

Date of Hearing: April 23, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Eloise Gómez Reyes, Chair

AB 1022 (Wicks) – As Amended April 22, 2019

SUBJECT: California Anti-Hunger Response and Employment Training Act of 2019

SUMMARY: Establishes the California Anti-Hunger Response and Employment Training (CARET) Act of 2019 which requires the California Department of Social Services (CDSS) to provide state-funded food benefits through the CARET Program to certain eligible individuals who are deemed ineligible for CalFresh as a result of the able-bodied adult without dependents (ABAWD) time limit, requires CDSS to issue guidance no later than January 30, 2020, and makes the provisions of this bill operative only in the event that federal law and guidance prohibits the state from retaining individual exemption allocations, as specified. Specifically, **this bill:**

- 1) Makes Legislative findings and declarations related to hunger in California and the need to provide aid to individuals who are subject to the ABAWD time limit in response to federal efforts to reduce access to food for individuals subject to the ABAWD time limit.
- 2) Requires CDSS to establish the CARET program for certain individuals to receive benefits for any month in which they are deemed ineligible for CalFresh benefits or for whom CalFresh benefits have been discontinued, as a result of the federal ABAWD time limit and if the person is ineligible for an individual waiver.
- 3) Requires a household to receive CARET benefits in the same amount as the CalFresh benefits they would have received if the ABAWD time limit did not render an individual ineligible for CalFresh benefits.
- 4) Deems a CARET program recipient as eligible for the same CalFresh Employment and Training (CFET) benefits, as specified, for which they would have been eligible were they not deemed ineligible for CalFresh benefits due to the ABAWD time limit.
- 5) Allows a CFET provider serving a CARET recipient to receive the same reimbursement for the cost of allowable CFET services that the provider would receive for a CalFresh recipient.
- 6) Requires CARET benefits be delivered through a state-administered and state-funded electronic benefits transfer (EBT) system, subject to the standards enumerated in current law.
- 7) Allows the state-funded EBT system to be used to issue other state-funded food assistance benefits.
- 8) Makes operative the provisions of this bill only in the event that federal law and guidance prohibit the state from retaining individual exemption allocations for use in a later month, as defined in federal regulations.
- 9) Requires CDSS, in consultation with the Office of Systems Integration and relevant stakeholders, as specified, to develop and issue guidance to maximize the use of individual

waivers available under federal law and guidance related to the federal Supplemental Nutrition Assistance Program (SNAP).

- 10) Permits the guidance to include redistribution of individual waivers between counties if necessary to maximize the use of the waivers to prevent hunger among persons subject to the ABAWD time limit.
- 11) Requires the guidance be issued no later than January 30, 2020, and remain operative until the CARET program, as defined by the provisions of this bill, is operative.

EXISTING LAW:

- 1) Establishes SNAP under federal law pursuant to the Food Stamp Act of 1964 and establishes, in California statute, the CalFresh program to administer the provision of federal SNAP benefits to families and individuals meeting certain criteria, as specified. (7 United States Code Section 2011 *et seq.*, Welfare and Institutions Code [WIC] Section 18900 *et seq.*)
- 2) Establishes the EBT Act, and defines the EBT system as the program designed to provide benefits to those eligible to receive public assistance benefits such as CalWORKs and CalFresh. (42 U.S.C. 601 *et seq.*, WIC 10065 *et seq.*)
- 3) Places a number of requirements on the EBT system, including, but not limited to, requirements that the system: be designed, to the maximum extent feasible, to be compatible with EBT systems in other states; provide reasonable access to benefits to recipients who demonstrate an inability to use an EBT card because of disability, language, lack of access, or other barrier; and, have a 24-hour per day toll-free telephone hotline for the reporting of lost or stolen cards that will provide recipients, at no additional cost to the recipient, with information on how to have the card and personal identification number replaced, among others. (WIC 10072)
- 4) Establishes the SNAP time limit for an ABAWD, which states that an individual is limited to receive SNAP for up to three months within a three year period, unless the individual has met certain work participation requirements, as specified. (7 Code of Federal Regulations [CFR] Section 273.24)
- 5) Requires CDSS to annually, to the extent permitted by federal law, seek a federal SNAP waiver to the three-month limit in a three-year period of CalFresh benefits for an ABAWD, unless that participant has met the work participation requirement. (WIC 18926)
- 6) Allows a state agency to provide an exemption from the 3-month time limit for covered individuals, and specifies that exemptions do not count towards a state agency's allocation if they are provided to an individual who is otherwise exempt from the time limit during that month. (7 CFR 273.24(g)(2))
- 7) Allows a state agency, for each fiscal year, to provide a number of exemptions such that the average monthly number of exemptions in effect during that fiscal year does not exceed 15% of the number of covered individuals in the state, as estimated by the Food and Nutrition Service (FNS), as specified. (7 CFR 273.24(g)(3))

- 8) Prohibits state agencies from discriminating against any covered individual for reasons of age, race, color, sex, disability, religious creed, national origin, or political beliefs. (7 CFR 273.24(g)(4))
- 9) Stipulates that FNS, in the event that a state agency does not use all of its exemptions by the end of the fiscal year, will increase the estimated number of exemptions allocated to the state agency for the subsequent fiscal year by the remaining balance. (7 CFR 273.24(i))
- 10) Establishes within CalFresh the federal SNAP Employment and Training (E&T) program to assist members of CalFresh households in gaining skills, training, work, or experience that will increase their ability to obtain regular employment. (7 CFR 273.7, WIC 18926.5)
- 11) Requires a county to screen CalFresh work registrants to determine whether they will participate in, or be deferred from, CFET. Further, allows a CalFresh work registrant to request to enroll in CFET as a voluntary participant. (WIC 18926.5(b))
- 12) Requires an individual be deferred from a mandatory placement in CFET if they reside in a federally determined work surplus area or if they are subject to the ABAWD time limit. (WIC 18926.5(b))

FISCAL EFFECT: Unknown

COMMENTS:

CalFresh: SNAP provides food access to low-income individuals who meet certain eligibility criteria; in California, this program is known as CalFresh. CalFresh benefits are entirely federally funded, and administration at the federal level lies with the United States Department of Agriculture (USDA). The USDA is tasked with setting specific eligibility requirements for SNAP programs across the country, as well as gross and net income tests, work requirements, and other documentation requirements. Currently, the maximum allowable gross income is 200% of the Federal Poverty Level (FPL), although households with elderly members or members with disabilities are not subject to gross income criteria, but must have a net monthly income at or below 100% of the FPL. In California, CalFresh is administered at the local level by county human services agencies, with federal, state, and county governments sharing the costs of program administration. Benefits are made available to recipients on an EBT card, which is an automated teller machine (ATM)-like card that allows an individual to purchase food at point-of-sale devices in stores. Nearly 4 million individuals in California receive CalFresh benefits; on average, an individual receives approximately \$135 per month in benefits. The maximum grant amount for a household size of one is \$192 as of October 1, 2018, and until September 30, 2019.

Able-bodied adults without dependents (ABAWDs): Receipt of SNAP benefits is contingent upon an individual meeting certain eligibility criteria, except in instances when they are exempt due to age, having a disability, or another specific reason. ABAWDs, are individuals between 18 and 49 years old who have no dependents and do not have a disability, and are subject to a specific time limit; specifically, they may only receive SNAP for three months in a three year time period if they do not meet specific work requirements. Federal rules require ABAWDs to work at least 80 hours per month or comply with a workfare program, or participate in a SNAP Employment Training Program (CFET in California). State law requires CDSS to annually seek an exemption to federal ABAWD time limits, and federal rules allow a county or an entire state to be approved for a waiver to the ABAWD time limit if it meets federally established criteria

related to high unemployment or a lack of sufficient jobs. On August 31, 2018, California's statewide waiver expired and on September 1, 2018, California implemented the ABAWD time limit in San Francisco, San Mateo, and Santa Clara counties. California's remaining 55 counties will remain under the ABAWD time limit waiver through August 31, 2019; however, it is unclear as to whether other counties, particularly Alameda and Contra Costa, will be required, upon expiration of the waiver, to implement the ABAWD time limit. As of April 1, 2019, only six states have a statewide ABAWD time limit waiver, 30 states, including California, have partial time limit waivers, and 17 states have no waiver.

CalFresh Employment and Training (CFET): The CFET program (known as SNAP E&T at the federal level) was created in 1985 and aids CalFresh recipients in gaining the skills and experience necessary to enter the workforce. Federal law requires each state to operate an employment and training program, and each year CDSS is required to submit its CFET program plan to the USDA FNS for approval. Operation of a CFET program is optional for California counties, and currently, 37 counties operate a CFET program. In 2011, SB 43 (Liu), Chapter 507, Statutes of 2011, required all counties in California that operate a CFET program to implement the program as voluntary for all participants who reside in an area that is federally determined to be a labor surplus area (meaning an area in which unemployment is higher than the national average). It should be noted that only individuals who receive CalFresh can participate in CFET such that ABAWDs (who are ineligible for CalFresh and subject to the time limit) are unable to receive the employment and training services that may be necessary to aid them in obtaining the employment they need to achieve self-sufficiency. The provisions of this bill would require that CARET recipients receive the same CFET benefits that they would have been eligible for were they not deemed ineligible for CalFresh.

15% exemptions: In addition to a statewide waiver, the USDA also allows for individual, personal waivers to be given to eligible individuals on a case-by-case basis. These exemptions, referred to as "15% exemptions," allow states to extend CalFresh benefits to ABAWDs for one full month. A state may only accrue 15% exemptions if it is deemed ineligible for a statewide waiver of the ABAWD time limit, and in April 2018, California was notified by FNS that it had 866,894 available exemptions. All County Information Notice (ACIN) I-72-18 states that 15% exemptions are only available to individuals who are at risk of losing federal SNAP benefits due to not satisfying the work requirement, although 15% exemptions cannot be granted when an individual is subject to a CalFresh sanction (which can occur when an individual is non-compliant with certain work requirements).

The number of exemptions allotted is calculated as 15% of the eligible ABAWD population in the areas that are not subject to the statewide waiver (currently, San Francisco, Santa Clara, and San Mateo counties). For example, according to California's CFET Plan, CDSS estimates that during the Federal Fiscal Year (FFY) 2019, there will be approximately 700,302 ABAWDs in the state; of those, 665,642 live in areas covered by the USDA waiver. CDSS anticipates that 25,942 individuals in San Francisco, Santa Clara, and San Mateo counties will be exempted from the time limit under the 15% exemption allowance, meaning that, during FFY 2019, 8,706 individuals will be subject to the ABAWD time limit.

SNAP rule change proposal: On February 1, 2019, FNS published Proposed Rule RIN 0584-AE57, which proposes to amend the regulatory standards by which the USDA evaluates a state's ability to request waivers to the ABAWD time limit, as well as end the unlimited carryover of ABAWD 15% exemptions. Specifically, the rule will impose strict work requirements of 20

hours per week on adults who do not currently have jobs and have been unable to find work. In its description of the rule change, the USDA states that “The proposed rule would encourage broader application of the statutory ABAWD work requirement, consistent with the Administration’s focus on fostering self-sufficiency.” In an April 10, 2019, letter to USDA Secretary Sonny Perdue, members of the California State Assembly stated that:

“This proposed rule would severely hamper our state’s efforts to connect Californians to the workforce and preserve their health and well-being. We strongly believe in supporting the health and well-being of individuals, and we know that food stability is a key component in ensuring full participation in the workforce. Nearly 75% of recipients are at work within the year that they claim benefits; however, employment can be seasonal and hours can be limited, revealing the challenges many individuals encounter in seeking and retaining employment. If implemented in its current form, the Proposed Rule would negatively affect CalFresh participants and their communities, and would result in significant financial losses for the state’s retail and agricultural industries. For these reasons, we urge you to withdraw the Proposed Rule.”

A similar letter written by members of the California State Senate dated April 9, 2019, stated that:

“Currently, most of California is under a waiver of the existing ABAWD rule because of heightened unemployment rates in 55 counties. Imposing harsher limitations on the people who live in these counties will further erode the likelihood of ABAWDs finding work, as food stability is key to an individual’s ability to find and maintain work. The Proposed Rule assumes ABAWDs are unemployed or underemployed as a result of lack of motivation. However, the USDA ignores the barriers to employment that many low-income childless adults are facing, including physical and mental health limitations. We are concerned that without the state flexibility that currently exists, individuals of color will be disproportionately affected by this rule change.”

Need for this bill: The provisions of this bill seek to ensure that individuals subject to the federal ABAWD time limit are not left without some form of food benefits, particularly in light of the proposed rule change at the federal level, which, if adopted, will affect California’s ability to provide federally-funded 15% exemptions to ABAWDs. This bill provides a state-funded benefit to provide food supports to those individuals by requiring CDSS to create the CARET program, and requiring individuals who are subject to the ABAWD time limit and who are ineligible for a 15% exemption to receive benefits through the CARET program. It should be noted that the provisions of this bill will become operative only in the event that federal law and guidance prohibit the state from retaining 15% exemptions allocated for use in a later month. In other words, the provisions of this bill would become operative only in the event that the federal government adopts the proposed rule change to eliminate California’s ability to provide 15% exemptions to ABAWDs.

According to the author, “Access to food is critical to the health of our communities and allows people to be job-ready. The loss of CalFresh eligibility and benefits increases hunger and poverty, which never makes any person better able to prepare for work, to secure a job, or to succeed at their place of employment. This bill provides support to individuals who would lose CalFresh eligibility and helps ensure that they are supported to persevere during hard times.

Providing this support is a necessary step that keeps California strong by ensuring we protect this highly vulnerable population and making sure that everyone is fed.”

Recommended committee amendments: In order to make clear the population that would be eligible to receive benefits through the CARET program, to clarify that CARET benefits are state-funded, and to allow sufficient time for development of guidelines, *committee staff recommends the following amendments:*

1) *Beginning on line 29 on page 4 of the bill, make the following amendments:*

29 ~~(b) A person shall be eligible for receive benefits under the~~
 30 ~~CARET program if for any month in which the person has been~~
 31 ~~determined ineligible for CalFresh benefits, or whose for whom~~
 32 ~~CalFresh benefits have been discontinued, as a result of the federal~~
 33 ~~able-bodied adult without dependents (ABAWD) time limit and~~
 if the person is ineligible for an individual waiver.

A person who has been deemed ineligible for CalFresh benefits or whose CalFresh benefits have been discontinued due to the federal able-bodied adult without dependents (ABAWD) time limit, and who is ineligible for an individual waiver, shall receive benefits under the CARET program.

35 (c) The ~~household~~ individual shall receive CARET benefits in the same
 36 amount as the CalFresh benefits ~~it they~~ would have received if the
 37 ABAWD time limit did not make ~~a person in the household~~ them
 38 ineligible.

2) *Beginning on line 4 on page 5 of the bill, make the following amendments:*

4 (e) A CalFresh E&T provider serving a CARET recipient shall
 5 be eligible to draw down a state-funded reimbursement in the same amount that the provider
would have been reimbursement for the cost of
 6 Allowable E&T services that the provider would be eligible to
 7 receive for allowable CFET services for a CalFresh recipient.

3) *Beginning on line 36 on page 5 of the bill, make the following amendments:*

36 (d) the guidance shall be issued within 90 days of this chapter becoming operative ~~no later~~
~~than January 30, 2020,~~
 37 and shall remain operative until the CARET program described
 38 in Section 18946 of the Welfare and Institutions Code is operative.

RELATED AND PRIOR LEGISLATION:

AB 1229 (Wicks) of 2019 requires CDSS to issue guidance to county human services departments that requires counties to, among other things, establish a self-initiated workfare program for former foster youth that will enable them to meet the ABAWD work requirement. AB 1229 is scheduled to be heard in the Assembly Higher Education Committee on April 23, 2019.

H.R. 1276 (Adams) of 2017 would have exempted ABAWDs from SNAP work requirements if the individuals is not offered a position in a SNAP E&T program. H.R. 1276 was referred to the House Subcommittee on Nutrition.

AB 563 (Arambula), Chapter 343, Statutes of 2017, included ABAWDs among the individuals who are deferred from mandatory participation in CFET programs.

SB 43 (Liu), Chapter 507, Statutes of 2011, required counties that offer CalFresh E&T to make participation voluntary instead of mandatory, and required counties to screen work registrants to determine whether they will participate in, or be deferred from, a CFET program.

H.R. 2100 (de la Garza), P.L. 99-198, 1985, created the Food Security Act of 1985 which created the Food Stamp Employment & Training Program, now known as SNAP E&T.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Community Food Bank (Sponsor)
 California Association of Food Banks (Sponsor)
 Food Bank of Contra Costa and Solano (Sponsor)
 Public Interest Law Project (Sponsor)
 Western Center on Law & Poverty, Inc. (Sponsor)
 Bay Area Legal Aid
 Berkeley Food Network
 California Catholic Conference
 California Food and Farming Network
 California Food Policy Advocates
 Coalition of California Welfare Rights Organizations
 Contra Costa Family Economic Security Partnership
 Ecology Center (Berkeley)
 Educate. Advocate.
 Ensuring Opportunity Campaign to End Poverty in Contra Costa County
 Feeding San Diego
 Hunger Action Los Angeles Inc.
 Indivisible East Bay
 Los Angeles Community Action Network
 Rise Together
 Rubicon Programs
 Sacramento Food Bank & Family Services
 San Francisco-Marin Food Bank
 Second Harvest Food Bank of Santa Clara & San Mateo Counties
 Second Harvest Food Bank of Santa Cruz County
 St. Anthony's
 St. Jerome Catholic Church
 The Unity Council
 Yolo Food Bank
 Two Private Citizens

Opposition

None on file

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