

Lost Dollars, Empty Plates

The Impact of CalFresh on State and Local Economies

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California Food Policy Advocates

California Food Policy Advocates (CFPA) is a statewide public policy and advocacy organization dedicated to improving the health and well being of low-income Californians by increasing their access to nutritious, affordable food.

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Introduction

According to the U.S. Department of Agriculture (USDA), California ranks third to last among all states for participation in the Supplemental Nutrition Assistance Program (SNAP).¹ The low rate of participation harms state and local economies as well as low-income Californians. The analysis described in this report examines the impact that increased participation in CalFresh, known federally as SNAP, would have on state, local, and household budgets.

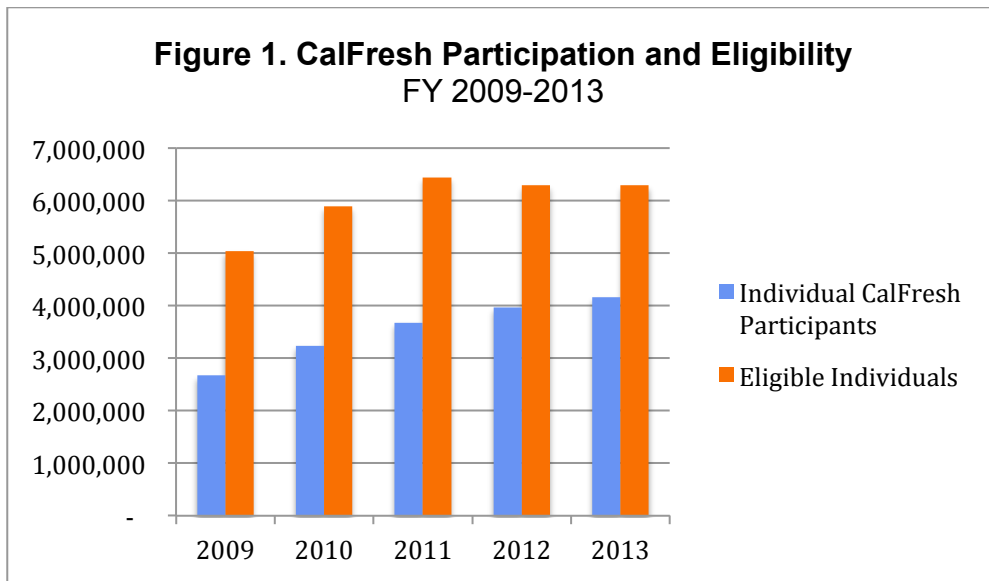
Despite California's status as the sixth largest economy in the world and recent state budget surpluses, millions of Californians are struggling to make ends meet. For instance, more than four million low-income households in California cannot consistently afford enough food.² Ensuring that CalFresh reaches all eligible individuals and families is an excellent means of bolstering economic activity while supporting Californians in need.

CalFresh Overview

CalFresh/SNAP is the nation's largest source of nutrition assistance. CalFresh provides benefits to supplement household food budgets when individuals and families cannot afford enough to eat. By providing access to a nutritious, affordable diet, CalFresh benefits support productivity, promote health, and help prevent hunger.

CalFresh benefits are fully federally funded. The federal government also funds 50 percent of CalFresh administrative costs, with the state and counties contributing the remaining amount. CalFresh has federal entitlement status, which means that federal funding must be made available to provide all eligible applicants with benefits.

The most recent data from USDA show that CalFresh reached 66 percent of all eligible individuals during fiscal year (FY) 2013.³ As shown in Figure 1 (below), CalFresh enrollment has increased over the past several years, but this increase has not met the need for nutrition assistance.



Sources: USDA State Activity Reports (FY 2010-2013), available at: <http://www.fns.usda.gov/pd/snapmain.htm>; USDA Annual State Level Data - Persons Participating (FY 2010-2013), available at: www.fns.usda.gov/pd/snapmain.htm; USDA *Reaching Those In Need: State Supplemental Nutrition Assistance Participation Rates* (2010-2013 editions), available at <http://www.fns.usda.gov/ops/supplemental-nutrition-assistance-program-snap-research>. All data accessed July 2016

As of August 2016, nearly 4.2 million Californians are enrolled in CalFresh.⁴ This translates to more than \$602 million⁵ in monthly nutrition assistance benefits for eligible children, adults, and seniors.

Impact on State and Local Economies

CalFresh benefits support households by increasing their ability to purchase adequate amounts of nutritious food. But CalFresh benefits are not just a safety net for individual Californians. USDA has shown that every dollar in SNAP expenditures generates \$1.79 in economic activity.⁶ In addition to helping households meet their nutritional needs, CalFresh benefits exert a multiplier effect that stimulates the economy at large.

Impact on State and Local Budgets

The California Legislative Analyst's Office (LAO) asserts that CalFresh benefits help "generate revenue for the state and local governments."⁷ Receiving CalFresh benefits can allow households to redistribute income that would normally be allocated to purchasing food. A portion of this redistributed income can be spent on taxable goods, which generates sales tax revenue for the state and counties. This revenue-generating effect occurs soon after CalFresh benefits are issued, as eligible households are, by necessity, more likely to spend (rather than save) any additional

income within weeks of it being received.⁸

Underutilization of CalFresh Means Lost Dollars for All

Underutilization of CalFresh means less for all Californians – less nutrition assistance for eligible households, less economic activity, and less sales tax revenue for the state and local governments.

Analysis

The Lost Dollars

If CalFresh reached 100 percentⁱ of all eligible individuals, California would receive an estimated **\$2.5 billion** in additional federal nutrition benefits each year. Those benefits would generate an estimated **\$4.5 billion** in additional economic activity per year. (See Appendix A for details.)

Statewide Snapshot	
Eligible Non-Participants	3 million
Lost Federal Dollars (Benefits)	\$2.5 billion
Lost Economic Activity	\$4.5 billion
Lost State Tax Revenue (GF)	\$59 million
Lost County Tax Revenue	\$29 million

By applying CalFresh benefits to their household food costs, CalFresh participants may have more dollars to spend on taxable goods. Using a methodology adopted from the California Legislative Analyst's Office, CFPA calculates that these dollars would result in an estimated **\$59 million** of additional sales tax revenue for the state general fund (GF). Similarly, CalFresh participation among all eligible individuals would generate an estimated **\$29 million** for county budgets through additional state and county sales tax.

Improving CalFresh Participation

In recent years, California has eliminated several long-standing barriers to CalFresh participation by removing the finger-imaging requirement and the asset test, repealing the lifetime ban for individuals with prior drug-related felony offenses, and enacting modified categorical eligibility, which increased the gross income limit to 200 percent of the federal poverty level. These changes, among other operational improvements enacted at the county level, have improved the statewide CalFresh participation rate. In 2015, USDA awarded California a Performance Bonus as the state with the fourth Most Improved Program Access Index for SNAP/CalFresh.⁹

The most recently available data shows that CalFresh reached 66 percent of eligible Californians in 2013, compared to 63 percent in 2012¹⁰. California ranks third to last among states for this measure. Future efforts should continue the focus on improving access to CalFresh, particularly through administrative actions at the local and state levels.

ⁱ An estimated 100 percent of eligible individuals receive SNAP benefits in Iowa, Maine, Michigan, Oregon, and Wisconsin. Twenty-four additional states have estimated SNAP participation rates at or below 100 percent. Source: USDA *Reaching Those in Need: State Supplemental Nutrition Assistance Participation Rates in 2013*, available at: <http://www.fns.usda.gov/sites/default/files/ops/Reaching2013.pdf>

A multitude of factors likely impact CalFresh participation, including significant administrative barriers that keep CalFresh-eligible households from applying for and receiving benefits in a timely, consistent, and equitable manner. The following recommendations describe a vision and strategies for improving CalFresh participation.

Connecting Health and Nutrition Benefits

With the expansion of Medi-Cal via implementation of the Affordable Care Act (ACA), the state Office of Horizontal Integration anticipated a significant increase in dual enrollment. California established a state-level referral process through Covered California and local administrators have taken steps to develop links between CalFresh and Medi-Cal. However, the state's dual enrollment rate remains 48 percent¹¹, much lower than the top-performing county at 64 percent.¹² CDSS estimates that over 2.5 million Medi-Cal enrollees are likely eligible for CalFresh but not participating. This population is known to the state and counties and should be contacted through in-reach efforts to apply for CalFresh. The state should support counties seeking to employ one or more of the following best practices to improve the effectiveness of in-reach efforts.

- Identify and contact Medi-Cal clients that are income-eligible for CalFresh, but not participating, to complete a CalFresh application pre-populated with client information known to the county.
- Cross-train eligibility workers to process both Medi-Cal and CalFresh applications and renewals.
- Contact clients by phone, email, or text in addition to mailed applications and correspondence;
- Include the estimated amount of monthly CalFresh benefits in communication with clients;
- When possible, align CalFresh and Medi-Cal certification periods to reduce client and administrator paperwork burden.

Increasing Participation and Benefits Among Seniors

The number of food insecure, low-income seniors in California nearly doubled from 2001 to 2014.ⁱⁱ In 2014, 644,000 or nearly 31 percent of California's low-income seniors were food insecure.¹³ But according to the most recently available data, only 18 percent of our state's eligible seniors participate in CalFresh, compared to 42 percent of eligible seniors nationally who participate in SNAP.¹⁴

ⁱⁱ Low-income seniors refers to adults age 60 or older whose incomes are less than 200% of FPL

To reduce the high prevalence of food insecurity among low-income California seniors, the state should support the following actions to simplify the CalFresh enrollment and verification process and help increase the monthly benefit amount for seniors.

- **Simplify the Application and Verification Processes.** Support the implementation of applicant data sharing between Social Security and CalFresh as authorized by the 2011 passage of AB 69 (Beall).ⁱⁱⁱ The state should also target other means-tested programs with high rates of senior participation (such as Medi-Cal) for similar data sharing projects.
- **Continue Seeking Federal Waivers to Streamline Application and Recertification.** The state should continue to pursue federal waivers, which make it easier for seniors to get and maintain CalFresh benefits, such as those that eliminate the interview requirement after initial certification and extend certification periods of senior and disabled households for up to 36 months.
- **Increase the Uptake of the Medical Deduction.** CalFresh households with a senior or disabled member are allowed to deduct certain out-of-pocket medical expenses from their income. This can increase the monthly benefit amount the household receives. The state should take the following actions to increase the use of the medical deduction.
 - **Optimize Use of a Standard Medical Deduction (SMD).** Instead of calculating and needing to verify all actual expenses, the SMD provides applicants with the higher standard deduction as long as they can verify expenses over \$35. This reduces the paperwork burden for applicants, and the time that eligibility workers must spend verifying every expense.
 - **Improve Training for Eligibility Workers.** Seniors may be more likely than younger applicants to rely on in-person application assistance. The state and counties should provide comprehensive and consistent training about the medical deduction to eligibility workers. Worker education and training about what types of expenses are allowed and what level of verification is required will help seniors to maximize their deductions and increase monthly benefits.
 - **Expand Training for Outreach Workers and Application Assisters.** Effective outreach techniques from trusted messengers can help seniors overcome the stigma and misinformation sometimes associated with CalFresh. The state should support expanded training for outreach workers through the statewide Outreach program.

ⁱⁱⁱ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201120120AB69

Mitigate the Loss of Benefits for ABAWDs Subject to the Three-Month Time Limit

As a result of 1996 welfare reform, able-bodied adults without dependents (ABAWDs) are limited to three months of CalFresh benefits within a 36-month period unless they satisfy the 20-hours-per-week work or training requirement, are deemed unfit for work, or are granted a 15 percent exemption.^{iv} The three-month provision even applies to ABAWDs who want to work but are unable to find a job or a position in a work or training program. In this sense, this rule serves as a punitive time limit rather than an incentive to work.

In states or sub-state areas experiencing high unemployment, the ABAWD time limit can be waived. USDA has approved California's most recent request for a two-year extension of its statewide waiver through 2017. When that extension ends (January 1, 2018), state administrators and local caseworkers will need to implement the ABAWD rules for the first time in many years. With that in mind, 2017 will be a critical time for state and county administrators to issue guidance and implement procedures to minimize negative effects on CalFresh participants.

Once the statewide waiver expires, ABAWDs will be at risk of losing their benefits. That loss of benefits stands to do great harm to this vulnerable population, among which, according to national estimates, four out of five individuals have incomes below the poverty line, more than 40 percent are women, and one-third are over the age of 40.¹⁵

To mitigate unnecessary harm to CalFresh recipients potentially subject to the ABAWD time limit, the state should:

- Continue to seek local and regional waivers for all areas experiencing high unemployment.
- Notify ABAWDs residing outside of these areas of their potential loss of benefits well in advance so that they can verify an exemption or seek work or training.

The state, county administrators, and advocates work together to:

- Prepare to strategically apply individual exemptions by targeting the most vulnerable ABAWDs, particularly homeless individuals for exemption.
- Partner with community-based organizations to place ABAWDs in work, training, or volunteer programs to meet the work requirement and continue to receive CalFresh.

^{iv} For a list of exemptions, see United States Department of Agriculture, Food and Nutrition Service, *Guide to Serving ABAWDs Subject to Time-Limited Participation*, 2015. Available at http://www.fns.usda.gov/sites/default/files/Guide_to_Serving_ABAWDs_Subject_to_Time_Limit.pdf

Table 2

These data incorporate the 2014 PAI as a measure of CalFresh utilization among low-income individuals. The table describes economic effects that would result if all income-eligible individuals participated in CalFresh. “Income-eligible” individuals are defined as those who have incomes below 125 percent of poverty, do not participate in FDPIR, and do not receive SSI if income is below 125 percent of the federal poverty threshold.

County	Column A Estimated Additional Benefits Received if Participation Reached 100% of Income- Eligible Individuals (Annual Federal Benefits)	Column B Estimated Annual Increase in Economic Activity
Alameda	\$126,698,258	\$226,789,882
Alpine	\$52,011	\$93,100
Amador	\$2,097,298	\$3,754,164
Butte	\$28,115,779	\$50,327,245
Calaveras	\$1,771,851	\$3,171,613
Colusa	\$2,822,917	\$5,053,022
Contra Costa	\$76,368,878	\$136,700,292
Del Norte	\$427,829	\$765,814
El Dorado	\$13,414,796	\$24,012,485
Fresno	\$71,017,313	\$127,120,990
Glenn	\$3,134,182	\$5,610,186
Humboldt	\$15,991,403	\$28,624,612
Imperial	\$6,749,965	\$12,082,437
Inyo	\$1,184,424	\$2,120,119
Kern	\$84,332,676	\$150,955,490
Kings	\$13,188,712	\$23,607,794
Lake	\$7,635,340	\$13,667,258
Lassen	\$1,163,941	\$2,083,454
Los Angeles	\$1,181,985,537	\$2,115,754,111
Madera	\$12,725,760	\$22,779,111
Marin	\$22,111,932	\$39,580,358
Mariposa	\$1,332,681	\$2,385,500
Mendocino	\$8,661,384	\$15,503,877
Merced	\$21,523,260	\$38,526,635
Modoc	\$1,237,640	\$2,215,376
Mono	\$1,407,056	\$2,518,631
Monterey	\$42,624,411	\$76,297,695
Napa	\$13,169,946	\$23,574,203
Nevada	\$7,861,985	\$14,072,954

Table 2 (continued)

These data incorporate the 2014 PAI as a measure of CalFresh utilization among low-income individuals. The table describes economic effects that would result if all income-eligible individuals participated in CalFresh. “Income-eligible” individuals are defined as those who have incomes below 125 percent of poverty, do not participate in FDPIR, and do not receive SSI if income is below 125 percent of the federal poverty threshold.

County	Column A Estimated Additional Benefits Received if Participation Reached 100% of Income- Eligible Individuals (Annual Federal Benefits)	Column B Estimated Annual Increase in Economic Activity
Orange	\$251,877,608	\$450,860,919
Placer	\$25,956,593	\$46,462,302
Plumas	\$2,160,235	\$3,866,821
Riverside	\$188,074,015	\$336,652,486
Sacramento	\$92,793,856	\$166,101,001
San Benito	\$3,543,458	\$6,342,789
San Bernardino	\$84,316,835	\$150,927,135
San Diego	\$311,814,390	\$558,147,759
San Francisco	\$97,726,193	\$174,929,886
San Joaquin	\$41,408,679	\$74,121,535
San Luis Obispo	\$35,814,388	\$64,107,755
San Mateo	\$50,470,253	\$90,341,753
Santa Barbara	\$55,033,661	\$98,510,253
Santa Clara	\$128,837,745	\$230,619,564
Santa Cruz	\$28,658,389	\$51,298,515
Shasta	\$13,940,285	\$24,953,111
Sierra	\$251,427	\$450,054
Siskiyou	\$4,575,979	\$8,191,002
Solano	\$23,019,287	\$41,204,523
Sonoma	\$55,188,756	\$98,787,873
Stanislaus	\$36,210,338	\$64,816,505
Sutter	\$7,945,330	\$14,222,140
Tehama	\$4,615,016	\$8,260,879
Trinity	\$1,595,533	\$2,856,004
Tulare	\$25,265,919	\$45,225,996
Tuolumne	\$5,656,632	\$10,125,372
Ventura	\$49,706,989	\$88,975,511
Yolo	\$30,951,336	\$55,402,891
Yuba	\$5,247,729	\$9,393,435

Table 3

These data incorporate the 2014 PAI as a measure of CalFresh utilization among low-income individuals. The table describes economic effects that would result if all income-eligible individuals participated in CalFresh. “Income-eligible” individuals are defined as those who have incomes below 125 percent of poverty, do not participate in FDPIR, and do not receive SSI if income is below 125 percent of the federal poverty threshold.

County	Column A Annual Additional State Sales Tax (General Fund)	Column B Annual Additional State Sales Tax (non- General Fund)	Column C Annual Additional Local/County Tax
Alameda	\$2,244,935	\$1,460,989	\$1,710,426
Alpine	\$922	\$600	\$234
Amador	\$37,162	\$24,184	\$14,157
Butte	\$498,176	\$324,210	\$126,521
Calaveras	\$31,395	\$20,432	\$7,973
Colusa	\$50,019	\$32,552	\$12,703
Contra Costa	\$1,353,161	\$880,629	\$687,320
Del Norte	\$7,581	\$4,933	\$2,407
El Dorado	\$237,693	\$154,689	\$60,367
Fresno	\$1,258,338	\$818,918	\$551,272
Glenn	\$55,534	\$36,141	\$14,104
Humboldt	\$283,348	\$184,401	\$107,942
Imperial	\$119,601	\$77,836	\$45,562
Inyo	\$20,987	\$13,658	\$7,995
Kern	\$1,494,270	\$972,461	\$379,497
Kings	\$233,687	\$152,082	\$59,349
Lake	\$135,289	\$88,045	\$34,359
Lassen	\$20,624	\$13,422	\$5,238
Los Angeles	\$20,943,306	\$13,629,771	\$13,297,337
Madera	\$225,485	\$146,744	\$85,899
Marin	\$391,796	\$254,978	\$199,007
Mariposa	\$23,613	\$15,367	\$8,996
Mendocino	\$153,469	\$99,877	\$43,848
Merced	\$381,365	\$248,190	\$96,855
Modoc	\$21,929	\$14,272	\$5,569
Mono	\$24,931	\$16,225	\$6,332
Monterey	\$755,251	\$491,513	\$215,786
Napa	\$233,355	\$151,866	\$88,897
Nevada	\$139,305	\$90,659	\$39,801
Orange	\$4,462,956	\$2,904,464	\$1,700,174

Table 3 (continued)

These data incorporate the 2014 PAI as a measure of CalFresh utilization among low-income individuals. The table describes economic effects that would result if all income-eligible individuals participated in CalFresh. “Income-eligible” individuals are defined as those who have incomes below 125 percent of poverty, do not participate in FDPIR, and do not receive SSI if income is below 125 percent of the federal poverty threshold.

County	Column A Annual Additional State Sales Tax (General Fund)	Column B Annual Additional State Sales Tax (non- General Fund)	Column C Annual Additional Local/County Tax
Placer	\$459,918	\$299,312	\$116,805
Plumas	\$38,277	\$24,910	\$9,721
Riverside	\$3,332,436	\$2,168,728	\$1,269,500
Sacramento	\$1,644,191	\$1,070,029	\$626,359
San Benito	\$62,786	\$40,860	\$15,946
San Bernardino	\$1,493,989	\$972,279	\$569,139
San Diego	\$5,524,961	\$3,595,610	\$2,104,747
San Francisco	\$1,731,586	\$1,126,905	\$989,478
San Joaquin	\$733,710	\$477,494	\$279,509
San Luis Obispo	\$634,586	\$412,985	\$161,165
San Mateo	\$894,270	\$581,985	\$567,790
Santa Barbara	\$975,128	\$634,607	\$371,477
Santa Clara	\$2,282,844	\$1,485,660	\$1,304,482
Santa Cruz	\$507,791	\$330,467	\$225,685
Shasta	\$247,004	\$160,749	\$62,731
Sierra	\$4,455	\$2,899	\$1,131
Siskiyou	\$81,081	\$52,767	\$20,592
Solano	\$407,873	\$265,441	\$116,535
Sonoma	\$977,876	\$636,395	\$434,611
Stanislaus	\$641,602	\$417,550	\$183,315
Sutter	\$140,781	\$91,620	\$35,754
Tehama	\$81,772	\$53,217	\$20,768
Trinity	\$28,271	\$18,398	\$7,180
Tulare	\$447,681	\$291,348	\$170,545
Tuolumne	\$100,228	\$65,228	\$25,455
Ventura	\$880,746	\$573,184	\$223,681
Yolo	\$548,419	\$356,908	\$139,281
Yuba	\$92,983	\$60,513	\$23,615

Methodology

The following is a description of the data sources and calculations used to complete the *Lost Dollars, Empty Plates* analysis. This methodology is organized according to the data tables above.

Table 1

Column A: Average Monthly CalFresh Participation

Monthly CalFresh participation data were obtained from the California Department of Social Services' DFA 256¹⁶ reports for January-December 2014. Monthly participation was averaged across the calendar year to account for any seasonal differences in CalFresh participation.

Columns B and C: Estimated Number of Income-Eligible Participants and Income-Eligible Non-Participants

CFPA's 2014 Program Access Index (PAI) analysis was used to identify the "estimated number of income-eligible individuals" and "estimated number of income-eligible non-participants." The PAI is a county-level estimate of CalFresh utilization among low-income individuals. The individuals deemed "income-eligible" in the PAI meet at least three CalFresh eligibility criteria: income below 125 percent of the federal poverty threshold, no participation in the Food Distribution Program on Indian Reservations (FDPIR), and no receipt of Supplemental Security Income (SSI) if income is below 125 percent of the federal poverty threshold.^{vi} These individuals may or may not be fully eligible to receive CalFresh benefits.

CFPA's PAI methodology is detailed in the *Program Access Index: Measuring CalFresh Utilization by County* report.¹⁷ The formula used to calculate a county's PAI is:

$$\text{PAI} = \frac{(\text{CalFresh Participants}) - (\text{Disaster CalFresh Program Participants})}{(\text{Individuals with Income} < 125\% \text{ of poverty}) - (\text{FDPIR Participants}) - (\text{SSI Recipients with Income} < 125\% \text{ of poverty})}$$

^{vi} Due to limitations in data available from the US Census Bureau (American Community Survey), the income-eligible population is defined as those living below 125 percent of the federal poverty threshold, though CalFresh participants can have incomes up to 130 percent of the federal poverty guidelines. Individuals participating in FDPIR and individuals receiving SSI are ineligible to receive CalFresh benefits.

In iterations of the *Lost Dollars, Empty Plates* report published prior to 2009, the USDA-generated statewide participation rate for CalFresh was applied to all counties to estimate the number of eligible non-participants. However, CalFresh participation can vary widely at the county level. Therefore, the statewide participation rate may not reflect the reality of CalFresh participation in many counties. Unfortunately, USDA does not calculate county-level participation rates. The PAI serves as the basis of the county-level *Lost Dollars, Empty Plates* analysis because, unlike the statewide participation rate, it helps describe county-by-county variation.

Table 2

Column A: Additional Federal Benefits Received Through CalFresh

To calculate the value of additional federal benefits that would be received through CalFresh if participation reached 100 percent of eligible individuals, it is necessary to estimate the average monthly CalFresh benefit for eligible individuals. The average benefit that current non-participants *would* receive may be significantly different than the average benefit that current participants *do* receive. To account for the potential discrepancy, this analysis uses an estimate of the average monthly CalFresh/SNAP benefits for *eligible* households in the 2015 fiscal year. “Eligible households” may or may not actually participate in CalFresh/SNAP. The estimate (\$190)^{vii}, which was calculated by Mathematica Policy Research, Inc., is lower than the USDA’s calculation of the actual, national average household benefit (\$257) received by CalFresh/SNAP participants for the fiscal year 2015.¹⁸

The average monthly benefit for eligible individuals was estimated from the average monthly benefit for eligible households using the following calculation:

$$\text{Estimated Household Benefit for Eligible Households} \div \text{Average Household Size} = \text{Estimated Monthly Benefit for Eligible Individuals}$$

Average household size is a county-specific statistic calculated with data from the 2014 CDSS DFA 256 reports¹⁹ using the following calculation:

$$\text{Total Individuals Receiving Federal Benefits from January through December} \div \text{Total Number of Households Receiving Federal Benefits or Federal and State Benefits from January through December} = \text{Average Household Size}$$

The value of “additional federal benefits received annually through CalFresh” if

^{vii} This estimate was calculated using the 2015 Baseline of the 2009 MATH SIPP+ model and provided directly to CFPA from Mathematica Policy Research, Inc.

CalFresh reached 100 percent of income-eligible individuals was estimated with the following calculation:

Income-Eligible Individuals Not Receiving CalFresh Benefits x Average Monthly Benefit for Eligible Individuals x 12 = Additional Federal Benefits Received Annually through CalFresh with 100% Participation Among Income-Eligible Individuals

Column B: Resulting Increase in Economic Activity

According to USDA, every federal dollar spent on SNAP expenditures generates \$1.79 in economic activity.²⁰ Applying this multiplier, the “resulting increase in annual economic activity” generated from the receipt of additional CalFresh benefits was estimated with the following formula:

Additional Federal Benefits Received Annually through CalFresh x \$1.79 = Increase in Economic Activity with 100% CalFresh Participation Among Income-Eligible Individuals

The estimate of economic stimulus generated by SNAP expenditures is based on a national analysis that examined the impact of SNAP on Gross Domestic Product (a nationwide measure of economic activity). The estimate is applied at the state and local levels for this *Lost Dollars, Empty Plates* analysis because no state- or county-specific estimates are currently available.

Table 3

Columns A and B: Additional State Sales Tax Revenue

The California Legislative Analyst’s Office (LAO) reports that CalFresh benefits positively impact the state economy by freeing up household dollars for food and non-food purchases, 45 percent of which will constitute taxable purchases:²¹

Research shows that low-income individuals generally are not able to save money because their resources are spent on meeting their daily needs, such as shelter, food, and transportation. Therefore, for every dollar in food coupons that a low-income family receives, an additional dollar is available for the consumption of food or other items. Research done at the University of California and elsewhere indicates that individuals with income low enough to be eligible for food stamps would, on average, spend about 45 percent of their income on goods for which they would pay sales tax. The state General Fund receives about 5 cents for every dollar that is spent on a taxable good. Local governments and special funds receive the remainder of the sales tax revenue (generally about 2.25 percent). Because additional food coupons would result in

low-income families spending more of their other resources on taxable goods, the receipt of federal food coupons helps to generate revenue for the state and for local governments.

Updating the LAO premise to reflect current sales tax rates and uses, the state general fund receives nearly four percent (\$0.039375) of every dollar spent on taxable goods.²² Over two percent (\$0.025625) of each dollar spent on taxable goods is slated for non-general fund expenses that are under state jurisdiction.²³ Applying the LAO premise, the following calculations were used to estimate additional state sales tax revenue that would be generated if CalFresh participation included 100 percent of income-eligible individuals:

Additional Federal Benefits Received Annually through CalFresh x 45% x \$0.039375 Sales Tax = Additional State Sales Tax Revenue Generated Annually for the General Fund

Additional Federal Benefits Received Annually through CalFresh x 45% x \$0.025625 Sales Tax = Additional State Sales Tax Revenue Generated Annually for Non-General Fund Expenditures under State Jurisdiction

Column C: Additional Sales Tax Revenue for Counties

Because California counties/cities receive one percent of state sales tax (\$0.01 of every dollar spent on taxable goods),²⁴ the LAO premise can be applied to estimate the impact of CalFresh benefits on county budgets. To fully account for the impact of CalFresh benefits on local economies, county-specific sales tax rates must be included in any calculations. The following formula was used to estimate the “additional sales tax revenue for counties” that would be generated annually if CalFresh reached 100 percent of income-eligible individuals:

$$[(\text{County sales tax rate} - \text{state sales tax rate}) + .01] \times (\text{Additional Federal Benefits Received Annually through CalFresh} \times 45\%) = \text{Additional Sales Tax Revenue Generated Annually for the County}$$

County sales tax rates were taken from the California State Board of Equalization website.²⁵ These rates do not include and city- or district-specific taxes within each county.

Appendix A: Alternate Analysis

The following tables describe the impact of CalFresh underutilization on California's state and local economies. These tables are based on the USDA-generated, **statewide participation rate** for CalFresh, not the county-specific PAI. The methodology used to generate these tables is detailed in Appendix B.

Table 4

The estimated number of individuals eligible for CalFresh is based on the most recent monthly count of participants and the statewide participation rate of 66 percent.

County	Column A Estimated Number of Eligible Individuals	Column B Individual CalFresh Participants	Column C Estimated Number of Eligible Non- Participants
Statewide	6,633,429	4,378,063	2,255,366
Alameda	173,664	114,618	59,046
Alpine	244	161	83
Amador	5,235	3,455	1,780
Butte	48,833	32,230	16,603
Calaveras	7,782	5,136	2,646
Colusa	2,076	1,370	706
Contra Costa	104,671	69,083	35,588
Del Norte	8,177	5,397	2,780
El Dorado	19,545	12,900	6,645
Fresno	342,021	225,734	116,287
Glenn	5,494	3,626	1,868
Humboldt	32,389	21,377	11,012
Imperial	63,798	42,107	21,691
Inyo	3,152	2,080	1,072
Kern	249,830	164,888	84,942
Kings	38,014	25,089	12,925
Lake	19,011	12,547	6,464
Lassen	4,771	3,149	1,622
Los Angeles	1,726,527	1,139,508	587,019
Madera	45,445	29,994	15,451
Marin	15,170	10,012	5,158
Mariposa	3,186	2,103	1,083
Mendocino	19,298	12,737	6,561
Merced	87,798	57,947	29,851
Modoc	1,606	1,060	546

Table 4 (continued)

The estimated number of individuals eligible for CalFresh is based on the most recent monthly count of participants and the statewide participation rate of 66 percent.

County	Column A Estimated Number of Eligible Individuals	Column B Individual CalFresh Participants	Column C Estimated Number of Eligible Non- Participants
Mono	1,189	785	404
Monterey	84,318	55,650	28,668
Napa	11,280	7,445	3,835
Nevada	11,773	7,770	4,003
Orange	380,517	251,141	129,376
Placer	27,135	17,909	9,226
Plumas	3,433	2,266	1,167
Riverside	437,292	288,613	148,679
Sacramento	323,400	213,444	109,956
San Benito	9,045	5,970	3,075
San Bernardino	594,132	392,127	202,005
San Diego	432,333	285,340	146,993
San Francisco	76,408	50,429	25,979
San Joaquin	178,350	117,711	60,639
San Luis Obispo	28,115	18,556	9,559
San Mateo	44,300	29,238	15,062
Santa Barbara	60,756	40,099	20,657
Santa Clara	157,262	103,793	53,469
Santa Cruz	42,073	27,768	14,305
Shasta	37,274	24,601	12,673
Sierra	423	279	144
Siskiyou	10,662	7,037	3,625
Solano	65,065	42,943	22,122
Sonoma	51,768	34,167	17,601
Stanislaus	135,548	89,462	46,086
Sutter	20,252	13,366	6,886
Tehama	15,427	10,182	5,245
Trinity	2,656	1,753	903
Tulare	188,509	124,416	64,093
Tuolumne	8,456	5,581	2,875
Ventura	114,065	75,283	38,782
Yolo	31,942	21,082	10,860
Yuba	20,529	13,549	6,980

Table 5

This table describes economic effects that would result if all eligible individuals participated in CalFresh. These estimates incorporate the statewide CalFresh participation rate of 66 percent applied to each county.

County	Column A Estimated Additional Federal Benefits Received Annually through CalFresh	Column B Estimated Resulting Increase in Annual Economic Activity
Statewide	\$2,556,810,076	\$4,576,690,037
Alameda	\$72,972,191	\$130,620,222
Alpine	\$116,929	\$209,303
Amador	\$2,205,982	\$3,948,707
Butte	\$20,581,931	\$36,841,656
Calaveras	\$3,363,218	\$6,020,161
Colusa	\$724,478	\$1,296,816
Contra Costa	\$42,024,556	\$75,223,956
Del Norte	\$3,200,482	\$5,728,862
El Dorado	\$8,728,696	\$15,624,366
Fresno	\$117,582,447	\$210,472,581
Glenn	\$1,873,276	\$3,353,165
Humboldt	\$15,176,673	\$27,166,244
Imperial	\$20,826,638	\$37,279,682
Inyo	\$1,288,631	\$2,306,649
Kern	\$85,586,067	\$153,199,060
Kings	\$13,269,644	\$23,752,662
Lake	\$8,009,040	\$14,336,182
Lassen	\$1,872,071	\$3,351,007
Los Angeles	\$692,099,673	\$1,238,858,414
Madera	\$14,897,007	\$26,665,643
Marin	\$7,508,776	\$13,440,710
Mariposa	\$1,366,985	\$2,446,904
Mendocino	\$8,219,995	\$14,713,790
Merced	\$30,248,471	\$54,144,763
Modoc	\$600,316	\$1,074,566
Mono	\$536,427	\$960,205
Monterey	\$30,114,665	\$53,905,251
Napa	\$4,392,676	\$7,862,891
Nevada	\$5,232,878	\$9,366,852
Orange	\$148,005,709	\$264,930,219

Table 5 (continued)

This table describes economic effects that would result if all eligible individuals participated in CalFresh. These estimates incorporate the statewide CalFresh participation rate of 66 percent applied to each county.

County	Column A Estimated Additional Federal Benefits Received Annually through CalFresh	Column B Estimated Resulting Increase in Annual Economic Activity
Placer	\$11,251,713	\$20,140,566
Plumas	\$1,474,271	\$2,638,945
Riverside	\$156,015,955	\$279,268,559
Sacramento	\$124,423,402	\$222,717,889
San Benito	\$3,253,522	\$5,823,804
San Bernardino	\$216,300,736	\$387,178,318
San Diego	\$171,556,675	\$307,086,447
San Francisco	\$40,704,584	\$72,861,205
San Joaquin	\$63,147,736	\$113,034,448
San Luis Obispo	\$12,226,925	\$21,886,197
San Mateo	\$18,502,522	\$33,119,514
Santa Barbara	\$23,100,125	\$41,349,225
Santa Clara	\$63,995,171	\$114,551,356
Santa Cruz	\$18,175,844	\$32,534,760
Shasta	\$15,638,362	\$27,992,668
Sierra	\$188,051	\$336,611
Siskiyou	\$4,004,520	\$7,168,091
Solano	\$27,442,173	\$49,121,489
Sonoma	\$23,394,256	\$41,875,719
Stanislaus	\$51,293,296	\$91,815,000
Sutter	\$7,048,293	\$12,616,444
Tehama	\$5,669,253	\$10,147,962
Trinity	\$1,209,071	\$2,164,237
Tulare	\$64,300,151	\$115,097,270
Tuolumne	\$3,871,920	\$6,930,737
Ventura	\$45,335,940	\$81,151,333
Yolo	\$13,044,224	\$23,349,160
Yuba	\$7,614,856	\$13,630,593

Table 6

This table describes fiscal effects that would result if all eligible individuals participated in CalFresh. These estimates incorporate the statewide CalFresh participation rate of 66 percent applied to each county.

County	Column A Annual Additional State Sales Tax (General Fund)	Column B Annual Additional State Sales Tax (non- General Fund)	Column C Annual Additional Local/County Tax
Statewide	\$45,303,479	\$29,483,216	\$20,677,865
Alameda	\$1,292,976	\$841,461	\$985,125
Alpine	\$2,072	\$1,348	\$526
Amador	\$39,087	\$25,438	\$14,890
Butte	\$364,686	\$237,335	\$92,619
Calaveras	\$59,592	\$38,782	\$15,134
Colusa	\$12,837	\$8,354	\$3,260
Contra Costa	\$744,623	\$484,596	\$378,221
Del Norte	\$56,709	\$36,906	\$18,003
El Dorado	\$154,662	\$100,653	\$39,279
Fresno	\$2,083,414	\$1,355,873	\$912,734
Glenn	\$33,192	\$21,601	\$8,430
Humboldt	\$268,912	\$175,006	\$102,443
Imperial	\$369,022	\$240,157	\$140,580
Inyo	\$22,833	\$14,860	\$8,698
Kern	\$1,516,478	\$986,914	\$385,137
Kings	\$235,121	\$153,016	\$59,713
Lake	\$141,910	\$92,354	\$36,041
Lassen	\$33,171	\$21,587	\$8,424
Los Angeles	\$12,263,141	\$7,980,774	\$7,786,121
Madera	\$263,956	\$171,781	\$100,555
Marin	\$133,046	\$86,586	\$67,579
Mariposa	\$24,221	\$15,763	\$9,227
Mendocino	\$145,648	\$94,787	\$41,614
Merced	\$535,965	\$348,803	\$136,118
Modoc	\$10,637	\$6,922	\$2,701
Mono	\$9,505	\$6,186	\$2,414
Monterey	\$533,594	\$347,260	\$152,455
Napa	\$77,833	\$50,653	\$29,651
Nevada	\$92,720	\$60,342	\$26,491

Table 6 (continued)

This table describes fiscal effects that would result if all eligible individuals participated in CalFresh. These estimates incorporate the statewide CalFresh participation rate of 66 percent applied to each county.

County	Column A Annual Additional State Sales Tax (General Fund)	Column B Annual Additional State Sales Tax (non- General Fund)	Column C Annual Additional Local/County Tax
Orange	\$2,622,476	\$1,706,691	\$999,039
Placer	\$199,366	\$129,746	\$50,633
Plumas	\$26,122	\$17,000	\$6,634
Riverside	\$2,764,408	\$1,799,059	\$1,053,108
Sacramento	\$2,204,627	\$1,434,757	\$839,858
San Benito	\$57,648	\$37,517	\$14,641
San Bernardino	\$3,832,579	\$2,494,218	\$1,460,030
San Diego	\$3,039,770	\$1,978,263	\$1,158,008
San Francisco	\$721,234	\$469,375	\$412,134
San Joaquin	\$1,118,899	\$728,172	\$426,247
San Luis Obispo	\$216,646	\$140,992	\$55,021
San Mateo	\$327,842	\$213,357	\$208,153
Santa Barbara	\$409,305	\$266,373	\$155,926
Santa Clara	\$1,133,914	\$737,944	\$647,951
Santa Cruz	\$322,053	\$209,590	\$143,135
Shasta	\$277,092	\$180,330	\$70,373
Sierra	\$3,332	\$2,168	\$846
Siskiyou	\$70,955	\$46,177	\$18,020
Solano	\$486,241	\$316,443	\$138,926
Sonoma	\$414,517	\$269,765	\$184,230
Stanislaus	\$908,853	\$591,476	\$259,672
Sutter	\$124,887	\$81,276	\$31,717
Tehama	\$100,452	\$65,374	\$25,512
Trinity	\$21,423	\$13,942	\$5,441
Tulare	\$1,139,318	\$741,461	\$434,026
Tuolumne	\$68,606	\$44,648	\$17,424
Ventura	\$803,296	\$522,780	\$204,012
Yolo	\$231,127	\$150,416	\$58,699
Yuba	\$134,926	\$87,809	\$34,267

Appendix B: Alternate Analysis Methodology

The following is a description of the data sources and calculations used to complete the *Lost Dollars, Empty Plates* analysis using the statewide CalFresh participation rate. The methodology is organized to reflect the data tables in Appendix A.

Table 4

Columns A, B, and C: Eligible Individuals Participating and Not Participating

The U.S. Department of Agriculture (USDA) reports that 66 percent of eligible Californians participate in CalFresh/SNAP.²⁶ The following formula was used to estimate the number of individuals eligible for CalFresh:

$$(\text{Individuals Participating in CalFresh} \times 100) \div 66 = \text{Individuals Eligible for CalFresh}$$

The number of current CalFresh participants was determined using monthly CalFresh participation data from the CDSS report DFA 256²⁷. Rather than averaging the monthly participation data over an entire year, the most recently available participation data were used for this determination. Data from March 2016 were available for all counties.

The following formula was used to estimate the number of eligible individuals not participating in CalFresh:

$$(\text{Individuals Participating in CalFresh} \div 0.66) \times 0.34 = \text{Eligible Individuals Not Participating in CalFresh}$$

Table 5

Column A: Additional Federal Benefits Received Through CalFresh

The value of “additional federal benefits received annually CalFresh” if CalFresh reached 100 percent of eligible individuals was estimated with the following calculation:

$$\text{Eligible Individuals Not Participating in CalFresh} \times \text{Average Monthly Benefit for Eligible Individuals} \times 12 = \text{Additional Federal Benefits Received Annually through CalFresh with 100\% Participation Among Eligible Individuals}$$

For additional details on Column A and details on Column B, please see the methodology for Table 2. Note that for Table 5, average household size is a county-specific statistic calculated with data from the December 2014 CDSS DFA 256 report²⁸ using the following calculation:

$$\text{Total Individuals Receiving Federal Benefits in December 2014} \div \text{Total Number of Households Receiving Federal Benefits or Federal and State Benefits from in December 2014} = \text{Average Household Size}$$

Table 6

Please see the methodology for Table 3.

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Lost Dollars, Empty Plates
The Impact of CalFresh Participation on State and Local Economies

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