

# AB 433 FAQ

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## **What is categorical eligibility?**

Categorical eligibility allows states to use enrollment in a cash assistance program to streamline enrollment in food stamps. For example, a person participating in CalWorks is automatically eligible to receive food stamps, as income and assets have already been checked during the CalWorks application process. Categorical eligibility is a powerful way to increase food stamp participation among target populations.

## **What is expanded categorical eligibility?**

When the bipartisan federal welfare bill of 1996 directed TANF funding not just to cash assistance but also to work supports, it created the option for states to expand the impact of categorical eligibility. This expanded categorical eligibility deems anyone eligible to receive a TANF-funded service as categorically eligible for food stamps.

## **How would expanded categorical eligibility work in California?**

The State Department of Social Services would use a TANF-funded service such as a website flyer or a brochure to establish categorical eligibility. Those made categorically eligible would not have their assets verified again for food stamp eligibility but would still be subject to income and other requirements.

## **Would newly eligible people be automatically enrolled in Food Stamps?**

No, eligibility is not automatic. People eligible to receive the TANF-funded service will still need to go through all the steps of the application process, including fingerprinting requirement; they will just not be subjected to the asset test. Currently, if an applicant has assets, such as a savings account, of more than \$2000, they are ineligible for food stamps. Under AB 433, applicants still must meet income and all other eligibility requirements, the only change will be that they will not be discouraged from developing and retaining assets.

## **Why is it important to remove the asset test barrier for applicants?**

Experts agree that asset development and retention are key anti-poverty strategies. Families should not have to exhaust all of their assets and resources before getting help; yet, the Food Stamp Program currently only allows families to have only \$2000 in assets. This \$2000 dollar limit was set in 1977, over 30 years ago. AB 433 would provide a much needed update to this asset requirement, enabling struggling families retain savings as a way to cushion against financial uncertainties and climb out of poverty.

## **Will AB 433 enable people with very high assets to receive food stamps?**

AB 433 does remove the asset test, but only for people whose incomes are low enough to qualify for food stamps. The data shows that people eligible for food stamps have few resources. Food stamps will continue to be provided to people that are in the most need, as income or lack thereof is the primary determinate of need.

## **How will AB 433 streamline the application process and save time?**

AB 433 will allow county workers to save time and paperwork by eliminating the asset test step in the application process. They will not have to verify the amount of funds in various bank accounts or the value of other assets. The Food Stamp Program can then quickly provide food assistance to the low-income people that need help.

## **Would previously ineligible people be now eligible for food stamps?**

Expanded categorical eligibility does not override other food stamp rules. For example, the ban on undocumented immigrants receiving benefits, the partial ban on drug felons receiving benefits, etc., would still be in place.

## **This bill sounds familiar. Didn't it have something to do with Medi-Cal?**

Previous bills have suggested using expanded categorical eligibility to provide only Medi-Cal participants with asset requirement relief. AB 433 suggests that by allowing all individuals and families that have low incomes, not just those in the Medi-Cal program, to be categorically eligible, California can drastically increase the participation in the Food Stamp Program in one simple process and subsequently increase the amount of federal benefits coming to the state.

## **How will AB 433 stimulate local economy and generate revenue?**

AB 433 will bring a wave of federal food stamp benefits to low-income Californians, who will then increase their spending at local grocers for California produce and will have newly available income to spend on taxable items. It is estimated that AB 433 will enable 37,000 new households to participate in the Food Stamp Program. With the average household benefit at \$290, that would lead to more than \$130 million in federal benefits entering California. Using estimates from the Legislative Analysts' Office, California could see \$240 million in local economic activity and \$2.9 million dollars in revenue for the general fund.