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Agenda

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**January 8, 2014
11:00 a.m.
State Capitol, Room 4203**

CalFresh: The Supplemental Poverty Measure and Program Integrity

I. Overview

Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office

II. Panel Presentation

Supplemental Poverty Measure and California Poverty Measure

Sara Bohn, Research Fellow, Public Policy Institute of California

Participation Rates and Related Recommendations

Will Lightbourne, Director, Department of Social Services

Todd Bland, Deputy Director, Welfare to Work Division, Department of Social Services

Alexis Fernández, Director of Legislation, California Food Policy Advocates

Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty

III. Panel Presentation: Program Integrity

Will Lightbourne, Director, Department of Social Services

Todd Bland, Deputy Director, Welfare to Work Division, Department of Social Services

Sheryl Spiller, Director, Los Angeles County Department of Public Social Services

Kathy Harwell, Director, Stanislaus County Community Services Agency

IV. Public Comment

CalFresh: The Supplemental Poverty Measure and Program Integrity

An Informational Hearing on California's CalFresh Program

SUMMARY

The purpose of the hearing is to examine California's CalFresh program, the state's version of the federal Supplemental Nutrition Assistance Program (SNAP), formerly known as "food stamps," and how the program can be utilized to alleviate poverty. The hearing will also discuss the U.S. Census Bureau's Supplemental Poverty Measure and the California Poverty Measure. In this hearing, the Legislative Analyst's Office (LAO) will provide an overview of the CalFresh program, including information about caseload and eligibility requirements, program participation rates, and recent state and county policy changes. In addition, a panel, including the the Department of Social Services (DSS) and public policy advocates, will discuss efforts to improve participation. In the final panel, the DSS will speak about CalFresh's program integrity, and representatives from Los Angeles and Stanislaus counties will present their "on the ground" experiences in ensuring program integrity.

BACKGROUND

According to the Public Policy Institute of California (PPIC) and the Stanford Center on Poverty and Inequality (CPI), 8.1 million Californians (22 percent of the population) did not have resources to meet basic needs in 2011; an additional 2 million Californians would fall below PPIC's poverty thresholds if CalFresh benefits were not counted.¹ CalFresh, which aims to prevent hunger and improve nutrition by providing food assistance to qualifying low-income households, is one of the safety net programs that can reduce poverty rates. Adding SNAP benefits to family income reduces the poverty rate and leads to great reductions in depth and severity of poverty.² Also, children experience significantly higher rates of poverty than the overall population and receive almost half of total SNAP benefits.³ This background paper will discuss the federal supplemental poverty measure and its implications for California, and will provide an overview on the CalFresh program.

A. Measuring Poverty

The current official poverty measure, which determines the number of individuals deemed to be poor in the U.S., was developed in the 1960s. The figure compares a family's pre-tax cash resources to a threshold reflecting the minimum level of income needed to meet basic needs. Official U.S. poverty estimates do not account for noncash or tax-based government assistance, such as benefits

¹ Sarah Bohn, Caroline Danielson, Matt Levin, Marybeth Mattingly, and Christopher Wimer. *The California Poverty Measure: A New Look at the Social Safety Net*. San Francisco: Public Policy Institute of California, 2013.

² Laura Tiehen, and Michele Ver Ploeg. "SNAP Benefits Alleviate the Incidence and Intensity of Poverty." Economic Research Service *USDA, Amber Waves: The Economics of Food, Farming, Natural Resources, and Rural America*, June 2012: 1-6. < <http://www.ers.usda.gov/media/784049/SNAPBenefits.pdf>>

³ *Id.*

from SNAP or benefits received through the Earned Income Tax Credit (EITC), a refundable tax credit for low-wage earners. As a result of concerns that the official poverty measure no longer reflected current social, economic, or policy context, the National Academy of Sciences (NAS) established the Panel on Poverty and Family Assistance in the 1990s, which made recommendations to change the definition of the poverty thresholds and family resources.

Supplemental Poverty Measure. In 2011, the U.S. Census Bureau and the Bureau of Labor Statistics released its estimates of poverty based on the Supplemental Poverty Measure (SPM), which incorporates many of NAS' recommendations. Unlike the official poverty rate, the SPM takes into account the effects of government programs designed to assist low-income families, including refundable tax credits and other in-kind public benefit programs, like SNAP; necessary expenses that may affect family resources, such as commuting costs, out-of-pocket medical expenses, and childcare costs; and, geographic differences in housing costs.⁴ According to the 2011 U.S. Census Bureau figure, California's current official poverty measure is 16.5 percent; under the SPM, its poverty rate over 2009-2011 averaged 23.8 percent--the highest of any state in the nation.

Although California's official poverty rate has traditionally exceeded the nation's rate in the last two decades, poverty rates vary significantly across California's counties. In 2011, San Mateo County had the lowest poverty rate (7.2 percent), and Merced County had the highest (30 percent). Around 30 percent of all poor people in California lived in Los Angeles County (1.8 million people) in 2011.⁵ Table 1 (below) shows the poverty rates across counties. None of these official county-level poverty estimates include the additional family resources or non-discretionary expenses counted in the SPM. However, PPIC and CPI have undertaken research to estimate SPM rates for California's regions.

California Poverty Measure. In October 2013, CPI and PPIC released the California Poverty Measure, which utilizes the SPM methodology but accounts for California-specific factors and provides more detail on how poverty varies within the state and how need-based programs affect poverty. For example, the California Poverty Measure (CPM) uses administrative records for a more accurate count of the state's caseload in CalWORKs and CalFresh.⁶ The PPIC and CPI research team published companion reports containing several key findings, specifically:

- 2.1 million more Californians (6 percent of the state's population) are in poverty in 2011 than official statistics suggest, and around 17 million Californians saw boosted resources due to need-based social safety net programs, including Social Security.
- CalFresh benefits cut the child CPM poverty rate by about 4 percentage points (380,000 children) and reduced the overall poverty rate by around 800,000 people.⁷
- California experiences wide variations in poverty rates across counties under the CPM, especially in counties with high housing costs. For example, Orange County (24.3 percent) in contrast with Placer County (17 percent).⁸

⁴ Kathleen Short. "The Research Supplemental Poverty Measure: 2011." *U.S. Census Bureau, Economics and Statistics Administration*. November 2012.

<http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2011.pdf>

⁵ Sarah Bohn and Matt Levin. *Just the Facts: Poverty in California*. San Francisco: Public Policy Institute of California, 2013. <http://www.ppic.org/main/publication_show.asp?i=261>

⁶ Sarah Bohn, Caroline Danielson, Matt Levin, Marybeth Mattingly, and Christopher Wimer. *The California Poverty Measure: A New Look at the Social Safety Net*. San Francisco: Public Policy Institute of California, 2013.

⁷ *Id.* at 16.

- The CPM shows that around 25.1 percent of all children are in poverty, and 26.3 percent of all children under 6 years old are in poverty.⁹

Table 1: Poverty rates across California's counties

Poverty rates vary widely across California's counties

County or county group	Poverty rate (%)	County or county group	Poverty rate (%)
Merced	30.0	San Luis Obispo	15.7
Tulare	27.3	Sutter, Yuba	15.2
Imperial	26.4	San Diego	15.2
Fresno	25.5	Santa Barbara	14.4
Kern	24.4	Santa Cruz	14.0
Stanislaus	23.7	Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	13.9
Madera	22.8	Solano	13.8
Del Norte, Lassen, Modoc, Siskiyou	22.3	Napa	13.3
Yolo	21.9	San Francisco	13.3
Lake, Mendocino	21.5	Orange	13.1
Butte	21.3	Alameda	12.8
Humboldt	19.6	Contra Costa	12.6
Shasta	19.6	Nevada, Plumas, Sierra	12.2
Kings	19.4	Sonoma	12.0
Colusa, Glenn, Tehama, Trinity	19.0	Ventura	11.7
Los Angeles	18.5	El Dorado	10.9
San Bernardino	18.4	Santa Clara	10.6
San Joaquin	18.3	Marin	9.3
Sacramento	17.7	Placer	8.4
Monterey, San Benito	16.2	San Mateo	7.2
Riverside	16.1		

Sources: American Community Survey, 2011.

Note: For some counties, poverty rates cannot be calculated individually and are thus grouped with nearby counties.

From: Just the Facts: Poverty in California, FPIC, 2013.

B. CalFresh

This section will provide a background on the CalFresh program, including program participation rates, recent efforts to improve participation rates, and program integrity measures.

Background. CalFresh benefits are provided on electronic benefit transfer (EBT) cards, and participants may use them to purchase food at participating retailers, including most grocery stores, convenience stores, and farmers' markets.¹⁰ In an average month in 2012-13, approximately \$630 million in CalFresh food assistance was disbursed to around 4.2 million Californians. The average monthly allotment received during this period was \$332 per household (\$151 per person). Since 1997, California has also funded the California Food Assistance Program (CFAP), a corresponding program for legal permanent non-citizens, who are ineligible for federal nutrition assistance due to their immigration status.

⁸ Christopher Wimer, Marybeth Mattingly, Matt Levin, Caroline Danielson, and Sarah Bohn. "A Portrait of Poverty within California Counties and Demographic Groups." *The Stanford Center of Poverty and Inequality*, 2011:1.

<http://www.stanford.edu/group/scspi/poverty/cpm/CPMBrief_CPI.pdf>

⁹ *Id.* at 5.

¹⁰ Non-allowable items under CalFresh include: alcoholic beverages, tobacco products, medicines, vitamins, or any non-food items, like pet food, soap, household supplies, or cosmetics.

CalFresh food benefits are funded nearly exclusively by the federal government. According to the LAO, in 2012-13, this amounted to \$7.6 billion, with \$62 million (less than one percent), from the state General Fund. Administrative costs are shared between the federal (50 percent), state (35 percent), and county (15 percent) governments. In 2012-13, the administrative expenses amounted to \$842 million federal funds, \$596 million General Fund, and \$250 million county funds, totaling to \$1.7 billion. According to the U.S. Department of Agriculture's Economic Research Service, every \$5 in new SNAP/CalFresh benefits generates as much as \$9 of economic activity.

Eligibility and Benefits. CalFresh households, except those with an aged or disabled member or where all members receive cash assistance, must meet gross and net income tests. Most CalFresh recipients must have gross incomes at or below 130 percent of the federal poverty level (which translates to approximately \$2,008 per month for a family of three) and net incomes of no more than 100 percent of the federal poverty level (\$1,545 per month for a family of three) after specified adjustments. The average monthly benefit per household is around \$339 (\$151 per person).

Caseload. Currently, the CalFresh caseload is 1.8 million households with benefits of approximately \$7.1 billion issued annually.¹¹ According to a December 2012 United States Department of Agriculture, Food and Nutrition Service (FNS) report on SNAP participation rates, California ranks among the states with the lowest participation rates.

Participation Rates and California's Efforts to Increase Participation. The most recent official participation rate is from the 2010 fiscal year (FFY). The federal government assesses states' performances in the administration of SNAP programs via measures that include participation rates and administrative error rates. Participation rates rely on samples that estimate the number of eligible individuals for CalFresh and who are receiving those benefits. In the western region of the country, the overall participation rate was lower at 66 percent. The participation rate for the working poor population was 65 percent nationally. California's overall participation rate was the lowest in the nation at an estimated 55 percent.¹² California's participation rate for the working poor population was also the lowest in the nation at an estimated 42 percent. While California's caseload has doubled in recent years, this does not necessarily alter the state's participation rate in a significant way because the number of eligible households and individuals has also risen steeply. Reasons why California's participation rate remains low could include frustrations with the application process, concerns about stigma associated with receiving assistance, or misconceptions in immigrant communities about the impacts of accessing benefits.

Several recently enacted program changes seek to improve CalFresh program participation. Some of those program changes include:

1. Elimination of fingerprint imaging requirement. AB 6 (Fuentes, 2011) eliminated the fingerprinting requirement, which was intended to prevent duplicate receipt of aid.

¹¹ "CalFresh Participation Rate." February 2013. http://www.treasurer.ca.gov/chffic/staff/2013/20130228/6_2.pdf.

¹² Approximately 1.2 million potentially eligible CalFresh recipients receive a cash payment in the SSI/SSP program, in lieu of CalFresh benefits. The federal government does not count the state's "cash-out" policy for SSI/SSP recipients, whereby those individuals receive a small food assistance benefit through SSP and are not eligible for additional CalFresh benefits, in its participation rate. As a result, DSS estimates that the state's participation rate could be a few percentage points higher if those individuals were counted as participating. Taking this into account, however, the state would still have the lowest participation rate in the nation.

However, fingerprint imaging created the perception of stigma and other measures were already in place to prevent duplicative receipt.

2. “Heat and Eat.” Federal law authorizes households to deduct certain utility expenses through the Low Income Home Energy Assistance Program (LIHEAP). As of January 1, 2013, all CalFresh households receive an annual \$0.10 cash LIHEAP benefit to allow for a simplified deduction of utility expenses in the CalFresh benefit determination formula.
3. Semiannual reporting. Evidence suggested that a number of CalFresh households may leave the caseload after failing to correctly submit regular reports, only to reapply a few months later. AB 6 (Fuentes, 2011) also amended the reporting requirement from three quarterly reports in a certification period to one report in a certification period.
4. Face-to-face interview waiver. All counties offer telephone interviews in lieu of a face-to-face interview for intake and recertification appointments for CalFresh only clients.

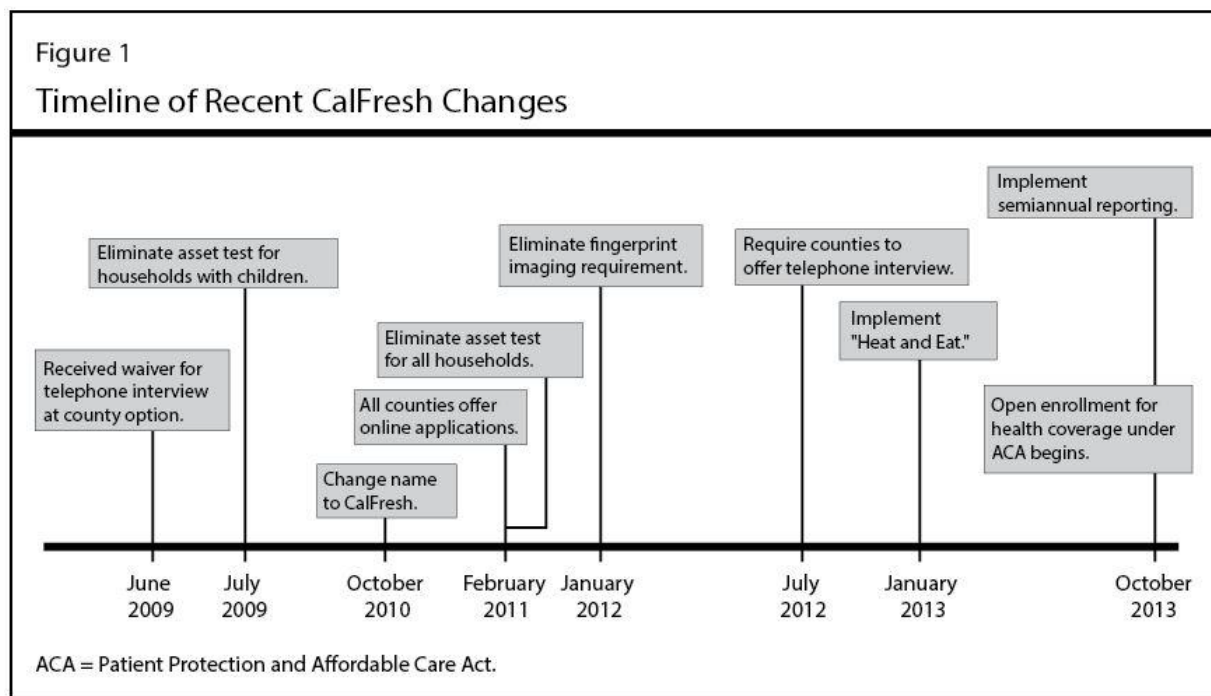


Figure 1: Figure prepared by the Legislative Analyst’s Office, 2013.

Data limitations. Recognizing the state’s low participation rate, the state and counties have made efforts to increase access. However the official SNAP participation rate may not reflect the effect of those programs because the annual release of the rate is delayed by several years (the most current published rate is FFY 2010) and sample data may be incomplete. The USDA calculates its participation rate based on the number of eligible individuals within smaller samples of households, and then that figure is extrapolated statewide. In addition, it is unclear which populations are eligible but not participating.

Program Integrity Measures. California’s Department of Social Services oversees and administers CalFresh benefits to ensure that benefits are administered in an accurate and efficient manner. The Statewide Automated Welfare Systems (SAWS) is comprised of three automation systems that

support eligibility and benefit determination, enrollment, and case maintenance at the county level. To prevent and detect fraud, DSS works with county welfare departments and special investigative units, and uses the Income and Eligibility Verification System (IEVS).¹³ IEVS has two components: (1) Applicants IEVS queries data sources when applicants apply for aid, and (2) Recipient IEVS verifies ongoing eligibility for Medi-Cal, CalWORKs, and CalFresh.

Fraud investigations typically occur in two time frames: at front-end detection or ongoing review of active cases. The federal Food and Nutrition Services operates the electronic Disqualified Recipient Systems (eDRS), a centralized database that tracks disqualified individuals from SNAP. States can use eDRS to identify applicants that are currently ineligible or to assign the correct penalty when disqualifying an individual.¹⁴

According to the Food and Nutrition Service (FNS) 2012 report for FFY 2010-2011, 270,704 fraud investigations were completed in California, around 34 percent of the nation's total 797,828 investigations. 36,241 of the state's total investigations, or 13.3 percent, prevented fraud at intake. 146,550 of the 149,152 post-certification investigations, or 98 percent, yielded negative results, meaning that the investigation did not result in an administrative disqualification hearing or prosecution.¹⁵

According to DSS figures for July 2011 to June 2012, there were a total of 241,923 fraud investigations. 110,763 referrals for investigation were early fraud investigations, resulting in case actions including 23,194 (21 percent) denials and 17,134 (15 percent) reductions or discontinuances (shortly after benefits were established) of benefits. For investigations of active cases, 131,160 referrals for investigation resulted in 13,603 (10 percent) of case actions. DSS found 2,262 intentional program violations. In addition to accurate determination of eligibility and benefit at application and renewal (early detection) and ongoing program integrity measures, California has partnered with the USDA to increase investigations, flagged by Food and Nutrition Services' Anti-Fraud Locator EBT Retailer Transaction (ALERT) system that analyzes EBT transaction files to uncover patterns indicative of fraud.¹⁶

ISSUES TO CONSIDER

Given the overview of the CalFresh program and context of the state's poverty rates, the following issues may be considered during the hearing.

Poverty linked to long-term negative outcomes. Emerging research in neuroscience and developmental psychology has found that early childhood poverty, especially in the first five to six years of life, has potentially harmful enduring effects, particularly for health, education, and

¹³ California Department of Social Services. "Income and Eligibility Verification System (IEVS) Fact Sheet." December 2013.

¹⁴ Food and Nutrition Service, Supplemental Nutrition Assistance Program, Program Accountability and Administration Division. "Supplemental Nutrition Assistance Program: State Activity Report, Fiscal Year 2011." pages 22-23. 2012. <http://www.fns.usda.gov/snap/qc/pdfs/2011_state_activity.pdf>

¹⁵ *Id.*

¹⁶ United States Department of Agriculture. "Analysis of Supplemental Nutrition Assistance Program (SNAP) Anti-Fraud Locator EBT Retailer Transactions (ALERT) Database." Audit Report 27002-0001-DA, November 2011, pg. 3. <<http://www.usda.gov/oig/webdocs/27002-0001-DA.pdf>>

earnings in the future.^{17,18} As a program designed to decrease food insecurity and provide access to nutritious food, CalFresh can help lift households out of poverty. CalFresh is largely a federally funded program, so California may also be missing out on the economic stimulus from federal resources, which can assist in reducing poverty in California.

Opportunities for “horizontal integration.” In light of the federal Patient Protection and Affordable Care Act (ACA)’s implementation, stakeholders see an opportunity to link health and human services program that may serve overlapping populations. Currently, some counties are conducting “in-reach” strategies, whereby counties can increase CalFresh participation as they process applications for newly eligible Medi-Cal enrollees.

Federal implications. The Farm Bill authorizes funding for most federal farm and food policies, including subsidies for crops, price controls on dairy products, and SNAP. The last Farm Bill was enacted in 2008, and it must be reauthorized every five years. On December 12, 2013, the House passed House Resolution 3695, which provides a temporary extension of, SNAP and other USDA programs until January 31, 2014. The status of the Farm Bill is unclear.

Other state examples. States, such as Oregon and Washington have incorporated innovative practices to increase participation rates. Although California’s size and county-administered system may not be comparable, there may be some lessons.

1. **Oregon.** In 2003, Governor Kulongoski held a Hunger Summit, which informed the Act to End Hunger, 2004-2009 (now updated as the plan for Ending Hunger Before it Begins, 2010-2015). Oregon and California face similar challenges, such as caseload growth without staffing increases and older computer systems. Systemic changes in business process improvement (new intake model to deliver benefits the same day or next day), customer service (secret shoppers and internal client surveys), partnerships with state and community advocates, and targeted outreach to underserved populations contributed to higher participation in Oregon.¹⁹
2. **Washington.** Washington’s SNAP program, Basic Food, utilizes a pay-for-performance model.²⁰ The state uses nine contractors that enlist subcontractors, including the Salvation Army, food banks, and community organizations, to provide outreach services. Subcontractors are reimbursed for the number of SNAP applications submitted and approved; subcontractors must have a fifty percent approval rate. For immediate collection of data at the state level and calculation of performance pay, all applications have a bar code to identify the subcontractor, and eligibility renewals that are approved are also awarded. According to Basic Food program administrators, the cost of applications has been reduced from \$1,600 to \$250.

¹⁷ Christopher Wimer, Marybeth Mattingly, Matt Levin, Caroline Danielson, and Sarah Bohn. "A Portrait of Poverty within California Counties and Demographic Groups." *The Stanford Center of Poverty and Inequality*, 2011:4.

¹⁸ Katherine Magnuson. "Reducing the Effects of Poverty through Early Childhood Interventions." *Institute for Research on Poverty: Focus*, August 2013. <<http://www.irp.wisc.edu/publications/fastfocus/pdfs/FF17-2013.pdf>>

¹⁹ Belit Burke. "Oregon's SNAP Participation: Outreach Accomplishments." *Oregon Department of Human Services*. September 2012. <<http://www.calfresh.ca.gov/res/pdf/Oregon's%20participation%20CS%20082012%5B1%5D.pdf>>

²⁰ Washington is the only state to use a pay-for-performance model. The change was a department decision and did not require legislation.

QUESTIONS

Supplemental Poverty Measure (SPM) and California Poverty Measure (CPM)

1. The PPIC's October 2013 California Poverty Measure report notes that in the absence of need-based safety net resources, "39 percent of California's children would have been in poverty."²¹ How do safety net programs, including CalFresh, tax-based programs, and Social Security, moderate the rate of poverty or deep poverty statewide?
2. Why are there such variations in poverty levels across counties?

Participation Rates and Related Recommendations

1. How can the state identify populations that are eligible for CalFresh but are not currently enrolled?
2. What measures can the state and counties take to improve participation rates?
3. Other than federal data, how can the state determine whether recent policy changes have impacted participation rates?

CalFresh's Program Integrity Measures

1. Please walk-through the up-front verification process.
2. Is it possible to identify a "fraud rate" for California? If not, why not? How does California compare to other states?
3. At what point in a CalFresh case is fraud most commonly identified (prior to issuance of benefits or after issuance of benefits)?

²¹ Sarah Bohn, Caroline Danielson, Matt Levin, Marybeth Mattingly, and Christopher Wimer. *The California Poverty Measure: A New Look at the Social Safety Net*. San Francisco: Public Policy Institute of California, 2013.

January 8, 2014

CalFresh Program Overview

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Senate Budget and Fiscal Review Committee
Hon. Mark Leno, Chair





Background

- CalFresh Provides Food Assistance to Over 4.2 Million Low-Income Californians.** The CalFresh program is California’s version of the federal Supplemental Nutrition Assistance Program (SNAP), and provides food assistance to qualifying low-income individuals and households. As of October 2013, CalFresh provided assistance to over 4.2 million individuals (roughly 11 percent of the state’s population).
- Food Benefits Accessed Via Electronic Benefit Transfer (EBT) Cards.** Each month, households receive an allotment of food assistance that is placed on an EBT card (similar to a bank card) and may be used to purchase allowable food items at participating retailers.
- CalFresh Household Definition.** In contrast to other major health and social services programs, households for CalFresh purposes are generally defined as individuals that purchase and prepare food together.
- Amount of Food Benefits Varies With Household Size and Income.** Households receive food benefits up to a maximum amount that depends on the household size. Maximum allotments are set by the federal government and are generally adjusted on an annual basis to reflect changes in the price of food. Actual benefits are adjusted downward from the maximum as households have more earnings.

CalFresh Summary Statistics	
<i>2012-13</i>	
Average monthly households	1,890,129
Average monthly individuals	4,124,373
Average household size	2.2
Average monthly benefit per household	\$333
Average monthly benefit per person	\$153



Basic Eligibility Requirements

Applicants must meet several eligibility criteria to be found eligible for CalFresh assistance. The following are some of the major eligibility requirements.

- Income Below Certain Thresholds.*** The CalFresh program applies two income tests in determining eligibility:
 - ***Gross Income Less Than 130 Percent of FPL.*** For the first test, households generally must have gross income of less than 130 percent of federal poverty guidelines (also known as the “federal poverty level,” or FPL). For a household of three, this is currently equivalent to approximately \$25,390 per year.
 - ***Net Income Less Than 100 Percent of FPL.*** Various deductions are applied to the gross income amount to arrive at a household’s net income. The second income test requires that the household’s net income be less than 100 percent of FPL (currently \$19,530 per year).

- Citizenship/Immigration Status.*** Individuals must be U.S. citizens or have qualified legal immigrant status to receive CalFresh assistance.

- Drug Felony Convictions.*** Individuals convicted of drug-related felonies are generally ineligible to receive CalFresh assistance. However, in cases where the felony conviction was for drug possession, the individual may receive assistance if a drug-treatment program is completed.

- SSI/SSP Recipients Ineligible Due to “Cash-Out.”*** In 1975, the state chose a federal option to increase the state supplementary payment (SSP) portion of the supplemental security income/state supplementary payment (SSI/SSP) grant rather than administer food stamps to SSI/SSP recipients. As a result of this decision, known as the cash-out, SSI/SSP recipients in California are ineligible for federal food assistance.



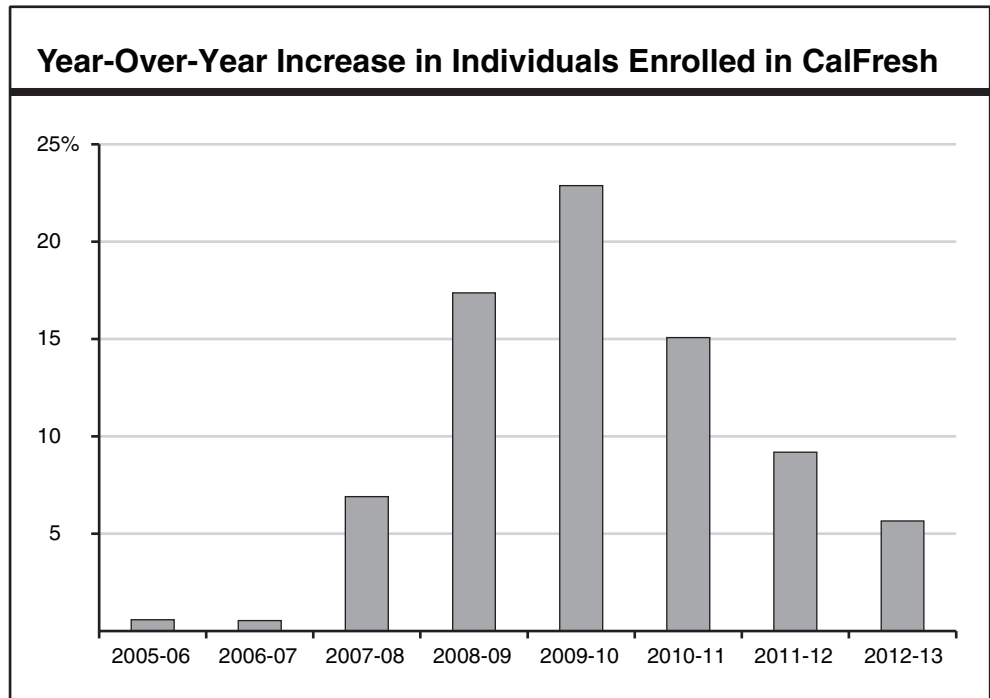
Program Funding

- ☑ ***Food Benefits Are Funded by Federal Government.*** Benefits in the CalFresh program are funded almost exclusively by the federal government (the General Fund covers a small portion of benefits—less than 1 percent—for certain qualified immigrants not eligible for federal assistance). During 2012-13, approximately \$7.6 billion in CalFresh benefits were distributed.

- ☑ ***Administrative Costs Are Shared by Federal, State, and County Governments.*** The CalFresh program is administered by counties. Administrative costs are split among the federal government, the state, and counties, with the federal government funding roughly 50 percent, the state 35 percent, and counties 15 percent. In 2012-13, estimated CalFresh administrative costs totaled \$1.7 billion (\$843 million federal funds, \$596 million General Fund, and \$250 million county funds).



Caseload Trend



CalFresh Caseload Increased Dramatically in Recent Years.

From 2006-07 to 2012-13, the number of individuals enrolled in CalFresh more than doubled from approximately two million to over four million. This rapid growth coincided with high levels of unemployment during the recent recession. While the caseload continues to increase, the rate of growth is slowing as the overall economy improves.



CalFresh Participation

Despite Sharp Caseload Increase, California's Participation Rate Is Low. The United States Department of Agriculture (USDA), which administers SNAP at the federal level, estimates that 55 percent of eligible Californians participated in CalFresh during federal fiscal year (FFY) 2010. This rate is lower than the national average for the same period (75 percent) as well as the rates of every other state.

Participation Rate Calculation. The USDA participation rate is calculated as follows:

$$\text{Participation rate} = \frac{\text{Actual number of participating individuals}}{\text{Estimated number of eligible individuals}}$$

Participation Rate Has Limitations. While the USDA participation rate provides useful information, it has significant limitations.

- ***Annual Release of Participation Rate Is Delayed.*** Because of data limitations, the participation rate is generally not released until nearly two years after the fact.
- ***Sample Data Are Incomplete.*** The sample data used to estimate the number of eligible individuals are incomplete, requiring the use of statistical adjustments that add uncertainty to the estimate.



Likely Underrepresented Populations

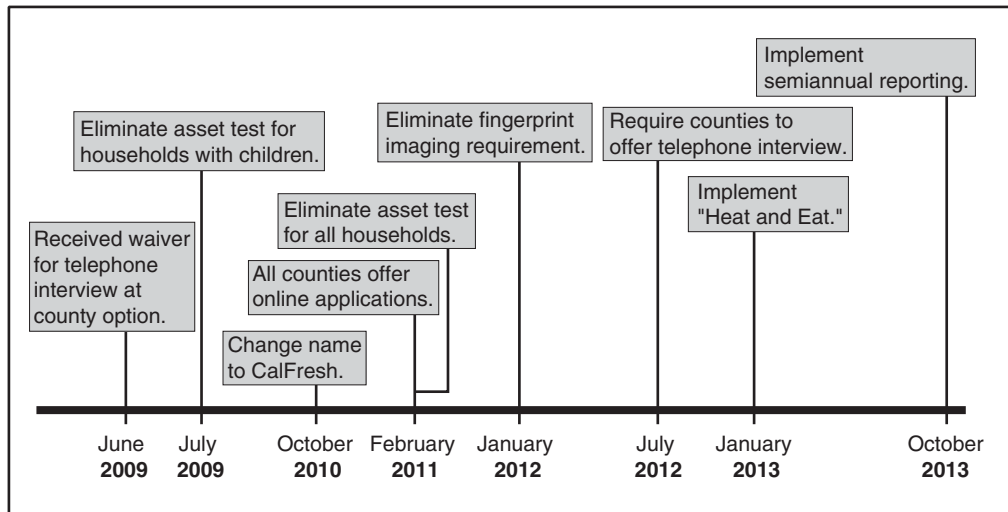
- Working Households.** The USDA estimates 42 percent of eligible individuals in households with earnings participated in CalFresh during FFY 2010—a lower rate of participation than among all eligible individuals. Some possible reasons for low participation at that time may include: (1) difficulty complying with an in-person interview requirement (currently waived) that could conflict with work schedules, (2) reluctance to have fingerprint images taken (no longer required), and (3) less willingness to comply with reporting requirements to receive a food benefit that could be less than average because of earnings that reduce the amount of the benefit.

- Seniors.** In proportion to the total caseload, few seniors in California receive CalFresh assistance relative to other states. Much of this is due to the cash-out; however, some seniors are eligible and do not participate. Confusion about the impact of social security retirement benefits on eligibility is thought to be one possible reason for low participation among seniors. Seniors are also likely to face similar challenges with in-person interview and fingerprint imaging requirements that have since been waived, and also may be more likely to receive a lower-than-average food benefit.

- Immigrant Households.** California has a large population of noncitizens, including undocumented immigrants. Program administrators and advocates report that immigrant households in which some or all members are eligible may be reluctant to apply for CalFresh assistance on behalf of eligible members because of concerns about the impact of such an application on future citizenship status or deportation.



Timeline of Recent Policy Changes to Increase CalFresh Participation



Recent Policy Changes Simplified CalFresh Enrollment Process.

The policy changes listed above reflect some of the actions taken in recent years by the Legislature, the administration, and counties to simplify the CalFresh enrollment and ongoing eligibility processes in order to decrease the burden on applicants and increase participation.



Additional Ongoing Efforts to Increase CalFresh Participation

- Federal SNAP Outreach Contracts.** Federal law provides 50 percent reimbursement of costs of certain optional SNAP outreach activities, with the other 50 percent provided through private contributions of more than 100 community-based organizations (CBOs) that perform the outreach activities. These activities include distributing CalFresh materials, assisting CBO clientele with CalFresh applications, and outreach at local events. Total estimated funding for SNAP outreach in California in FFY 2014 is \$26 million.
- Senior Outreach Pilot.** In an effort to make CalFresh more available to seniors, the Department of Social Services (DSS) has partnered with the California Department of Aging and eight pilot counties to target senior enrollment through the Golden Advantage Nutrition Program (GANP). The GANP involves outreach to likely eligible seniors at congregate meal sites and through home-delivered meal providers.
- County Process Modernization.** In recent years, many counties have significantly updated their administrative processes in order to manage funding shortfalls and be more responsive to applicants and recipients of county-administered benefits in general. Major changes include transitioning to task-based case management for eligibility and enrollment processes, implementing customer service call centers, and examining retention processes to limit the number of recipients that are administratively discontinued, only to reapply a short while later (known as “churn”).
- Medi-Cal “In-Reach.”** Many counties are using available data systems to identify Medi-Cal recipients that are likely eligible for CalFresh but are not enrolled. Such households are contacted by phone, mail, or through regularly scheduled contacts and offered assistance in applying for CalFresh.



Additional Ongoing Efforts to Increase CalFresh Participation *(Continued)*

- Leveraging ACA Implementation.*** As part of the implementation of the Patient Protection and Affordable Care Act (ACA), more than one million adults are expected to newly enroll in Medi-Cal. Many of these are estimated to also be eligible for CalFresh, with some of this eligible population not enrolled. The state has taken some steps to leverage this large increase in Medi-Cal applicants, including the following: (1) allowing new health applicants to indicate interest in learning more about CalFresh, (2) distributing CalFresh information with Medi-Cal information packets, and (3) creating a new position at DSS to oversee the coordination of health and human services programs, also known as “horizontal integration.”



Effect of Efforts to Increase Participation Is Unclear

- ☑ ***CalFresh Participation May Have Increased Since FFY 2010. . .***
It is possible that, while the number of eligible individuals increased during and following the recession, the number of participating individuals increased faster, leading to a higher participation rate.

- ☑ ***. . .But Data Limitations Make It Challenging to Evaluate Effectiveness of Participation Strategies.*** Given the delay in the release of the USDA participation rate, the most recent participation rate does not reflect the effect of many recent changes that are expected to increase participation. Without a current estimate of the size of the eligible population, it is not possible to evaluate the extent to which recent changes have affected program participation. Finally, because multiple strategies were implemented over a short period of time, it will likely be difficult to attribute any increased participation that is ultimately observed to any specific strategy.

**Summary of CalFresh Program Integrity Measures by the
County of Los Angeles Department of Public and Social Services (DPSS)
Before the California Senate Budget and Fiscal Review Committee
California Legislature**

January 8, 2014

The Los Angeles County Department of Public Social Services (DPSS) recognizes that CalFresh fraud, while it occurs relatively infrequently, undermines public confidence in government and social services programs. It also impacts nearly 1.2 million persons who receive CalFresh benefits in Los Angeles County, of which 632,000 are children.

Counties are committed to providing CalFresh benefits only to eligible persons. Consequently, DPSS focuses on several measures to preserve the integrity of the CalFresh Program, including:

- Increasing the Payment Accuracy Rate,
- Early and Ongoing Fraud Referrals,
- Monitoring of Out-of-State and/or Out-of-County Transactions in Cash Assistance Programs (including the CalFresh benefits received by those participants), and
- Various measures to prevent/detect CalFresh Trafficking: monitoring social media, particularly Craigslist; investigating trafficking alerts provided by the State, and providing information to DPSS customers and the public to discourage CalFresh Trafficking.

The measures described above strongly demonstrate Los Angeles County's commitment to maintaining program integrity, through ever-evolving collaborative efforts between Los Angeles County, the State, District Attorneys, and other California counties.