

## **Informational Hearing:**

### **CalFresh: Highlighting Innovation to Target Key Communities**

#### **Joint Hearing of the Assembly Human Services Committee and Senate Human Services Committee**

**March 11, 2014**

#### **Background Paper**

##### Overview

Fifty years ago, President Lyndon Johnson established the federal Food Stamps Program as a key tool in waging the war on poverty. The program had begun four years earlier as a pilot program to address hunger in counties across the country that had high concentrations of low-income families. Today, the renamed Supplemental Nutrition Assistance Program (SNAP) provides a nutrition supplement to roughly one in six people in the United States who demonstrate eligibility for the benefits. This number swelled significantly during the Great Recession, growing from 26.3 million participants in 2007 to 47.6 million in 2013. Today, California's SNAP program, or CalFresh, provides benefits to nearly 4.3 million Californians in 1.9 million low-income households.

While poverty across the country grew during the Great Recession, the effects of Great Recession began early in California and have lingered. Nearly one-quarter of this state's population, or 8.1 million people, fell below the California Poverty Measure in 2013, which calculates income, benefits such as CalFresh, and household costs for a newly defined poverty threshold, similar to one that was developed by the federal government several years ago.<sup>1</sup> About 2 million Californians would fall below the poverty threshold if they did not receive CalFresh benefits, according to researchers at the Public Policy Institute of California and Stanford University's Center on Poverty and Inequality, which created the California Poverty Measure, a tool based on a federal Supplemental Poverty Measure.

California historically has had an exceptionally low rate of participation in the program. With just 57% of eligible individuals, using the CalFresh benefit,<sup>2</sup> California is ranked lowest in the nation among SNAP programs. It also ranked last in the rate of eligible working poor families that participate in the program: Just 44% of California's eligible working poor families receive CalFresh benefits. This has held true for years, despite various measures at the state and local levels to increase outreach efforts, streamline program requirements with those of other anti-

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<sup>1</sup> 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.

<sup>2</sup> USDA Food and Nutrition Service, "Reaching those in Need: State Supplemental Nutrition Assistance Program Participation Rates in 2011," February 2014.

poverty programs, and increase the venues in which CalFresh benefits can be used to purchase food.

The purpose of this joint hearing between the Assembly and Senate Human Services Committees is to provide an update on CalFresh enrollment in addition to discussing continued barriers to participation and highlighting innovation at the state and local levels aimed at increasing program participation.

### Background

CalFresh benefits, which are funded entirely by the federal government, can be used only to purchase food for human consumption or seeds and plants to grow for household use. The United States Department of Agriculture (USDA) sets specific eligibility requirements for SNAP programs across the United States, including a gross and net income asset test, work requirements, and other documentation requirements.

The maximum allowable gross income is 130% of the Federal Poverty Level (FPL). Households with elderly or disabled members are not subject to gross income criteria but must have a net monthly income at or below 100% of the FPL. Other households must meet both gross and net monthly income tests. Additional resources, such as cash on hand, generally cannot exceed \$2,000, with \$3,250 allowable in households in which there is a household member who has a disability or is 60 years of age or older. CalFresh is administered locally by county welfare departments, and the federal, state, and county governments share in the cost of administration of the program. Whereas most safety net programs rely on family composition in order to determine eligibility for benefits, a CalFresh household is defined a group of people who meet the financial eligibility criteria and live together, buy food, and prepare meals together. Fifty-eight percent of CalFresh recipients are children and 25% of adults are living in households with children.<sup>3</sup>

The average monthly CalFresh benefit for a CalFresh recipient is \$153.13 per month, or \$5.10 per person per day. (The maximum monthly CalFresh benefit for a household of four is \$632, or \$5.27 per person per day.) Benefits for a family of four were decreased \$36 per month in November 2013 due to the expiration of a temporary federal increase in benefits through the American Reinvestment and Recovery Act.<sup>4</sup> Changes to the SNAP benefit in the recently passed federal Farm Bill could impact the numbers of households that are eligible to participate, as well as the amount that they receive. Overall, \$8 billion in federal benefits were slated to be cut from the program over the next 10 years.

### CalFresh Participation

The overall CalFresh caseload has grown steadily since 2001, including an increase of over one million people between 2010 and 2013. However, California still remains last among other states in its nutrition program participation, with just 57% of eligible individuals enrolled in the

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<sup>3</sup> Senate Office of Research, "The Agricultural Act of 2014: Highlights of Impacts to California," February 2014

<sup>4</sup> <http://www.dss.cahwnet.gov/foodstamps/PG3318.htm>

program in 2011 compared to the national average of 79%. By comparison, Texas had a 72% participation rate, New York had a 79% rate, Illinois had an 84% participation rate and Washington had 100% participation. Additionally, California is tied with Hawaii for the lowest participation rate in the nation for working poor families who are eligible to participate in the program: Just 44% of California's eligible working poor families received CalFresh benefits. The national average was 67% of eligible working poor beneficiaries.

A number of studies have attempted to pinpoint the causes for California's low rate. In 2002, the California Department of Health Services published the results of several focus groups about the Food Stamp program with low-income participants in various parts of the state. The surveyors concluded that a lack of knowledge about the program appeared to be the most significant barrier. Other identified barriers included eligible individuals' perceived lack of need for the program, stigma against taking public benefits, frustrations with the cumbersome application and renewal processes, and a specific concern among Latinos surveyed that participation in the program would affect either their applications for residency or harm their children's future earnings.<sup>5</sup>

In addition to the participation rate calculated by the USDA, the nonprofit group California Food Policy Advocates calculates a separate, annual Program Access Index (PAI) for each of the 58 counties. The Index is a calculation of the degree to which low-income individuals participate in CalFresh. The state Department of Social Services compared PAI data published by CFPA for 2010 and 2011 and concluded that use of CalFresh increased from 48.7% to 67.8% in 2011.

CDSS notes that this low participation rate significantly impacts the state's economy, particularly in impoverished areas, as every \$5 of CalFresh benefits are calculated to generate \$9 of economic activity locally.

### Food Insecurity and Health

Nationally, the USDA reported an estimated 14.5% of American households were food insecure at least some time during the year in 2012, meaning they lacked access to enough food for an active, healthy life for all household members.<sup>6</sup> During the last decade, and especially during the Great Recession, the number of families experiencing food insecurity has increased. According to data from the California Health Interview Survey (CHIS), at least 4 million low-income Californians struggled with food insecurity during 2011-12.<sup>7</sup> A research brief published in 2012 by UCLA's Center for Health Policy Research and the California Food Policy Advocates noted that in 2009, at the height the Recession, more than 4 in 10 Californian adults, roughly 3.8 million people, who were at or below 200% of the Federal Poverty Level suffered from food insecurity. Of those, more than one third – 1.4 million people – reported very low food security. This is defined as having to cut back on food. Nationally, about 5.7% of Americans suffered from very low food security.

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<sup>5</sup> California Department of Health Services, "Perceptions of the Food Stamp Program Among Limited Household Income Residents of California: Results from Focus Groups," p. 26, May 2002

<sup>6</sup> USDA "Household Food Security in the United States in 2012," Economic Research Report No. (ERR-155) September 2013

<sup>7</sup> California Food Policy Advocates, website.

The UCLA researchers found that food insecurity in California was particularly common in low-income households with children, where nearly half of families reported they could not afford sufficient food. Researchers also found heightened levels of food insecurity in the San Joaquin Valley and other rural and low-income areas of the state.

Numerous studies have documented the link between healthy eating and health. Adults who have food insecurity have been shown to have higher rates of chronic diseases, such as diabetes and heart conditions, as well as depression and other mental illness. Children who suffer from extreme poverty and hunger are found to fall behind in developmental milestones, experience worse health outcomes and increased hospitalizations, and have poorer economic outcomes as adults.

A 2012 policy brief released by the National Poverty Center, titled "Extreme Poverty in the United States, 1996 to 2011,"<sup>8</sup> found that SNAP benefits were effective in reducing extreme poverty within that time period and noted that expansion of SNAP programs could be particularly beneficial in reducing extreme poverty in nonelderly households with children. The report defined a new group of poor as families who experienced unemployment in the Great Recession but were unable access to means-tested income support programs. The report dubbed these families as "extreme poor" and defined it as subsiding on \$2 or less per person, per day and estimated that the number of households that were extremely poor in a given month numbered about 1.46 million in 2011, including 2.8 million children – or 16% of all children in poverty.

### Recent Efforts to Increase Participation

#### *Statewide efforts*

The Department of Social Services, in conjunction with legislative changes, launched a "CalFresh Refresh" initiative to streamline the application and certification processes. Those changes included moving from quarterly to semi-annual reporting requirements for participants to remain eligible, moving from required face-to-face interviews to a telephone interview option when appropriate, and screening all applicants for expedited service. Advocates for the poor say one of the most critical moves to improving participation was the removal of a requirement that all CalFresh applicants had to submit their fingerprint images in order to receive benefits.

In addition, through legislation and other statewide efforts, a number of steps have been taken in recent years to improve access to benefits for eligible Californians. Among those innovations are moving to ATM-like electronic benefits transfer (EBT) cards, which can be swiped to purchase eligible products through debit and credit machines at grocery and other stores where unprepared food is sold. Another effort was to install EBT machines at Farmer's markets in order to improve access to fresh vegetables and fruit for beneficiaries. Many counties also obtained federal Snap-Ed grants, which enable local schools, food banks and other entities to provide information about healthy meal preparation, demonstrate how to cook with fresh local vegetables, and provide other economic and nutritional food advice. Some counties participated in the state's new Golden Advantage Nutrition Program, launched in 2012, which allowed low-

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<sup>8</sup> [http://www.npc.umich.edu/publications/policy\\_briefs/brief28/policybrief28.pdf](http://www.npc.umich.edu/publications/policy_briefs/brief28/policybrief28.pdf)

income seniors to use their EBT cards to make voluntary donations at congregate meal sites or to Meals on Wheels Programs.

### *County efforts*

In 2012, in response to ongoing concerns about California’s poor participation rate, the state Department of Social Services asked each county to provide a three-year plan to increase participation. The plan was designed to address each county’s unique populations and barriers and to identify ways to remove those barriers. DSS received 51 county plans as of March 2013. The barriers to participation that were identified by the counties included several that have been the subject of national research, such as stigma associated with receiving public benefits and confusion as to who qualified for benefits. However, counties also noted other challenges for applicants, namely transportation, internet access, reading ability and language barriers.

The majority of plans recognized several key barriers and focused efforts in those areas. They include targeting seniors, the working poor, transitioning foster youth, children receiving free and reduced lunches whose families do not already participate in CalFresh, and “mixed” families where some members receive benefits and others do not. Churn and retention also are significant issues addressed in the county plans, as well as a number of pieces of current and recent legislation. Another primary focus, in conjunction with the implementation of the Affordable Care Act and the Covered California initiative, was in-reach into families already identified as eligible for CalFresh through the information on their Medi-Cal application forms.

**Table 1: Target populations Addressed in County Plans**

<b>Focus</b>	<b>Percent of plans</b>
Seniors	85.4%
Medi-Cal in-reach	83.3%
Churn	79%
Working poor	45.8%
Homeless	35.4%

In an effort to reach these potential participants, counties are better coordinating the identification of people who apply and qualify for Medi-Cal in order to provide them with information on the CalFresh program. Efforts are being made to reach out to low-income seniors who apply for the Meals and Wheels program by sending information to their In-Home Supportive Services providers and through congregate senior meals programs. Some counties are focusing their outreach on agencies that interact with transitioning youth, including county offices of education and homeless youth projects. Santa Cruz County has placed an application assistor in the maternity wards of four county hospitals to immediately add newborn babies to existing CalFresh cases and to provide information to Medi-Cal insured families who are eligible for the program.

Churn happens when an eligible client is discontinued from the program, typically because required paperwork was not submitted on time, and then quickly re-enrolls in the program, defined as within 90 days. This process of discontinuing and then re-initiating a client's participation in the program is time consuming and costly for counties. Advocates for clients report that many clients may be unaware that they have missed a deadline and are dropped from the program until they attempt to use their EBT cards and find they have no money for groceries in their accounts. Most county efforts to reduce churn focus on better methods of communicating with clients who are approaching renewal deadlines, including one project in San Francisco County, which now uses a phone application to notify participants via text message that they are facing discontinuance. Other efforts include automated telephone reminders, providing better explanations of the forms and process, including offering assistance with the forms, and giving the option of telephone interviews for recertification rather than a required face-to-face interview.