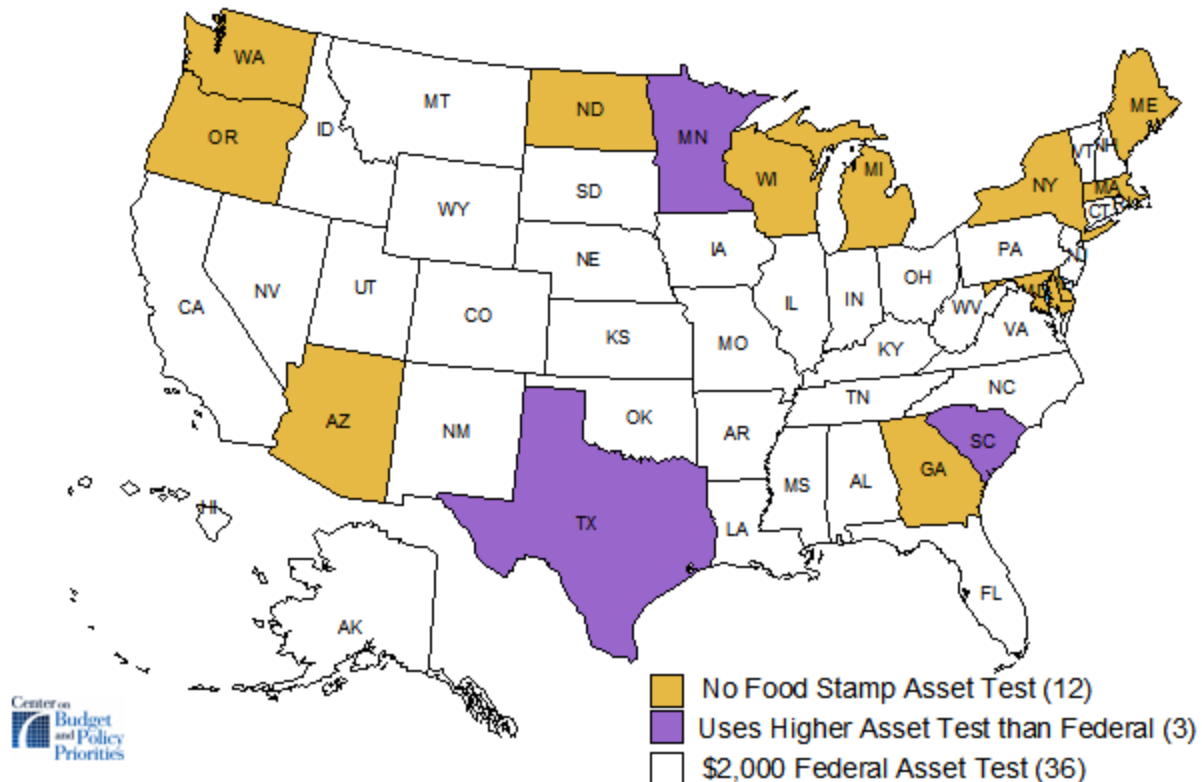


What can AB 433 achieve?

AB 433 Can Remove the Asset Barrier for Nearly All Households

The current federal food stamp asset test is \$2,000 per household. This means that needy families often have savings that makes them ineligible for food stamps. Recognizing that asset development and retention is a key anti-poverty strategy, a number of states have either eliminated the federal asset test entirely or raised it to a higher level. The AB 433 would have California use a federal option called “expanded categorical eligibility” to remove the asset test for nearly all households in California.



AB 433 Can Deliver Substantial Benefits to Very Needy Families

Past categorical eligibility efforts have attempted to also help families whose incomes were over the 133% Federal Poverty Level cut-off for food stamps. Because of their higher incomes, they were eligible for comparatively smaller benefits. However, families that run into the asset barriers described above would be eligible for very substantial benefits. Based on estimates from Food Stamp Quality Control data, AB 433 as amended would bring significant federal benefits to California:

- The average household benefit would be **\$290 month**.
- Almost **\$130 million** in new federal benefits would come to California each year.

AB 433 Can Generate State General Fund Revenue

When low-income families get federal food stamp benefits, this frees up money in their budgets which is spent on taxable items such as clothes and shoes for their kids. The Legislative Analysts Office estimates that 40% of the federal food stamp benefits are transferred to taxable purchases. This means that the \$130 million increased federal benefits generated by AB 433 would lead to state general fund revenue:

- **AB 433 would lead to \$58 million in taxable purchases.**
- **The sales taxes would generate more than \$2.9 million in increased revenue for the state's general fund.**

AB 433 removes a significant barrier to food stamp participation for over 86,000 people in the state while generating economic benefits.

The \$130 million in federal benefits brought to the state would generate almost \$240 million in economic activity in the state – to the benefit of California growers and grocers.