

Date of Hearing: March 26, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Eloise Gómez Reyes, Chair

AB 494 (Berman) – As Amended March 20, 2019

SUBJECT: CalFresh: eligibility: shelter expense deductions

SUMMARY: Requires the California Department of Social Services (CDSS) to issue guidance that both establishes that shelter costs reported on CalFresh applications and semiannual report forms are sufficient for determining excess shelter costs and prohibits a county human services agency from requesting additional documents to verify excess shelter costs, except when the reported costs are questionable, and declares the provisions of this bill an urgency statute to ensure certain individuals receive timely CalFresh benefits. Specifically, **this bill:**

- 1) States Legislative intent related to increasing CalFresh benefits for low-income working families by simplifying shelter expense verification.
- 2) Requires CDSS to issue guidance that does both of the following:
 - a) Establishes that shelter costs reported by an applicant or recipient on a signed CalFresh application or semiannual report form are sufficient for purposes of determining excess shelter costs deduction; and,
 - b) Prohibits a county human services agency from requesting additional documents to verify excess shelter costs, except when the reported shelter costs are questionable.
- 3) Allows CDSS to implement and administer the provisions of this bill through all-county letters or similar instructions, as specified.
- 4) Declares the provisions of this bill an urgency statute and mandates that the provisions of this bill go into effect immediately in order to prevent elderly or disabled recipients of federal Supplemental Security Income (SSI) benefits who are newly eligible to receive CalFresh benefits from being delayed in their application for food aid, as specified.

EXISTING LAW:

- 1) Establishes under federal law the Supplemental Nutrition Assistance Program (SNAP) 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 Electronic Benefits Transfer (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) Allows a state agency to elect to mandate verification of any other factor which affects household eligibility or allotment level, including household size where not questionable. (7 CFR 273.2 (f)(3))

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 a 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. Nearly 4 million individuals in California receive CalFresh benefits; on average, an individual receives approximately \$135 per month in benefits.

Income calculations to determine eligibility: When calculating a household's benefit level, certain income deductions are considered, including a 20% deduction from earned income, a standard deduction based on household size, a dependent care deduction, medical expenses for elderly members or members with disabilities that are more than \$35 a month, and excess shelter costs. Excess shelter costs are defined by the USDA Food and Nutrition Service (FNS) as shelter costs that are more than half of the household's income after other deductions, and include fuel to heat and cook with, electricity, water, the basic fee for one telephone, rent or mortgage payments and interest and taxes on the home.

Calculating a household's shelter costs consists of dividing the household's adjusted monthly income in half, after all other applicable deductions have been applied, and subtracting that amount from the amount of money a household spends on housing. The difference is determined to be the household's excess shelter costs, which is then subtracted from the adjusted income to determine a household's monthly net income. It should be noted that, in California, the excess shelter deduction, for households without a person who is elderly or living with disabilities, is capped at \$552.

For example, if a household in California had an adjusted monthly income, after any other applicable deductions have been applied, is \$1,700, and the household spends \$1,000 on shelter costs, then the household's excess shelter costs would be \$150, as \$1,700 divided in half is \$850 and the household's actual shelter costs are \$1,000 such that the difference is \$150. The amount of \$150 is then subtracted from the household's monthly adjusted income, to determine the monthly net income which, in this case, would be \$1,550. In this case, the \$552 cap is not applicable as the excess shelter costs of the example household were only \$150; however, if the example household had excess shelter costs of \$700, only \$552 would be deducted from the adjusted income.

Churn: A 2015 report by the Center for Budget and Policy Priorities entitled "Lessons Churned: Measuring the Impact of Churn in Health and Human Services Programs on Participants and State and Local Agencies" found that requirements placed on households to apply, establish eligibility, and then, at regular intervals, re-establish eligibility, can lead to "churn". Churn occurs during the redetermination process when otherwise eligible households are unable to verify certain expenses (such as shelter costs), which causes them to temporarily lose eligibility,

experience a short period without benefits, and then reapply and be deemed eligible for, public assistance benefits. The report states that “many cases are closed due to a failure to provide required verification, which could suggest that reducing the paperwork required of households, making it easier to submit documents, or improving the mailroom workflow could be promising.”

Verification of shelter expenses: Federal law permits states to determine whether to require verification of certain factors that determine household eligibility or benefit levels. CDSS has issued regulations that allow individual counties to elect to verify shelter costs at the time of application, and change of shelter costs during the certification period and at recertification. All County Information Notice (ACIN) I-45-11 states that “...routine verification of all shelter costs is not required.” As such, policies for verification of shelter costs vary by county.

For example, the Alameda County Food Stamp Handbook states, “Shelter costs, with the exception of utilities, shall be verified at certification (intake) before allowing the deduction. Once verification has been obtained, further verification of the expense is not required unless the household has moved or has reported an increase in the amount...at recertification verification shall be requested.” The San Diego County CalFresh Program Guide states, “Verify rent/mortgage expenses only at application and when questionable. The verification requirement also applies when the household reports an expense for the first time during the certification period or at recertification.” And the Santa Clara County CalFresh Handbook states, “The [Eligibility Worker] is not required to verify housing expenses, unless the expense is questionable.”

Currently, “questionable” is defined by CDSS in regulations as “to be considered questionable, the information on the application must be inconsistent with statements made by the applicant, inconsistent with other information on the application or previous applications, or inconsistent with information received by the county. When determining whether information is questionable, the county welfare department shall base the decision on the household’s individual circumstances.”

Need for this bill: As Californians struggle to find stable, affordable housing, providing documentation related to housing expenses can be burdensome. Currently, federal law enables states to determine whether to mandate the verification of certain expenses, including housing costs, and CDSS regulations do not currently require counties to verify shelter costs, though counties may do so if they choose. The provisions of this bill seek to reduce repetitive and inconsistent verification practices across counties by requiring CDSS to issue guidance that establishes that a shelter cost reported on a signed CalFresh application or semiannual report form is sufficient for purposes of determining the excess shelter cost deduction. The guidance would also prohibit county human services agencies from requesting additional documents to verify excess shelter costs, except in instances where the reported shelter costs are questionable.

According to the author, “About four in ten Californians are living in or near poverty, and poverty is the highest among children. CalFresh provides federally funded monthly benefits for low-income families to purchase food. Research shows that CalFresh is not only effective in reducing poverty in California, but yields important long-term benefits in terms of economic, health, and educational outcomes.

“Despite the effectiveness of the CalFresh program in reducing poverty and increasing food security, only 71.8 percent of likely eligible people participate in the program. This is in part due

to the administrative barriers that people face in applying for, and maintaining their CalFresh benefits. One such barrier is verification requirements for the excess shelter costs deduction, which allows families to qualify for more benefits if they have higher housing costs.

“Federal law allows states to set the type of verification required for the excess shelter costs deduction; however, California lacks a consistent statewide policy for verifying an applicant’s housing costs. As a result, an applicant may be unable to provide paperwork, such as rent receipts or mortgage payments, which a county may request. We know that as a result of our state’s ongoing housing crisis, a significant number of low-income Californians are co-housed or transitionally housed. A person subletting a room, for example, may not have rent receipts that document their housing costs. Under existing law, this applicant could be denied the excess shelter costs deduction and be awarded fewer food benefits as a result.

“[This bill] would simplify the verification of housing costs and reduce paperwork required of applicants, ensuring that low-income families access the maximum amount of CalFresh benefits they are entitled to. It establishes that an applicant’s housing costs are verified by a self-certified statement, and specifies that counties may request additional documentation if the applicant’s statement is questionable.”

PRIOR LEGISLATION:

SB 672 (Leno), Chapter 568, Statutes of 2014, required CDSS to issue guidance to simplify the verification of dependent care expense deductions.

AB 1970 (Skinner) of 2011 would have required county human services departments to maximize use of electronic means of verifying applicant and recipient information. AB 1970 was held on the Senate Appropriations Committee suspense file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Food Banks (Sponsor)
 Coalition of California Welfare Rights Organizations (Sponsor)
 Western Center on Law & Poverty, Inc. (Sponsor)
 Alameda County Community Food Bank
 California Food Policy Advocates
 Community Action Partnership of Orange County
 Feeding San Diego
 Food Bank of Contra Costa and Solano
 Food for People, The Food Bank for Humboldt County
 Hunger Action Los Angeles Inc
 Public Interest Law Project
 Sacramento Food Bank & Family Services
 San Diego Food Bank
 Yolo Food Bank

Opposition

None on file

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