 197,400
SOCIAL SERVICES CASE AIDE	12	2	14	8	\$ 42,300	\$ 59,300
SOCIAL SERVICES SUPERVISOR II	1	1	2	14	\$ 101,900	\$ 79,900
SOCIAL SERVICES WORKER / SR PS/L	15	2	17	82	\$ 50,800	\$ 85,300
SOCIAL SERVICES PRACTITIONER		4	4	10	\$ 87,000	\$ 66,600
UTILITY CLERK-DEPT		1	1	7	\$ 18,900	\$ 80,900
STOREKEEPER	1		1		\$ 20,700	\$ 88,500
Grand Total	65	56	121	664		
* Cost sharing ratios vary by program. This table reflects averages across all programs.						

The table above includes only the impacted job classifications and does not represent all job classifications within the department.

Service Level Reduction Potential Impacts

Protective Services for Children, Adults & Disabled

The Adult and Children's Services Branch will be reduced by 52 filled and vacant positions from FY 2025-26 at 220.5 FTEs to FY 2025-26 Estimated Actual Budget at 168.5 FTEs, **a 24% reduction.**

Reduced staffing in Child Welfare impacts DSS's services to vulnerable children and for supporting families. With an anticipated increase of 50% in CWS caseloads, there could be impacts to support for children and families or poorer outcomes in areas such as recurrence of maltreatment, timely permanency, placement stability, and re-entry to foster care – all of which have an increased social and financial cost.

Insufficient social worker staffing could lead to delayed response times, and increased caseloads for remaining staff. Less prevention and early intervention work generally results in an increased risk of children experiencing maltreatment, and increased foster care and adoption costs over time. Reductions in administrative staff could impact policy and legal requirements for documentation, case review, and administrative processes (i.e., audits), and loss of funding.

The Department will continue to prioritize the safety of children through a focus on timely first response to reports of abuse and neglect, and meeting state performance mandates.

Economic Assistance & Employment Services

The Economic Assistance & Employment Services Branch (excluding the WIOA and WDB programs that remain unchanged since budget adoption) will be reduced by 48 filled and vacant positions from the adopted FY 2025-26 budget at 497 FTEs to the FY 2025-26 Estimated Actual Budget at 449 FTEs, **a 10% reduction.**

Reduced staffing in Economic Assistance & Employment Services programs, such as CalFresh, CalWORKs, Medi-Cal, General Relief, and Welfare-to-Work programs could impact the Department's supportive assistance to vulnerable children, adults, and families. Though the Department does not have sufficient County match to fully draw down the CalFresh allocation, the Department still must meet the program's state and federal mandates for timeliness, accuracy, and case documentation.

Reduced levels of eligibility worker, career employment, or support staffing could lead to slower response times in answering phone calls, conducting interviews, developing employment plans, processing applications, status reports, and benefit renewals, delays in granting childcare and supportive services payments, and increased workload for remaining staff. This could lead to additional needs being placed on community-based organizations such as the Foodbank of Santa Barbara County.

The Department will continue to prioritize access to benefits.

H.R. 1 and the recent State budget imposed significant changes to public assistance programs, primarily Medi-Cal and CalFresh. (Specific impacts of H.R. 1 are in section IV of this report.)

Administrative Services

The Administrative Services Branch will be reduced by 21 filled and vacant positions from the adopted FY 2025-26 budget at 119 FTEs to the FY 2025-26 Estimated Actual Budget at 98 FTEs, **an 18% reduction**.

While not a direct service branch, reductions in Administrative Services affect the Department's ability to best support all program areas and ensure smooth operations efficiently. Key impacts could include reduced operational capacity, staffing and support limitations, and delayed response times with County partners. Although Administrative Services operates largely behind the scenes, reductions in this branch could have ripple effects across all program areas, including as to the Department's agility, responsiveness, and long-term organization capacity.

IV. Looking Forward

Financial Projections – FY 2026-27

In FY 2026-27, the Department estimates a preliminary budget gap of local funding of approximately \$5.8 million. This is driven by the end of one-time bridge funding from General County Programs of \$2.8 million included in the FY 2025-26 budget, as well as negotiated cost increases and increasing costs for County charges and utilities.

Additionally, federal and state changes will become effective in the upcoming fiscal year but are not built into the preliminary projections. Aside from fiscal impacts, there will also be workload impacts as a result of increased requirements. The State has added funds to address some workload impacts, but the Department would require additional match funding to draw those down.

Summary of State and Federal Impacts – FY 2025-26 and FY 2026-27

- **CalFresh (referred to as SNAP at the federal level)**
 - **Expanded Work Requirements** – Effective upon the 7/4/25 enactment of H.R. 1 (delayed until California Waiver expires on 1/31/26), Able-Bodied Adults Without Dependents are at risk of losing benefits if unable to comply with work requirements. This includes removing exemptions for veterans, former foster youth, people experiencing homelessness, increasing the work requirement age from 55 to 65, and including parents of children aged 14+. (New workload, procedural disenrollments.)
 - **Eligibility Changes** – Effective upon enactment, fewer humanitarian recipients of benefits qualify for food assistance and utility allowance calculations and verification requirements have changed. Effective 10/1/25, a household cap of 18 people will also be implemented, affecting larger families or people in shared housing situations where they purchase and prepare food together and are considered one household according to regulations. (New workload, fewer people eligible with less benefits for the largest households.)

- **Administrative Cost Sharing** – Effective 10/1/26, the County’s local match to draw down state and federal funds to administer the program will increase from 15% to 22.5%, an increase of 50%. The cost impact is estimated to be \$2.6 million in FY 2027-28 (\$1.9 million in FY 2026-27 for three-quarters of the year). (New costs.)
- **Benefit Cost Sharing** – Effective 10/1/27, the Benefit Cost Sharing is estimated to be at \$2 billion for the State based on the Payment Error Rate and the state could pass legislation before then to pass some share of that to the counties – or reduce state funding to the counties in areas entirely separate from DSS operations.
- **Medi-Cal**
 - **Enrollment Freeze** – Effective 1/1/26, the new State-only program for low-income adults regardless of immigration status will no longer accept new applications. Existing recipients who lose eligibility due to failing to return their redetermination packet on time, will have a 90-day grace period to comply. (New workload, procedural disenrollments.)
 - **Asset Limit Reinstatement** – Effective 1/1/26, recently waived asset limits (1/1/24) will be reinstated increasing paperwork and verifications needed to comply. (New workload, some people will no longer qualify.)
 - **Immigration Eligibility Limitations** – Effective 10/1/26, a new federal definition for Qualified Non-Citizens will be implemented. (New workload, fewer people qualify.)
 - **Six-Month Eligibility Renewals** – Effective 1/1/27, the adult expansion population qualifying under the Affordable Care Act will be required to renew coverage every six months instead of the current annual requirement. (New workload, procedural disenrollments.)
 - **New Work Requirements** – Effective 1/1/27, the adult expansion population qualifying under the Affordable Care Act will be required to verify work activities as a condition of qualifying for health coverage. (New workload, procedural disenrollments.)
 - **Premiums for Some Recipients** – Effective 1/1/27, the new State-only program for low-income adults regardless of immigration status will begin charging monthly premiums as a condition of eligibility. (New workload, procedural disenrollments.)
 - **Cost Sharing for Some Recipients** – Effective 10/1/28, the adult expansion population qualifying under the Affordable Care Act will incur co-pays when they access care. (Client impact - less likely to seek care if they can’t afford the co-pay.)

V. Conclusion

The very nature of the DSS budget, with Realignment revenues coming in monthly, Allocation Letters for major funding allocations not coming from the State until months after the beginning of each fiscal year, and the unpredictable Categorical Aid costs occurring (and sometimes spiking) on a monthly basis, makes developing and maintaining an accurate budget much more an art than a science.

The Department of Social Services serves the poorest and most vulnerable among us. Our work allows children the food they need to grow healthy bodies and focus on learning while in school. Our work allows children and adults to access medical care which keeps them in school and in the workforce – and

able to thrive in their family units. Our work helps families with children avoid abuse and neglect, recover from the impacts of trauma, learn healthier behaviors, and develop protective capacity in order to find a new way forward as a family – or in situations where that is not possible, for children to find new forever homes with people who can appropriately love and provide for them. Our work protects seniors from abuse and neglect and supports them with the resources necessary to maintain dignified lives in their own homes.

The staff at the Department of Social Services has always seen more need than we could meet, has always had to prioritize within the scope of our resources, has always had to adapt to ever changing demands and challenges. And we will continue to do so, to the best of our ability.