

## RECOMMENDATIONS ON FOOD STAMPS

CALIFORNIA WORKING FAMILIES POLICY SUMMIT  
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436 14TH STREET  
SUITE 1220  
OAKLAND  
CA 94612

T: (510) 433-1122 X103  
C: (415) 794-6080  
F: (510) 433-1131  
E: GEORGE@CFPA.NET

WWW.CFPA.NET

### INTRODUCTION

The Food Stamp Program provides vital nutritional support to over 2 million Californians. For many families, food stamp benefits are essential to holding hunger and food insecurity at bay. For others, the program helps by providing resources to buy healthier, more nutritious food than their incomes normally allow. With so many families struggling in this poor economy, the Food Stamp Program now plays an important role of not only providing aid to needy households but also stimulating spending and creating jobs.

Despite all of these benefits, the Food Stamp Program is severely underutilized. The U.S. Department of Agriculture (USDA) ranks California as having the worst food stamp participation rate in the country.<sup>1</sup> While states like Missouri, Maine, and Tennessee reach over 90% percent of eligible people with food stamps, California is in last place, reaching just 50% of those eligible. This means that over 2 million needy Californians are not getting the federal benefits they are entitled to receive.

This severe underutilization has consequences for families and for our economy. The average food stamp benefit in California is now over \$112 a month per person.<sup>2</sup> This means that California is turning away as much as \$2 billion in federal food stamps a year as a result of this poor participation.<sup>3</sup> Economists estimate that every \$1 in food stamp spending generates \$1.84 in economic activity.<sup>4</sup> So while struggling families could use the \$2 billion in nutrition benefits, our state's farmers, truckers, and grocers could also certainly benefit from an additional \$3.6 billion in economic activity generated through increased food stamp utilization

California does not need to be a pioneer in improving our Food Stamp Program. We can simply follow the lead of other states which have taken simple steps to increase participation and ease administration of the program.

### POLICY OBJECTIVE #1

**Modernize the Food Stamp Program to deal with increased demand and to meet the specific needs of the working poor.**

#### *Background*

In the past, the majority of food stamp households received welfare or cash aid. But over the years, this has changed dramatically. Now the majority of those participating are the working poor not receiving cash aid. In response to this demographic shift, states across the country have employed modernization strategies that make it easier for workers to apply while also giving administrators greater flexibility to meet the demands of rising caseloads.

Central to these modernization efforts is the recognition that traditional application methods focused on in-office interviews can limit access for working households. It takes an estimated 5 hours and 3 trips to the food stamp office to complete the traditional process. Such demands can jeopardize employment for working applicants.

But the “traditional” process is becoming a thing of the past in many states. Over 90% of applicants in Florida apply on-line. In Utah, in place of traditional office interviews, a network of call-centers handles phone interviews. And across the country more and more states are moving to alternatives to the in-office interview as USDA has just recently given states the authority to remove the in-office interview requirement for *all* applicants.

California could certainly benefit from such modernization. As mentioned above, California is in last place for *overall* food stamp participation. In addition to measuring overall participation, USDA also measures state performance in reaching the *working poor* with food stamps. California is tied for last place with Rhode Island for participation in food stamps among the working poor. Only 36% of eligible working families in California get food stamps. California, however, is not able to maximize the modernization strategies employed in other states because of state-imposed policy barriers.

A good example of a state-imposed barrier limiting modernization is the state’s finger-printing requirement. Under the requirement, all adult members of the applicant household have to come to the food stamp office, even if they are working, elderly or disabled. This policy anchors the Food Stamp Program in California to the food stamp office and greatly reduces the benefits of on-line applications, call-centers and other modernization strategies.

The legislature should take action to remove these barriers to clear a path for county innovation.

### ***Recommended Actions***

- A. The legislature should replace the state’s finger-printing requirement with a Department of Motor Vehicles (DMV) identity check and the additional anti-fraud checks used by other states. The DMV has a sophisticated system for proving identity – a system that has the confidence of many government agencies, including the Department of Homeland Security. Rather than having a static and redundant system for food stamps, the state should use the valuable information and improving technology offered by the DMV to maintain integrity in the food stamp program. Such action would help improve access for working families (as a separate trip for finger printing would not be required), while still being tough on fraud.
- B. Reduce paperwork for families and counties by moving to semi-annual reporting. Of all 50 states, only California and Wyoming have yet to move to simplified reporting. This action would remove millions of pages of paperwork from the process and help reduce “churning.” Churning occurs when needy families fall off the program simply because they can’t keep up with paperwork requirements and must go through the lengthy reapplication process. As food stamp applications are increasing, counties are struggling to deal with newly needy families and churners. A move to 6-month reporting would be of tremendous help to poor families and local food stamp offices.

- C. Require the state to pass the full interview waiver authority on to counties. The USDA has determined that out-of-office interviews don't lead to more errors or fraud than traditional in-office interviews. States have been given authority to waive the office interview for all applicants; however, California has not passed this full authority to counties. It should.
- D. Steer innovations toward a statewide interface. Making the policy changes described above will certainly clear a path for the local success of modernization efforts such as on-line applications and call centers. However, these county efforts should not occur in isolation. Building upon county innovation, state policymakers should concentrate their efforts on developing a single, compatible, electronic food stamp application and a centralized reporting and renewal tool that all outreach and enrollment efforts could promote. CDSS should work with stakeholders to outline the steps for such a tool.

## **POLICY OBJECTIVE #2**

### **Fast track implementation of recent food stamp program changes supported by the legislature and signed into law by the Governor.**

#### ***Background***

California has taken several steps over recent years to improve the Food Stamp Program.

Most recently in 2008, the Governor signed AB 433 to remove the asset test in the Food Stamp Program. This change couldn't be more timely. As many Californians are losing their jobs, their incomes are plummeting, yet many still have some savings in the bank. Under the previous asset rules, these needy households would be denied help until they depleted their assets below the \$2,000 limit. AB 433 gives the state the ability to remove the asset entirely but left CDSS some discretion. To date, a decision on full removal has not been made. The current concern among advocates is that only households with children may be offered this relief.

As families are struggling to afford nutritious food, there is also an immediate opportunity to fast track implementation of the Healthy Purchase Pilot Program. Governor Schwarzenegger signed this program into law in 2006, but it has not yet been put into practice. In order to address the cost of healthy eating, the pilot seeks to provide an economic incentive to support fresh produce purchases by food stamp recipients. For example, to encourage the purchase of fresh produce, 30 cents might be posted to a food stamp recipient's Electronic Benefits Transfer card (EBT) card after he or she purchases \$1 worth of fresh broccoli.

In addition to these state changes, Congress appears poised to improve food stamp benefits through a new economic stimulus package. Such action would bring in hundreds of millions of dollars in economic activity to California – but could bring more, if participation was increased.

#### ***Recommended Actions***

- A. The California Department of Social Services (CDSS) should immediately remove the food stamp asset test for *all* households. AB 433 gives the state the ability to remove the asset test for all households – not just those with children. By removing the test for everyone, the asset questions can be eliminated entirely from the application. Such action would not only help more families, but would also help simplify the program and decrease likelihood of errors in

the application process. AB 433 must be implemented in all counties by January 1, 2010, but nothing appears to prevent CDSS from allowing counties to implement sooner. Given the state of the economy, CDSS should encourage all counties to implement this change now.

- B. The Department of Public Health should get the Healthy Purchase Pilot on track by reconvening its advisory committee to develop a proposal to secure available Farm Bill, state, and private resources for this California project. Over \$20 million in federal funds are available, but California needs to develop a proposal. Given that healthy food gets squeezed out of family budgets during tough economic times, the Healthy Purchase Pilot is needed now more than ever.
- C. CDSS should capitalize on the current federal economic stimulus proposal which would increase benefits for all participants. First, CDSS should use its outreach contracts with health clinics, food banks and others to get the word out that this increase in benefits makes the program even more valuable. Second, it can use this increase in benefits and the resulting stimulus as a new selling point within the administration for policies to increase participation.

### **POLICY OBJECTIVE #3**

#### **Rename and rebrand the Food Stamp Program to improve participation and the program's image.**

##### ***Background***

For several years, actual paper food stamps have been moved out of use. The Electronic Benefits Transfer card (EBT) has successfully replaced the coupons. This new card has removed stigma, reduced fraud, and sped up grocery store transactions. Since food stamps no longer exist, Congress sought to rename the program to reflect this. Congress renamed it the Supplemental Nutrition Assistance Program (SNAP). As of October 1, 2008, the new federal name went into effect. States have the option to use their own name. California is choosing its own name.

AB 433 requires CDSS to propose a new name in California by July 1, 2009. The hope is that this name will highlight the health and nutrition benefits of the program and provide an opportunity to “rebrand” it in the eyes of participants and the general public.

##### ***Recommended Actions***

- A. CDSS should develop a creative and public process to gather names, images and other ideas useful to rebranding the Food Stamp Program in California.
- B. Advocates and CDSS program administrators should secure resources to test these ideas with a broad audience to ensure the name captures this new vision of the program and provides a new outreach opportunity to increase participation.
- C. CDSS should use the new name and logo to jump start an invigorated food stamp outreach campaign to boost participation.

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<sup>1</sup> Reaching Those in Need,

<http://www.fns.usda.gov/oane/MENU/Published/snap/FILES/Participation/Reaching2006.pdf>

<sup>2</sup> [http://www.fns.usda.gov/pd/18SNAPavg\\$PP.htm](http://www.fns.usda.gov/pd/18SNAPavg$PP.htm)

<sup>3</sup> Lost Dollars, <http://www.cfpa.net/press/FSSpring2006release/3foodstampreports.pdf>

<sup>4</sup> Business Case for Increasing Participation, <http://www.fns.usda.gov/fsp/outreach/business-case.htm>