

Bottom of the Barrel:
A Report Card on California, Hunger, and Food Stamps

"D"

May 2002

California Hunger Action Coalition

Members Include: Alameda County Community Food Bank, Asian Pacific American Legal Center, Bread for the World, California Association of Food Banks, California Food Policy Advocates, Center for Community and Family Services, Institute for Food and Development Policy (Food First), LA Coalition to End Hunger and Homelessness, LA Community Action Network, Fresno Metro Ministry, Orange County Community Development Council, Sacramento Hunger Commission, St. Anthony Foundation, Second Harvest Food Bank of Santa Cruz and San Benito Counties, Supportive Parents Information Network, and United Church of Christ (Los Angeles)

Report Card

Name: **California**
Subject: **Using Food Stamps to End Hunger**
Date: **Spring Quarter 2002**

Cutting Red Tape	F
Updating Rules for Cars	F
Helping People in Drug Treatment	C
Helping Single Adults in High Unemployment Areas	D
Doing Outreach to People in Need	C
Using Debit Cards instead of Paper Coupons	F
Ending Finger-imaging	F
Helping Legal Immigrants	A
<u>Grade Point Average:</u>	<u>D</u>

Comments: Like all report cards, this one comes with comments (and an explanation of the grading scale, below). Next is a summary of the consequences of these poor grades on low-income Californians, the State, and the charities and congregations that serve people in need. Plus, there's a brief discussion of each issue, a list of how California compares with other states in that area, and what California could do to improve its grade.

Grading Scale: For each area where California has the opportunity to use the Food Stamp Program to fight hunger but has not, the State was given a grade based on where it fell compared to other 50 states:

Only 1-10 states do, California doesn't:		A
11-20 states	"	B
21-30 states	"	C
31-40 states	"	D
41-50 states	"	F

In the lone case where California does take an option that helps to reduce hunger - to provide legal immigrants with food stamps - California was similarly judged against the action (and inaction) of other states.

Summary

Compared with all 50 states, California is at the “Bottom of the Barrel” when it comes to helping people afford the food they need. It’s long been true that California has one of the worst participation rates in the nation among people who are eligible for help – only 49% of eligible people were served in 1999, compared to 57% nationwide, according to an October 2001 USDA report. California also has the highest error rate nationwide (representing both over and under payments to people) – it’s now 18.66%, twice the national average of 8.66%. But this Report Card focuses on a third part of the problem for low-income people: California has taken hardly any of the steps that other states have to improve its Food Stamp Program, so it works better for families, counties, and the State.

Like all states, California has several options available to improve the Food Stamp Program, the nation’s primary initiative to help families purchase food and prevent hunger. Yet California has taken few of these options, despite the encouragement of the federal government and the example of most other states. Only in the case of assisting legal immigrants in need of food is California leading the way. Overall, California must move to select more of these available options, as well as continue to fill in the federal gap for food aid for immigrants, in order for the State to improve its record on reducing hunger. It’s only with an efficient, modern, and equitable Food Stamp Program that all people in California will be able to afford the food they need to be healthy, happy, and successful.

California’s failure to act on most of these available options has three terrible consequences. First, many people who are poor enough to need the help of food stamps don’t receive that help. Currently, the federal Food Stamp Program provides an average of \$73 dollars in food coupons to 1.7 million Californians each month, half of them children. But another 1.8 million people who are eligible do not participate. If California opted to improve the program, as the majority of other states have, more people would have the food they need to be healthy and successful at school, at work, and in retirement. Instead, according to the USDA, California has the 11th worst level of hunger in the country.

The second loser from the State's inaction is the State itself – specifically, the economy. Currently, the federal Food Stamp Program generates \$1.8 *billion* in grocery spending in California, supporting our State's businesses, the food industry, and farmers. But, even this significant flow of federal dollars into the California economy could be further increased by hundreds of millions of dollars if the State took the available options and supported the use of federal food stamps by low-income people in need of food.

Finally, a third consequence of California's inaction is the burden shifted to the state's extensive network of food banks, charities and congregations. As reported in last November's "Hunger in America 2001", a national survey by America's Second Harvest, charities are serving more people in need, more often – at the same time as fewer of their clients are using food stamps. In a dramatic reversal since 1998, food banks nationwide now serve more people than food stamps: 23 million people sought emergency help from food banks in 2001, compared with only 17 million who received food stamps. Charities will continue to serve children, seniors, families, and other neighbors in need, but the State must also do its part to support efficient, effective anti-hunger programs.

Forty-one states have ceased requiring a monthly report from people receiving food stamps. But California still does. These monthly reports costs the State \$22 million to process each year; are a red-tape nightmare for families; and don't lead to lower fraud levels. In fact, California has so much trouble staying on top of all this paperwork, that the State has received record-setting fine of \$115 million from the federal government for, among other things, a "failure to act" in response to information it receives in these monthly reports.

California could follow the lead of other 41 states and require reports quarterly or semi-annually instead, saving the State, the counties, and families time, money, and hassle. But by continuing to require people to fill out a monthly report, California is at the bottom of the barrel.

<u>Good Work</u>	
Alabama	New Hampshire
Arkansas	New Jersey
Arizona	New Mexico
Arkansas	New York
Colorado	North Carolina
Connecticut	North Dakota
Delaware	Ohio
Florida	Oklahoma
Georgia	Oregon
Idaho	Rhode Island
Illinois	South Carolina
Indiana	Tennessee
Kentucky	Texas
Louisiana	Utah
Maine	Vermont
Maryland	Virginia
Michigan	Washington
Missouri	West Virginia
Montana	Wisconsin
Nebraska	Wyoming
Nevada	

<u>Needs Improvement</u>
California
Hawaii
Iowa
Kansas
Massachusetts
Minnesota
Mississippi
Pennsylvania
South Dakota

Source: USDA Food and Nutrition Service, "Food Stamp Program: State Options Report, First Edition" April 4, 2002

Forty states now allow people who need help buying food to also keep a reasonably-valued, reliable car -- but not California. California still follows outdated federal requirements: a recipient of food stamps can only own a car worth \$4650, a level originally established in 1977 as sufficient for a modest car, but raised only \$150 since then. This allowance wouldn't even be enough to cover a 95 Ford Escort with 75,000 miles (Blue Book value \$5100)!

California could follow the lead of the other 40 states who have updated this rule and could allow families to own one car. Not only would this permit families the transportation they need for work and child care, it also would get the State and counties out of the business of estimating car value, saving time and cutting red tape further. Other states have seen the value of this move, and California should, too.

<u>Good Work</u>	
Alabama	Montana
Alaska	Nevada
Arkansas	New Hampshire
Arizona	New Jersey
Connecticut	New Mexico
Colorado	New York
Delaware	North Carolina
Florida	North Dakota
Hawaii	Ohio
Idaho	Oklahoma
Illinois	Oregon
Indiana	Pennsylvania
Kansas	South Carolina
Kentucky	South Dakota
Louisiana	Texas
Maine	Utah
Maryland	Vermont
Massachusetts	West Virginia
Michigan	Wisconsin
Missouri	Wyoming

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Tennessee
Virginia
Washington

Source: USDA Food and Nutrition Service, "Food Stamp Program: State Options Report, First Edition" April 4, 2002

A newer option for states -- that 27 have taken -- is to allow people with a drug conviction to again receive food stamps. The federal government instituted a life-time ban on federal food stamps to anyone with a drug felony after 1996. But more than half of the states have recognized that healthy, adequate food is essential to a person's recovery, and have been troubled by a life-time penalty that continues long after a person has served their sentence.

California could move to redress this inequity, in a way consistent with its recent ballot-initiative commitment to provide treatment to non-violent first time offenders. Twenty-seven states have led the way in this area by making some modifications to this ban, and California should be next.

<u>Good Work</u>	
Arkansas	New Hampshire
Connecticut	New Jersey
Colorado	New York
Florida	North Carolina
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South Dakota
Tennessee
Texas
Virginia
West Virginia
Wyoming

Source: The Sentencing Project, "Life Sentences: Denying Welfare Benefits to Women Convicted of Drug Offenses" by Patricia Allard, February 2002.

Grade #4: Helping Single Adults in High Unemployment Areas **D**

Thirty-six states have taken the option to waive part of the food stamp's work requirement in parts of the state where there is high unemployment, so that single adults can get the food they need even if jobs aren't available to them. Even though California has a list provided by the federal government of all areas that are eligible due to their high unemployment, California has decided to wait on each area to first ask the State for this waiver. The result is that few counties have waded through the hurdles to elect this option and many single adults are denied food assistance because they can't find work in a place where there are few jobs.

California should join the 36 other states and ask the federal government for the high-unemployment area waivers it has been offered. This would provide more food to those very needy single adults, as well as bring more federal food stamp dollars into the economy of those high unemployment counties.

Good Work

Alabama	Nebraska
Alaska	Nevada
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Needs Improvement

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Wisconsin

Source: USDA Food and Nutrition Service, "Imposing a Time Limit on Food Stamp Receipt," by John L. Czajka, et. al., September 4, 2001.

California could join with 22 other states that invest state dollars in outreach to people in need – and receive a dollar-for-dollar match from the federal government. Nationwide, California has one of the lowest participation rates in the country among people in need: only 1 in 2 people in California who qualify for help from food stamps receive it. This drop has been particularly sharp since 1996, when rules about welfare and food stamps changed dramatically, causing confusion among both government workers and low-income people. Significantly, more people stopped receiving food stamps than left poverty during this time.

California could join these other 22 states – including such large states as Texas and New York – and invest a modest amount of state funds in outreach about the Food Stamp Program. This state money would not only be matched by the federal government; the state money would also result in increased federal spending in California, as more participants spend their federally-funded food stamps in local groceries, corner stores, and farmer’s markets. As food stamp usage increased among people in need, pressure on food banks would be eased and, most importantly, hunger would be reduced.

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Source: USDA Food and Nutrition Service, "Food Stamp Program: State Options Report, First Edition" April 4, 2002

Grade #6: Using Debit Cards instead of Paper Coupons **F**

California is one the very last states to make the nationally mandated conversion from paper coupons to an electronic debit card, and will miss the original federal deadline of October 2002. Forty-two other states have already established a state-wide system since the conversion began in 1996. For participants, debit cards are less visible at the check-out, reducing stigma. For the State, debit cards also have the potential to reduce already low levels of fraud by grocers and participants (2%, according to USDA).

Fortunately, a new electronic benefit system is finally being piloted in two counties (Alameda and Yolo) this summer, with the rest of the California counties expected to come on line within the next three years. This modernization is long-overdue and eagerly awaited.

<u>Good Work</u>	
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Source: USDA Food and Nutrition Service, "EBT Status Highlights," March 2002, at www.fns.usda.gov/fsp/MENU/ADMIN/EBT/EBT.HTM

California is one of only 9 states the finger-images food stamp applicants. Despite the fact that the Food Stamp Program is widely recognized as the nation's primary nutrition program with positive impacts on learning, work and health, this program is singled out among other public programs for this stigmatizing requirement. Finger-imaging costs the State \$11 million a year, discourages people from applying, and disrespects the people who do -- all for marginal results at catching potential double-dippers. Finger-imaging equipment also prevents remote sign-up locations (like food banks) from enrolling new participants.

The finger-imaging system is now being audited by the State to evaluate its cost effectiveness and its impact on participation. Results of this audit are expected in 2002, and should lead to reconsideration of finger-imaging as a requirement for food assistance.

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Montana	

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California
Connecticut
Illinois
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New Jersey
New York
Pennsylvania
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Source: USDA Food and Nutrition Service, "An Assessment of Computer Monitoring in the Food Stamp Program," by William Borden & Robbi L. Ruben-Urm, January 2002.

#8: Helping Legal Immigrants

A

Finally, there is one option where California leads the nation. For five years, California has consistently filled a gap created in federal law and helped insure that legal immigrant families get more of the food they need to be healthy and successful. Last year, California moved to make this state food aid program permanent, so counties and legal immigrant families could have clear rules to follow and rely on. The federal government is now following California's lead and again assisting some legal immigrants with food stamps, which will reduce the size and cost of California's gap-filling program. At the same time, 16 other states have also stepped in to provide similar food aid to legal immigrants.

California could even further strengthen this assistance, by clarifying that there's no public charge for using food stamps and by not adding additional reporting burdens on legal immigrants and their sponsors. Meanwhile, California's commitment to helping legal immigrant families at risk of hunger is encouraging both other states and the nation to again provide this critical aid to all in need. This leadership is making a difference for people struggling to afford the high cost of living, and should be emulated in the other areas open for improvement: cutting red tape, allowing reasonable cars, and aiding people in recovery or without jobs.

Good Work

California
Colorado
Connecticut
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Maine
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Minnesota
Missouri
Nebraska
New Jersey
New York
Ohio
Rhode Island
Texas
Washington
Wisconsin

Needs Improvement

Alabama Nevada
Alaska New Hampshire
Arizona New Mexico
Arkansas North Carolina
Delaware North Dakota
Florida Oklahoma
Georgia Oregon
Hawaii Pennsylvania
Idaho South Carolina
Indiana South Dakota
Iowa Tennessee
Kansas Utah
Kentucky Virginia
Louisiana Vermont
Michigan West Virginia
Mississippi Wyoming
Montana

Source: Journal of Poverty Law and Policy, "Immigrant Access to Food Stamps," by Sonya Schwartz, September - October 2001.