

Recommendations on CalFresh

California Working Families Policy Summit January 12, 2011

INTRODUCTION

CalFresh is California's version of the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. CalFresh provides needy households with resources for food, and provides significant benefits for low-income Californians, our state budget and the broader economy.

Powerful Benefits

Though the benefits provided by CalFresh may not fully meet the need of all low-income families, they are substantial. The average benefit in California in 2010 was \$146 per person per month. Aggregated, nearly \$5.7 billion in CalFresh benefits reached needy households in 2010.

This \$5.7 billion doesn't just help needy households; it helps our state budget as well. The benefits provided by CalFresh are entirely federally funded. These federal funds can actually increase state budget revenues. A budget premise used by the Governor's office, by the Legislative Analyst and others finds that the federal benefits provided by CalFresh free up resources in household budgets which then lead to increased spending on state taxable items (such as clothes and shoes). Thus, increased CalFresh participation helps, not hurts, the state's General Fund.

Beyond the state budget, our broader economy benefits from CalFresh, too. The U.S. Department of Agriculture estimates that every \$1 in CalFresh benefits generates \$1.73 in economic activity. Applying this ripple effect to the \$5.7 billion, nearly \$10 billion in economic activity was generated by CalFresh in 2010.

Thanks to these powerful impacts, CalFresh has been doing its part to help kick start a sluggish economy. As part of the Recovery Act, Congress increased CalFresh benefits temporarily. Many leading economists recognized the benefits of increasing assistance – particularly noting that these benefits have an immediate impact on the economy. And as more Californians have struggled to put food on the table, participation has increased 17% in the last year.

Policy Improvements

Over the last decade, CalFresh has seen some significant changes, among them:

- The auto resource rule, which prevented applicants from owning a reliable car, has been removed.
- Paper coupons were replaced with an Electronic Benefit Transfer (EBT) card.
- The asset test, which forced needy households to hit rock bottom before they were eligible for aid, has now been removed for all households.
- Transitional benefits have been established for households transitioning off welfare.
- Phone interviews have become an option in some communities as a way to improve access.

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While California was slower than many states in making these improvements, nonetheless CalFresh has seen some much needed improvement in the last ten years.

Problems with Participation

The policy improvements, the positive economic benefits, and the recent increases in participation, all mask severe underlying problems in CalFresh participation and administration. Consider where California ranks in several key participation categories:

- 2nd to last among states for overall participation, with less than half of eligible Californians participating.
- Last among all states in reaching eligible working poor households, with just 35% participating.
- Last among all states in reaching eligible seniors, with just 10% of those eligible over the age of 65 participating.

In response to this dismal performance, state and county administrators have argued that the measures the federal government uses are flawed, and result in our participation rates being *underestimated*. Specifically, they have argued that the federal government should add California's SSI households into the calculation to boost the numbers. Policymakers should be aware of the many problems with this misleading math, specifically:

- The federal measure divides the number of eligible people by the number participating. SSI recipients are ineligible for CalFresh by federal law so they can't be considered eligible nor be considered participants.
- The working poor rate would still be the worst in the country regardless of SSI manipulations to the calculations.

These discussions over the performance measures can distract from the key factors affecting California's poor performance, specifically, the policy barriers and administrative hurdles that are largely unique to California.

California's Unique Barriers

The list of unique challenges in California is quite long. Other states have done much, much more to improve access and administration. In some cases, successful strategies that have been at work in other states for more than a decade still have not been implemented here. In other cases, states were quicker to recognize demographic shifts and develop policies to accommodate them. And finally, other states have seen greater success in reengineering their business practices, in utilizing technology and providing a consistent level of service statewide.

Unique Policies Hurting Participation

Compared to applicants in other states, Californians must make more trips to obtain SNAP benefits.

Slower Response to Demographic Shifts

Beginning in the late 1990's most states saw a dramatic demographic shift in their (then) Food Stamp caseload. While previously, most food stamp clients were simultaneously receiving cash aid (CalWORKs in California), now most SNAP and CalFresh clients are

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not receiving cash aid benefits. This demographic shift happened more slowly in California, and California is now in catch-up mode to develop revised policies and procedures to accommodate the change.

Fragmented Modernization Efforts

Other states have aggressively pursued “business process reengineering” where they have reviewed and overhauled their administrative procedures to save time, reduce paperwork, improve processing speed and improve access. While technology improvements have had a mixed record of success in other states, California has had even more limited success because it has chosen to fragment its technological efforts. Fragmentation has occurred in two main ways:

- **The “back-end” disconnected from the “front end”.** Where client interfaces (for example the C-IV online application) do exist, they have largely been funded and developed outside of the main county system where most clients apply for CalFresh. This means clients have not fully benefited from advances in technology.
- **Wildly differential access to technology.** In many of California’s larger counties, client tools (online reporting, benefits checking) are optional components and are not used consistently in all counties. And California’s largest county, Los Angeles, still has not modernized its enrollment portals or joined one of the existing systems. This patchwork system has led to “victims of geography” where an applicant can face significantly reduced access to CalFresh simply because of the county in which he/she resides.

Recognizing these unique challenges, but also the powerful benefits of CalFresh, California Food Policy Advocates makes the following recommendations. Already, legislators have launched efforts to improve CalFresh in the 2011 legislative session. Assembly Member Felipe Fuentes has introduced AB 6, the CalF-R-E-S-H Act of 2011 (Finding Resources and Eliminating Significant Hurdles). Assembly Member Jim Beall has introduced AB 69 to increase CalFresh participation among seniors. Where appropriate, these legislative vehicles are referenced in the policy recommendations below.

POLICY OBJECTIVE #1

Increase access to CalFresh by removing *application* barriers.

Background

Historically, it has taken more than 5 hours and several trips to a CalFresh office in order to complete the application. California can and should do much better. Other states have been successful in enrolling more participants using “out-of-office” strategies, but California’s process is anchored to the office by three outdated polices:

1. **Fingerprinting:** Our fingerprint imaging requirement is hurting participation and clogging up the process. Under this requirement, all adult household members of CalFresh-applicant families have to come to a CalFresh office to be fingerprinted. California is one of just three remaining states and one city that require fingerprinting in order to get benefits. The requirement is aimed at

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preventing duplicate-aid fraud, though other effective and more efficient fraud detection measures are already in place. At a cost of about \$17 million each year, finger imaging simply adds a major hassle to an already lengthy and intimidating CalFresh application process. The Bureau of State Audits found that given the miniscule amount of multiple-aid fraud, the state cannot justify the tens of millions of dollars it spends on the implementation and annual operation of this system. Citing concerns about participation (a 2009 USDA report indicates that participation may be 7% lower in states that use finger imaging), USDA has barred additional states from implementing the practice.

2. **Excessive Verification:** Many applicants come to the office simply to provide paper verification. Much of the paperwork is either not required, could be verified by other means, or could be eliminated entirely.

Some states have developed a promising strategy to reduce the paperwork associated with utilities. Called “heat and eat”, these efforts provide households with a nominal federal heating assistance benefit so that no utility verification is needed for any CalFresh applicant. Not only does this strategy remove paperwork, but depending on household circumstances, it can increase CalFresh benefits dramatically.

3. **Old forms and processes:** In many communities, the CalFresh application interview can occur by phone. Yet the state-required application forms and procedures do not ask for mobile phone numbers, the best time to call, or even ask applicants if they prefer to be interviewed by phone. In some cases, applicants come to the office and *then* find out they could apply by phone.

Recommended Actions

- A. End finger imaging for all CalFresh and CalWORKs households. Such an action would save the state \$18 million a year, free up county staff to improve access, and would increase participation in these federal benefits by as much as 7% (**Contained in AB 6**).
- B. Remove excessive verification by launching a verification reform initiative to:
 - a. Prioritize the use of third-party sources of information (i.e., Department of Motor Vehicles) over client provided paper verification.
 - b. Allow greater use of self-declarations from applicants in lieu of specific receipts or papers.
 - c. Reduce paperwork to be provided by the client to the minimum required under federal law.
- C. Implement a “heat and eat” initiative which would remove paperwork associated with utilities for all applicants and would bring in millions in new federal CalFresh benefits (**Contained in AB 6**).
- D. Update all forms and processes to accommodate phone interviews (capture mobile numbers, best times to call, etc.), online applications, and other modern approaches.

POLICY OBJECTIVE #2

Reduce the opportunities for current participants to fall off CalFresh.

Background

Once receiving CalFresh, some participants aren't able to keep up with requirements in order to maintain enrollment. While the process has improved recently, other states do much, much more to keep recipients from falling off aid.

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California is the last state using a quarterly reporting system for SNAP (CalFresh in California). USDA has long supported the use of semi-annual reporting as experience in other states has shown that it can simplify rules for clients, reduce administrative workload, and improve program accuracy. Quarterly reporting is not only costly and burdensome to the state, but also contributes to needy California families falling off CalFresh.

Recommended Actions

- A. Move to semi-annual reporting for CalFresh and CalWORKs recipients. Every single other state has moved to simplified reporting. By joining the rest of the nation, California would save tens of millions in administration, would removed millions of pages of paperwork from the system and reduce errors (**Contained in AB 6**).
- B. Allow all participants (regardless of what county they live in) to recertify (renew) CalFresh participation by phone or on-line.
- C. Align CalFresh reporting and renewal requirements with those of other public assistance programs, especially health programs (see Policy Objective 4).

POLICY OBJECTIVE #3

Increase participation among vulnerable populations.

Background

As mentioned above, California's participation rate is quite poor across the board. But there are vulnerable populations who deserve special attention and action:

Seniors: There are clearly some unique barriers to CalFresh participation among seniors. Despite some special rules for seniors, the application process is still challenging for many. Other states have taken steps to make it easier for some seniors to participate. Many states operate Combined Application Projects (CAPs) to enroll elderly SSI recipients into SNAP (the federal name for CalFresh). Though SSI recipients in California are ineligible for CalFresh, the approaches used in other states could be applied to populations here that are indeed eligible. For example, only 5% of eligible Social Security recipients in California participate in CalFresh. Given that Social Security Administration was the primary partner in CAP projects in other states, they could be enlisted in an effort to test strategies for enrolling Social Security recipients in California into CalFresh.

Immigrants: Many immigrants are eligible for assistance but not receiving it. Some are eligible for federal benefits. Others are eligible for state immigrant nutrition benefits provided by the California Food Assistance Program (CFAP). Still others are ineligible because of their undocumented status (undocumented individuals are not eligible for either CFAP or CalFresh). Adding confusion, many households are "mixed" and include combinations of the above.

Drug Felons: California "opted in" to a federal ban that denied benefits to some drug felons. In 2005, California restored benefits to some drug felons. Given the importance of good nutrition to those who have served their time and are seeking employment, further action is needed.

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Recommended Actions

- A. The Legislature should act to create a pilot in conjunction with the Social Security Administration to easily enroll recipients of Social Security over age 65 into CalFresh (**Contained in AB 69**).
- B. The Legislature must retain its investment in CFAP to continue to provide nutrition assistance to vulnerable immigrants. The state should also ensure that CFAP remains seamlessly integrated with CalFresh in order to reduce confusion and maintain participation.
- C. The Legislature should restore benefits to the remaining drug felons currently barred from aid in order to increase the likelihood of post-incarceration success.

POLICY OBJECTIVE #4

Capitalize on changing demographics and health care reform opportunities

Background

Demographically, Californians eligible for CalFresh are far more likely to be participating in health care programs, such as Medi-Cal, than in cash aid programs, like CalWORKs. Yet CalFresh policies and procedures are not as closely tied to these health programs.

In the next several years, California will be investing considerable time and attention to implementing health care reform. The exchanges and the portals developed for health care reform implementation should be developed with good nutrition in mind. Ideally, those seeking health care should be automatically or at least easily enrolled in nutrition programs with few hassles.

One of the design features of the new health exchanges will be a “no wrong door” approach, which will provide multiple portals to accessing benefits. Given the fragmented CalFresh infrastructure and technology, CalFresh could benefit from such an approach.

Recommended Actions

- A. Include CalFresh in the design of new portals to health care access.
- B. Find ways to better align CalFresh and health care program requirements in application, reporting, and recertification requirements.
- C. Promote CalFresh as a health and nutrition program in all outreach efforts.

POLICY OBJECTIVE #5

Find ways to increase CalFresh benefits so that they better meet the need

Background

CalFresh benefits are substantial in most cases but they can still fall short of meeting the need. Many CalFresh households report benefits running out in the middle of the month. Others report on the challenges of buying healthier food, especially fresh produce.

California has been a national leader in developing an incentive approach to increasing CalFresh benefits to better afford healthy foods. Our Healthy Purchase Pilot became the inspiration for a federal funding and evaluation effort called the Health Incentives Pilot. Though Massachusetts ultimately got the funds to operate the Pilot, interest in this approach remains.

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One way Californians miss out on increased CalFresh benefits is the underutilization of deductions for child and medical care. By claiming these deductions, CalFresh recipients can potentially increase their CalFresh stipend. But due to unclear claiming instructions and additional paperwork, very few Californians utilize these deductions.

Most of the decisions related to benefit levels are made at the federal level, but there are several actions that can be taken in California to increase the amount of federal CalFresh benefits recipients receive.

Recommended Actions

- A. Monitor the Massachusetts Incentive Pilot effort to identify next steps for California.
- B. Launch efforts to increase the utilization of existing deductions in order to raise benefits.
- C. Implement a heat and eat initiative to increase benefits for those currently not benefiting from the utility allowance (see objective #1 above).

POLICY OBJECTIVE #6

Seize the opportunity presented by the new brand to recast CalFresh

Background

While there have been changes in policy over the years, it is not clear that the public perception of the program has changed. A “rebranding” process was seen as a way to continue to break from the old perceptions of the program that were hurting participation.

In 2008, Congress reauthorized the Farm Bill, which included a provision that renamed the Food Stamp Program the “Supplemental Nutrition Assistance Program.” States could use this federal name or chose another. California, like many other states, chose to explore other naming options. In 2008, the California Legislature passed AB 433, which required the development of a name for California that reflected several facts; “stamps” no longer exist, the program can support healthy living, the program benefits California agriculture, and the Food Stamp Program is at its core a “health and nutrition program.”

After considerable exploration, testing and deliberating, the state and stakeholders created “CalFresh – better food for better living.” But the rebranding effort is not complete with the choice of a new name and logo. Moving this brand further into communities can ensure that it has the greatest impact on participants, on health, on California agriculture and on the economy.

Recommended Actions

- A. Remove all references to food stamps in state statute and replace with CalFresh.
- B. Work with grocery retailers and the agriculture community to promote CalFresh as a health and nutrition resource.
- C. Position the new CalFresh brand in health care reform discussions and enlist health partners in promotion.