

## RECOMMENDATIONS ON FOOD STAMPS

CALIFORNIA WORKING FAMILIES POLICY SUMMIT  
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### INTRODUCTION

The Food Stamp Program currently provides an average monthly benefit of about \$98 per person in California. These benefits have been proven to reduce poverty, hunger and food insecurity<sup>i</sup>. These benefits now have the potential to do more to improve the health and nutritional status of low-income Californians who lack resources for nutritious food. We know that far too many families in California struggle to put food on the table. According to the University of California at Los Angeles, over 2.9 million adults experience food insecurity or hunger.<sup>ii</sup> Put simply, they do not have sufficient resources to support a nutritious diet. Given the immense cost of diet-related illnesses, it makes moral and fiscal sense to ensure that eligible Californians are getting the food stamps benefits they need.

However, according to the U.S. Department of Agriculture (USDA), California has the worst food stamp participation rate in the country.<sup>iii</sup> Only 46% of eligible Californians participate in the Food Stamp Program. This underutilization not only affects the health of low-income Californians, it also hurts our economy. USDA estimates that \$1 dollar in food stamps generates \$1.84 in local economic activity.<sup>iv</sup> Poor food stamp utilization hurts families, farmers, and grocers. With 2 million eligible Californians not receiving food stamps, California is turning away an estimated \$2 billion in federal benefits a year.<sup>v</sup>

The Food Stamp Program has undergone some changes in recent years. Gone are the old paper coupons which have been replaced by an Electronic Benefit Transfer (EBT) card. Gone are the old rules that prevented food stamp applicants from owning a reliable car. But even with these important changes, the program still fails to reach many needy families, especially working households. The Governor and the Legislature must do more to increase participation, draw in federal resources, and improve the health of low-income Californians.

### Policy Objective #1

**Reduce red tape to increase participation and relieve administrative burdens.**

#### *Background*

The Food Stamp Program offers valuable benefits – along with significant hassles. USDA estimates that it takes an average of 5 hours and 3 three trips to the food stamp office to apply.

Along the way households and administrators can get buried in paperwork, reports and verification. This red tape prevents many families from applying and causes others to drop out. But there is hope: Congress has offered options to states to help reduce paperwork, reduce or remove office trips and increase participation.

For example, over 46 other states have utilized an option called simplified reporting. An evaluation of states using this option has shown improved client access, lower error rates, reduced administrative burdens, and increased participation.<sup>vi</sup>

Other states have shown us the way. They have reduced paper. They have reduced verification burdens. They don't require trips to the food stamps office (especially for working folks). Following this lead, California can only improve on its last-place food stamp participation ranking by taking the following actions:

### ***Recommended Actions***

- A. Move from 3 month reporting to semi-annual reporting for food stamp and CalWORKS recipients. A 6-month reporting system would help remove millions of pages of paperwork. The new system should not place new burdens on food stamp recipients *within* the 6-month reporting period. Such requirements would reduce the paperwork savings and decrease the value of the change to clients and administrators.
- B. Reduce or eliminate trips to the food stamp office made by working households through the elimination of the finger imaging requirement and by utilizing out-of-office application pathways such as phone, fax and the internet.
- C. Make it easier to maintain food stamps by requiring the Department of Social Services to seek federal waivers of the face-to-face interview requirement at annual recertification.

### **Policy Objective #2**

#### **Connect the Food Stamp Program with health care programs.**

#### ***Background***

Historically, the majority of people receiving food stamps were also receiving welfare. It once made more sense that the Food Stamp Program and cash aid program rules and processes were aligned. But two changes have occurred: 1) The vast majority of food stamp eligibles and participants are now the working poor, who are more likely to be participating in health care programs like Medi-Cal. 2.) Diet-related illnesses have become a significant health care cost driver. These changes suggest that the Food Stamp Program should be integrated with health insurance and health care promotion efforts. Steps to connect health programs and food stamps at a policy level must be taken now.

As these policy connections are being put in place, action must also be taken to change the perception of the Food Stamp Program. Too often people view "food stamps" as a welfare program and not as a health and nutrition program. This perception is hurting participation.

The Food Stamp Program must be recognized as an improved program and must be recast as a health support for working families.

### ***Recommended Actions***

- A. Make recipients of Medi-CAL “categorically eligible” for food stamps. This approach makes it easier for health care recipients to get food stamps by reducing application barriers and directly connecting the two programs.
- B. Rename the Food Stamp Program in California to reflect the role the program plays in improving health, the importance of the program to California agriculture, and the reality that the “stamps” are gone.

### **Policy Objective #3**

**Use the Food Stamp Program to bring fresh fruits and vegetables to low-income communities.**

### ***Background***

The messages are everywhere: Eat more fruits and vegetables. But two major problems exist for low-income people: access and affordability. In some communities, there is limited access to produce. Throughout the state many food stamp recipients find that produce is not the always best economic choice. To address these problems, Assembly Member Mark Leno introduced AB 2384, which Governor Schwarzenegger signed AB 2384 into law in September 2006. This bill will provide mom and pop grocers with assistance in offering fresh produce and will provide fiscal incentives to make produce purchases made with the Food Stamp Program EBT card more affordable. Funding for this effort however, was not provided in the bill.

### ***Recommended Actions***

- A. The Governor and the Legislature should invest money to implement and evaluate the innovative approach to increasing produce consumption contained in AB 2384.

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### **ENDNOTES**

<sup>i</sup> *Food Assistance: How Strong Is the Safety Net?* Economic Research Service, U.S Department of Agriculture.

<http://www.ers.usda.gov/AmberWaves/September06/Features/FoodAssistance.htm>

<sup>ii</sup> *More Than 2.9 Million Californians Now Food Insecure -- One in Three Low-Income, An Increase in Just Two Years.* UCLA Center for Public Health Research <http://www.healthpolicy.ucla.edu/pubs/publication.asp?pubID=143>

<sup>iii</sup> *Reaching those in Need: State Food Stamp Participation Rates in 2004.* U. S. Department of Agriculture

<http://www.fns.usda.gov/oane/menu/Published/FSP/FILES/Participation/reaching2004.pdf>

<sup>iv</sup> Hanson, K., and Golan, E. Effects of Changes in Food Stamp Expenditures Across the U.S. Economy. Food Assistance and Nutrition Research Report Number 26-6. Economic Research Service. United States Department of Agriculture. August 2002.

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

<sup>vi</sup> *Impact of Simplified Reporting on Food Stamp Payment Accuracy*

<http://www.fns.usda.gov/oane/Menu/Published/FSP/FILES/ProgramIntegrity/SimplifiedReporting.pdf>