

## The 2022-23 Budget:

# California Food Assistance Program

FEBRUARY 2022

**Summary.** In this post, we analyze the Governor's proposal to provide food assistance to currently ineligible immigrants aged 55 and older. First, we provide some essential background on California's food assistance programs, then we describe the Governor's proposed expansion, and finally provide an analysis of the proposal as well as issues for legislative consideration.

## Background

### ***CalFresh Provides Federally Funded Nutrition Assistance to 4.5 Million Californians.***

CalFresh is California's version of the federal Supplemental Nutrition Assistance Program, which provides monthly food assistance to qualifying low-income households. To be eligible, households generally must earn less than 200 percent of the federal poverty level. CalFresh benefits can be used to buy most groceries and some prepared food at participating vendors, which include most grocery and convenience stores. Monthly benefits per household vary based on household size, income, and deductible living expenses, with larger households generally receiving more benefits than smaller households and relatively higher-income households generally receiving fewer benefits than lower-income households. In 2020-21, 4.5 million Californians received a total of \$9.8 billion in CalFresh benefits, all of it federally funded, for an average monthly benefit of about \$184 per recipient. (Note that average benefits are somewhat higher than they otherwise would be because the federal and state governments took actions to increase both CalFresh participation and benefits in response to COVID-19.) The federal government annually adjusts CalFresh benefits in accordance with changes in the cost of food.

### ***CalFresh Administration Is Funded by the State, Counties, and Federal Government.***

CalFresh is overseen at the state level by the Department of Social Services (DSS) and administered locally by county human services departments. Although CalFresh benefits are paid by the federal government, the costs to administer the program are shared by state, county, and federal governments. The total cost of administering CalFresh in 2020-21 was \$2.1 billion (\$1 billion federal funds, \$740 million General Fund, and \$290 million county funds).

***CalFresh Administered Through Two Main Automated Systems.*** First, CalFresh eligibility and enrollment is tracked using two county automation systems collectively known as the Statewide Automated Welfare System (SAWS). SAWS is in the process of converting to a single, statewide system by the end of 2023 (the single system is known as CalSAWS). Second, the federal government manages an Electronic Benefits Transfer (EBT) system which deposits monthly benefits for CalFresh and other human services programs onto cards that can be used at grocery and convenience store checkout counters.

***California Food Assistance Program (CFAP) Provides State-Funded Food Assistance to 35,000 Legal Permanent Residents.*** In 1996, Congress passed a welfare reform bill that, among other things, restricted federal food assistance for certain noncitizens. Most notably, legal permanent residents were rendered ineligible for federally funded food assistance until they had resided in the country for five years. The federal government gave states the option to provide state-funded food assistance to populations affected by the 1996 policy change (such as legal permanent residents who arrived less than five years ago).

In response, California established CFAP, which provides benefits through the same EBT and SAWS systems as CalFresh. Because CFAP operates through the EBT system, the federal government is directly responsible for depositing funds into the accounts of participating households, and the state reimburses the federal government for these costs. In addition, the federal government charges California for all associated administrative costs. In 2020-21, CFAP benefits were \$69 million General Fund (\$165 average monthly per person), and administration costs were \$2.5 million General Fund. (In line with benefit augmentations for CalFresh, CFAP benefits also were temporarily expanded in response to COVID-19.)

***Take-Up Rates for Food Assistance and Related Programs Vary Considerably.***

DSS estimates about 70 percent of CalFresh-eligible individuals actually enrolled in the program in 2019, up from about 50 percent in 2010. There is no direct estimate of CFAP take-up rates (which are more difficult to calculate due to the program's small size), although some research suggests that participation in food assistance programs is lower among immigrants than among naturalized citizens. Outside of food assistance programs, we estimate participation in the California Work Opportunity and Responsibility to Kids program is around 60 percent, whereas participation in Medi-Cal is estimated to be over 90 percent (and take-up for full- and restricted-scope Medi-Cal is believed to be similarly high even among undocumented immigrants).

***Recent Budget Actions Seek to Expand Food Assistance to Undocumented Immigrants.***

The 2021-22 spending plan included \$5 million in 2021-22 to begin making necessary automation changes for an expansion of CFAP to currently ineligible immigrants. The budget-related legislation stated only that the expansion would be age-based but did not specify which age ranges would first benefit; these details were expected to be determined as part of this year's budget discussions.

## **Governor's 2022-23 Proposal**

***Expands CFAP to Undocumented Immigrants Over Age 55.*** The Governor's budget proposes expanding CFAP to all income-eligible individuals aged 55 or older (regardless of their immigration status) and provides \$40 million in 2022-23 to continue making associated automation changes. This amount is intended to increase to \$113.4 million by 2025-26 (after a few years of providing benefits and increasing take-up). The administration has indicated that, by 2025-26, it expects this expansion to reach about 75,000 individuals annually (for an estimated take-up rate of 60 percent).

## **LAO Analysis**

***Governor's Proposal Is Broadly in Line With Prior Budget Action for CFAP Expansion...***

In line with last year's budget actions, the Governor's proposal would expand CFAP access using an age-based approach. In this way, the Governor's proposal mirrors recent legislative priorities.

***...But the Legislature May Wish to Set Its Own Target Populations for Such an Expansion.***

To comply with an "age-based" expansion to CFAP, the administration has proposed to prioritize immigrants aged 55 years or older. When the Medi-Cal expansion to undocumented individuals began, an age-based expansion also was used. However, benefits were first expanded to younger individuals (those under the age of 25), next to older individuals (those aged 50 and up), and is now being proposed for prime working-aged individuals (those aged 26-49). Under the Governor's approach to expand CFAP first to older undocumented individuals, younger undocumented immigrants would remain ineligible for food assistance programs. We estimate older immigrants make up about 20 percent of the undocumented population in California and roughly 15 percent of undocumented immigrants who are likely income-eligible for CFAP (by comparison, we estimate undocumented immigrants aged 26 and under make up about 20 percent of the undocumented population in California and roughly 24 percent of undocumented immigrants who are likely income-eligible for CFAP). These estimates are subject to significant uncertainty, however, as there are limited survey data which

directly captures information about undocumented immigrants. However, these numbers are consistent with Medi-Cal administrative data, which show that older undocumented immigrants account for about 15 percent of undocumented immigrants enrolled in full- or restricted-scope coverage (and undocumented immigrants aged 25 or under account for about 20 percent).

***Expanding Food Assistance to Currently Ineligible Immigrants Involves Various Administrative Challenges.*** Although the administration includes \$40 million in its proposed 2022-23 budget for the automation changes needed to facilitate a CFAP expansion to currently ineligible individuals, we understand they are still working internally and with stakeholders to fully develop this automation plan. For that reason, we consider the proposed funding level preliminary at this time.

***Specific Challenges With Updating Automated Systems.*** In the past, when a CFAP expansion has been considered, three major challenges involving automated systems have emerged. First, the necessary changes to SAWS likely must wait until after the new CalSAWS system has been fully implemented statewide—currently estimated to be December 2023. Second, federal rules may prohibit California from using the existing EBT system to benefit undocumented immigrants, which may require the state to develop its own system or another kind of work-around. Finally, recent changes to federal law make it challenging to ensure that undocumented immigrants benefiting from state-funded food assistance would not have their information shared with federal law enforcement either through SAWS or EBT access. In speaking with DSS and various stakeholders, we have heard the most concern about the last of these challenges, although all parties appear confident that each of these administrative hurdles can be overcome with sufficient time and funding.

## **Issues for Legislative Consideration**

***Administration Has One Approach, Legislature Could Consider Others.*** As we have noted, the 2021-22 budget included legislation that required the implementation of an “age-based” expansion of CFAP to undocumented individuals.

The administration’s proposal that expands CFAP to undocumented individuals over the age of 55 is in line with this statutory guidance. That said, the Legislature may wish to roll out a CFAP expansion in a different way—for example starting with a different or larger age group. We understand part of the administration’s consideration in targeting older immigrants is the availability of other food assistance programs (such as free and reduced-price school meals) to younger populations. In considering where to start, the Legislature may wish to ask the administration (1) any analysis that was done on the relative availability of food assistance to younger and older immigrants; (2) their rationale for choosing 55 and over, rather than 50 and over as was done for Medi-Cal; and (3) any lessons learned from first expanding Medi-Cal to younger undocumented immigrants which could inform whether that approach should be used for CFAP as well?

***Potential Take-Up Rate for Proposed New Program Highly Uncertain.*** As noted above, take-up rates for existing health and human services programs vary widely, thus projecting an appropriate take-up rate for any new program is inherently difficult. In addition to this basic uncertainty, numerous studies suggest outreach to undocumented individuals is particularly challenging. Such individuals are often hesitant to enroll in benefit programs for fear that their information may be shared with federal law enforcement or that their participation may negatively affect any future effort to secure citizenship. While these factors would reduce participation in any expanded program, unfortunately, we are not able to estimate such effects with any degree of precision.

***Full Implementation Costs Depend on the Size of Targeted Populations and Their Take-up Rates.*** If the Legislature decided to target a younger age range than the administration’s proposal, more individuals likely would qualify for expanded food assistance and the associated cost of providing those benefits would be greater. Benefit costs also depend crucially on the eventual take-up rate of the program, as a program with a lower take-up rate could cost hundreds of millions of dollars less than an otherwise identical program

with a higher take-up rate. Take-up rates can be influenced in part by policy design, as programs which are easier to apply for and remain enrolled in tend to have higher take up. In addition, take-up rates tend to vary over time, often growing from

relatively lower levels to relatively higher levels as a program matures and becomes more widely known. Such considerations will be important as the Legislature decides how to realize its goal of expanded food assistance.

## **LAO PUBLICATIONS**

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This post was prepared by Ryan Anderson, and reviewed by Ginni Bella Navarre and Carolyn Chu. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.