



# CCWRO Welfare News

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## California CalFresh/SNAP Admin Costs Critized in a Recent USDA Inspector General's Report

A recent report from the FNS Office of the Inspector General (OIG) reaffirmed the 2008 FNS report finding that California has the highest administrative costs in the nation. The 2008 report found that in Fiscal Year (FY) 2007, South Carolina spent \$169 a year per SNAP case, while California spent \$1,169 a year. The national average was \$469. California spent more than 249% of the average national cost.

FNS found that during FY 2014 the annual California SNAP administrative cost was \$408 per case. Ohio, which is also a county-administered state, annually spent \$120 per case. County costs also vary in California. Los Angeles County spent \$324 per case while San Francisco spent \$864. FNS states that the high cost for San Francisco simply reflect the high cost of living. It is fascinating that the SNAP benefits are the same in all 58 counties of California, while the administrative costs vary based on the cost of living of the county. Are SNAP/CalFresh recipients immune to the high cost of living?

The report points out that the Bureau of Labor Statistics shows that New York City has an average annual wage of \$61,300 while San Francisco is at \$66,900. On the other hand, the average monthly SNAP administrative per case cost in New York City is \$23 while in San Francisco it is \$72.61 a month.

The report correctly points out that the administrative costs are all decided at the county level. The State gives the county a single allocation – block grant – that is 35% state money, 50% federal and 15% county. A block grant means the State and FNS gives 85% to the counties to spend however they want.

## CCWRO FACT

In November, 2016, 1.3 million SSI recipients lost \$124 million in food stamps. Annually, there's a \$1.5 billion loss of federal money for California's food insecure SSI recipients.

Thousands of SSI recipients will endure food insecurity this Thanksgiving while those who could have made food stamps available to them will throw food away.

During the Brown I administration, DSS had a cost-control plan that gave the state some control on how the counties spent the money. See ACL 79-40, 75-221 and 76-37, 76-33. Today, it is a block grant giving the federal and state funders hardly any say on how counties spend the federal and state money. With 21st century technology CDSS should be able to develop a methodology to control costs that would be far superior to what the Department was able to do during the Brown I administration.

## CCWRO FACT

The average CalWORKs grant is equal to 33% of the federal poverty level which is deep poverty.

How much did CalWORKs children involuntarily contribute to the State General Fund this November, 2016?

**Over \$158 million**

## California Department of Social Services (CDSS) Violates Federal Law

The 2016 FNS Inspector General's report reveals that California violates 7 C.F.R. 277.11(c)(4) by not submitting quarterly expenditure reports 30 days after the end of the quarter. Yet, DSS requires that CalWORKs and CalFresh recipients submit a semi-annual report 30 days from the date of the report month date.

**Consequences of DSS not complying with 7 C.F.R. § 277.11(c)(4)?** None. Failure to file a complete form by the specified filing date? DSS is allowed to submit an estimated report and then amend it 60 or 90 days down the line and still receive federal funding

**Consequences of CalFresh recipients not complying with 7 C.F.R. § 277.12(a)(4)(iii)?** If a household fails to file a complete report by the specified filing date, the State agency will send a notice to the household advising it of the missing or incomplete report no later than 10 days from the date the report should have been submitted. If the household does not respond to the notice, the

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household's participation shall be terminated. The State agency may combine the notice of a missing or incomplete report with the adequate notice of termination described in paragraph (a)(4)(v) of this section.

There is no reason why DSS cannot submit a timely report. Counties do submit reports to DSS which are then transmitted to FNS. DSS could easily require counties to submit the report within 15 days which would give DSS another 15 days to submit the state claim to FNS.

### CDSS & Other States Submits Claims for the Wrong Year

If a CalFresh recipient submits a report for the wrong period, benefits for the entire household are immediately terminated with a 10-day advance notice of action.

Previous reports of FY 1993, 2003 and 2013 by the FNS Office of the Inspector General have found states submitting claims in violation of the federal law. For example, Los Angeles County Department of Public Social Services (DPSS) submitted a claim in 2014 for expenses incurred during FY 2013. Yet, Los Angeles County DPSS terminates thousands of households for not submitting a timely report.

### CDSS CF 296 & CF 296X Data Does not Add Up

For over twelve (12) months DSS had not published CalFresh data in violation of Welfare and Institutions Code Section 18913. Recently, DSS published the revised CF 296 and 296x. Revisions to the forms were done through a workgroup composed of counties and DSS staff. Advocates were expressly excluded. When the revised report was final, advocates made several suggestions that were politely rejected.

The 296x for the quarter at April through June, 2016, which is the CalFresh expedited service report, reveals that during the period the counties screened 291,430 applications for expedited service.

State law (W&IC18914 – see below) requires that all applications be screened for expedited service CalFresh, which is the Food Stamp Emergency Assistance program. We then looked at how many applications were received during April, May and June, 2016 and how many were on hand during April, May and June, 2016. There were 481,074 applications on hand. **Chart #1** below reveals the outcome of our review.

**Welfare & Institutions Code Section 18914. (a)** In accordance with, and to the extent provided by, federal law, the county human services agency shall provide CalFresh benefits on an expedited basis as provided in subdivision (b) to households determined to be in immediate need of food assistance.

(b) Pursuant to the federal requirements of Section 273.2(i)(2) of Title 7 of the Code of Federal Regulations, *the county human services agency shall screen all CalFresh applications for entitlement to expedited service.* Applicants who meet the federal criteria for expedited service as defined in Section 273.2(i)(1) of Title 7 of the Code of Federal Regulations shall receive either a manual authorization to participate or automated card or the immediate issuance of CalFresh benefits no later than the third day following the date the application was filed. To the maximum extent permitted by federal law, the amount of income to be received from any source shall be deemed to be uncertain and exempt from consideration in the determination of entitlement for expedited service. For purposes of this subdivision, a weekend shall be considered one calendar day.

(c) The State Department of Social Services shall develop and implement for expedited issuance a uniform procedure for verifying information required of an applicant.” (Our emphasis added.)

**CHART # 1**

CalFresh Applications Processed for Expedited Services During the Period	CalFresh Applications “Received” During the Period	CalFresh Applications “On Hand” During the Period
<b>291,430</b>	<b>301,509</b>	<b>481,074</b>

## Due Process Compliant Notices of Action Means QC Errors

Often SNAP/CalFresh notices of action subject DSS to SNAP Quality Control (QC) error rates. For example, a notice that states “your income exceeds the program requirements” may or may not be an QC error. If QC looks at this notice and determined that yes \$3000 was more than \$2000, then it is not an error. On the other hand, if QC looks at the case finds out that the income was actually \$2010 and not \$3,000, then that is an error. By not recording \$3,000 or \$2,010, the State and County do not face an error.

Similarly, showing a budget on the NOA can lead to an error. If the county merely states the conclusion for the action but not the basis, although it is a denial of due process, the QC reviewers will be able to determine if there was error.

The reason that this is important is that errors in the SNAP/CalFresh program, unlike many other programs in the public benefits world, lead to actual monetary penalties to the state and counties.

## Food Insecurity Continues to Ravage California's Needy

Most applicants for CalFresh are reluctant to apply and endure the hassle of going through the county welfare department process. Access remains a major barrier in California as there are 58 counties with 58 different processes that the food insecure have to navigate to get CalFresh benefits. The first major barrier is being denied CalFresh expedited service (CF-ES).

Federal law provides that an applicant is entitled to CF-ES if they have \$150 or less in monthly gross income and \$100 or less in liquid assets (cash and money in the bank), or have shelter costs, that includes the value of the standard utility allowance or SUA, higher than the combined gross monthly income and cash and savings, or are a migrant household with \$100 or less in cash and savings.

About 30% of CalFresh applicants have earned income. However, that earned income in itself does not mean these households are not eligible for CF-ES, which is the food stamp emergency assistance program. If their housing and standard utility costs exceed their income, then they are entitled to CF-ES).

**TABLE # 1** below reveals that over half of the applicants are denied CF-ES. When the CF296X was revised, advocates requested that the report include reasons for the denial of CF-ES for food insecure households. The new CF 296X contains no information as to why over 50% of applicants are denied CF-ES. Advocates believe that 70-80% of applicants should be eligible for emergency food assistance (CF-ES).

When advocates met with counties and asked why they deny CF-ES, counties could not tell us why CF-ES was denied. Reports shown to us showed multiple reasons for the same case, such as (1) failure to complete the application, (2) failure to show, (3) failure to provide verification, (4) failure to sign the application for the same application. So which one of these reasons is the real reason? No one knows, CDSS refuses to ask, and no one seems to care and food insecurity in California continues.

**TABLE #1**

<i>County April 1 through June 31, 2016</i>	<b>Total applications processed under ES</b>	<b>Found not entitled to ES</b>	<b>% CF Applicants Found not entitled to ES</b>
Sonoma	4,058	2,901	71%
Alameda	12,727	8,386	66%
Santa Clara	5,372	3,429	64%
San Diego	21,810	13,731	63%
Sacramento	25,992	15,655	60%
Contra Costa	4,622	2,777	60%
Orange	14,880	8,703	58%
Fresno	9,828	5,431	55%
Stanislaus	9,653	5,196	54%
San Francisco	5,090	2,725	54%
Riverside	33,237	17,666	53%
Marin	1,594	832	52%