

# Frequently Asked Questions: Food Stamp Reporting Hassles in California

## AB 3029

*Assembly Member John Laird has introduced legislation, AB 3029, to simplify the Food Stamp Program. Included in this package of reforms is a proposal to require food stamp recipients to report on income and other factors on a semi-annual, rather than quarterly, basis. This brief responds to common questions about this proposal.*

**H**ow often do food stamp recipients have to fill out reports now?

Most food stamps recipients in California are required to fill out reports on a quarterly basis. Legislation in 2002 mandated a quarterly reporting system – turning in status reports once every three months - for both CalWORKs and Food Stamps. Some food stamp recipients (such as seniors, the disabled and homeless people) are not subject to quarterly reporting.

**H**ow does this compare to other states?

California is the only state asking recipients to turn in paperwork every three months to maintain benefits. According to the Center on Budget and Policy Priorities, 42 states have adopted “simplified reporting.” Under simplified reporting, states require that food stamp recipients fill out a short semi-annual report at 6 months or be fully recertified for food stamps at six months.

**W**hy did all these other states move to simplified reporting?

According to a survey of states done by the U.S. Government Accountability Office, states moved to simplified reporting in order to:

1. Decrease burdens on clients (e.g., time spent applying or reporting changes, amount of paperwork)
2. Decrease workload for workers (e.g., number of contacts with clients, time spent on paperwork)
3. Simplify rules for clients (e.g., eligibility, benefit, and change reporting rules)
4. Decrease error rate (see error rate FAQ below)

**H**ow does semi-annual reporting work?

Since California certifies food stamp households for 12 months, the state would require that food stamp recipients fill out a short report at 6 months. With this type of reporting, benefits are set at a fixed level for six months. In between reports, recipients are only required to report income changes if income exceeds the food stamp program’s gross income limit (130% of the poverty line). If income drops during this period, households can report the decrease in order to receive additional food stamps.

**H**ow does this proposal affect CalWORKs recipients?

The proposal seeks to keep CalWORKs and Food Stamps on the same reporting schedule by moving both programs to semi-annual reporting. To simplify procedures for County workers and food stamp recipients (about 40% of food stamp recipients also receive CalWORKs), reporting schedules should be identical for both programs.

**W**hy change the system for CalWORKs recipients as well?

Primarily for two reasons. First, many food stamp recipients also receive CalWORKs assistance. Having two different reporting systems for these programs would be burdensome and confusing for recipients and administrators. Second, the current frequency of reports is not just a hassle for food stamp recipients, but for CalWORKs recipients as well.

**H**ow will this proposal affect California's error rate?

California's food stamp error rate improved dramatically after several years of penalties from the U.S. Department of Agriculture. However, if California is to continue to be successful at avoiding penalties for food stamp errors, the state must be on a level playing field with the rest of the country. By having a more frequent reporting system than other states, there is more paper in the system and more opportunities for clients and workers to make mistakes. Moreover, since counties are currently *required* to act on reported information, more reports mean that counties must take more actions than their colleagues in other states. As a result, California is vulnerable to more errors. A move to semi-annual reporting not only makes sense for recipients but also for county and state administrators.

**I**s there research backing up the claims of the positive impact of simplified reporting on error rate?

Yes. The U.S. Department of Agriculture conducted research to see if simplified reporting had a positive impact on error rate. The report, *The Effect of Simplified Reporting on Food Stamp Payment Accuracy (October 2005)*, offers 3 conclusions:

1. Moving to simplified reduced the national error rate.
2. This error rate reduction would have been greater if all states had moved to simplified reporting.
3. Certain policies led to a greater reduction in the error rate than others. (see endnote).

**H**ow does this bill affect Medi-CAL recipients?

Medi-CAL recipients in California are already on a 6-month reporting schedule. By moving food stamp recipients and CalWORKs recipients to a 6-month schedule, there is potential to align the reports, thereby reducing redundancy and hassles for administrators and recipients of the public benefits.

**D**idn't the reporting system just change recently?

Not too long ago. The move from monthly to quarterly reporting was completed in 2004. But by the time California had finally made the switch to quarterly reporting most states had already moved on to simplified reporting. This makes California especially vulnerable to greater error rate penalties than other states (see above). This combination of vulnerability to penalties and the value of reducing hassles for recipients and administrators justifies a speedy return to an issue recently addressed. Plus, the reporting waiver that California received to operate its current system is set to expire next year.

**H**ow much will this proposal cost from a food stamp perspective?

Food stamp benefits are one hundred percent federally funded. Administration of the program is shared: 50% federal, 35% state, 15% county. By reducing the frequency of reports, the proposal would reduce the demand on administrators. Though some would argue that counties should receive less food stamp administration funding if paperwork burdens decrease, we believe that the ongoing demands on counties make further reductions infeasible. Thus, in terms of food stamp administration, we believe the proposal is cost neutral. From a benefits perspective, the proposal will make it easier for some recipients to retain federal food stamp benefits, since many recipients drop off the program by not returning their reports. This means more federal money will come into California, which will have a positive impact on the economy and the state budget.

**W**hat about CalWORKS costs?

With this change in frequency, demands on CalWORKS administration should go down. As with food stamps, the proposal will make it easier for some recipients to retain CalWORKS. This may mean some CalWORKS recipients will receive assistance for an additional month or months, which would lead to an increase in CalWORKS benefit costs. This cost increase is a small price to pay for the advantages of moving to 6-month reporting (the benefits of reduced administration, more federal money, reduced error rates, etc.). However, California can follow the lead of other states by employing cost-saving strategies in their TANF programs if needed (see next question).

**H**ow have other states dealt with increased TANF benefit costs?

While most states simply paid the increased costs in their TANF programs, some states have taken action to reduce these costs. One method mirrors current food stamp policy: for food stamps, federal law requires that households submit reports within the 6-month period only if their income exceeds the eligibility cut-off. States that are concerned about increased benefits costs in their TANF programs, like Arizona, have instituted a similar rule for their TANF households. TANF households with incomes exceeding the TANF eligibility limit would be terminated from the TANF program more quickly (saving state funds) and then receive Transitional Food Stamp Benefits (coming from federal funds). California already has a similar interim reporting requirement in CalWORKS – continuing the interim requirement in a 6-month system would maintain some complexity, but the trade-off is reduced CalWORKS costs.

**H**ow will this proposal affect our fraud detection efforts?

Fraud investigators will still have plenty of reports signed by recipients under penalty of perjury. The only change is that they will be getting these reports every 6 months rather than every 3 months. The positive experience from all states using simplified reporting indicates that fraud detection efforts are not undermined. In addition, reports are not the only way that administrators receive information about participants, as sophisticated systems retrieve data on participants (such as income) from a wide range of electronic sources. Such information collection will continue to occur under 6-month reporting.

**H**ow will this proposal improve our last place food stamp ranking?

Some families are buried in the reporting paperwork and lose food stamp benefits simply because they can't keep up. This proposal will help these families stay on the program and increase California's participation rate. While some have argued that California's last place ranking has to do with our state's demographics, it also can be linked to policies and hassles, such as quarterly reporting, that exist here that don't exist in other states.

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<sup>i</sup> U.S. Government Accountability Office, Survey of Food Stamp Program Administrators (GAO-04-1058sp)