Mending the Net

Fixing the holes in California’s social safety net
This report is a component of the SPUR Regional Strategy, a vision for the future of the San Francisco Bay Area

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Acknowledgements

Author: Jacob Denney

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Edited by Karen Steen
Designed by Shawn Hazen
Cover photo by Sergio Ruiz
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Introduction

Long before the COVID-19 pandemic and economic slowdown, California had the highest poverty rate in the nation: An estimated 4.4 million people are unable to meet their basic needs each day. For these millions of people, California’s network of public benefit programs helps put food on the table, provides access to healthcare and is a key part of meeting basic needs. Yet California’s public benefits systems do not reach every eligible person, with some programs missing over a million eligible people. Public benefit systems are difficult to navigate, with separate application processes and decision-making timelines. These challenges have only been exacerbated by an influx of people who are newly eligible for benefits due to the pandemic and resulting economic downturn, increasing demand on already strained systems. This analysis looks specifically at CalFresh, the state system to provide food aid, CalWORKs, a cash aid program for families with minor children, and Medi-Cal, the state’s Medicaid program. Streamlining the application process for these programs by adopting sensible application options, creating a one-stop-shop for public benefits applications and eventually automating the benefits processes would ensure that all Californians could to receive the public support they have a right to.

FIGURE 1
California Has the Country's Highest Poverty Rate
2019 share of U.S. population living in poverty, by state.

California Isn’t Helping Everyone Who Needs It

Since the COVID-19 pandemic began, millions of Californians have lost their jobs, dropping them into economic insecurity and on a path toward poverty. In these circumstances, public benefits are a lifeline that can help families maintain a semblance of economic security while weathering the storm. These benefits help families pay their utility bills, put food on their tables, access public transportation, receive healthcare, access childcare and do a myriad of other necessary activities to survive. Yet many people never get the benefits they have a right to. Time and again, across the spectrum of the safety net, California fails to connect people to lifesaving programs.

Food Benefits
One of the most important public benefits is the Supplemental Nutrition Assistance Program (SNAP), called CalFresh in California. CalFresh helps low-income people gain access to food by providing people with electronic benefits transfer cards, debit cards that can be used to buy food. The federal government sets income guidelines for eligibility, and county governments administer the program, determining eligibility and delivering benefits.

California is one of the worst states in the nation at getting food benefits to people who need it. According to the most recent data, only 71 percent of eligible Californians received CalFresh benefits. An estimated 1.5 million eligible people in California do not receive the help they need to feed themselves and their families. Only four states — Utah, Arkansas, North Dakota, and Wyoming — have lower participation rates. All four of those states have largely rural populations that can be difficult to reach and deeply conservative governments that are not politically supportive of public benefit programs. California does not face either of these barriers and still does a poor job of reaching the state’s eligible population. Many of the people missing out on benefits in California work at or near full-time but are still grappling with poverty. Among this population, only North Dakota, Wyoming and the District of Columbia have worse participation rates. One of the drivers of the low participation rate in California is the complicated and cumbersome application process, which itself is a barrier to receiving benefits. In July of 2020, nearly a third of all CalFresh applications were denied for procedural reasons, meaning that somewhere during the enrollment process the applicants made a mistake and had their applications denied for it.


Cash Benefits

California has also had trouble enrolling people in the state’s Temporary Assistance for Needy Families (TANF) program, known as CalWORKs. TANF programs provide cash assistance to eligible low-income families with children, to help them attain some measure of economic security. Despite continued high poverty rates, CalWORKs participation has been declining for a decade. Statewide, the number of people participating in CalWORKs has declined by 35 percent since 2011. In San Francisco the number of applications for CalWORKs has fallen by 48 percent, in Santa Clara by 50 percent and in Alameda County by 12 percent. While applications have declined, the poverty rate in the state has not fallen as quickly. Researchers estimate that for every 100 families who are eligible for CalWORKs, only 68 receive the benefits. This mirrors a national trend. Although poverty has remained stubbornly high, the number of people receiving TANF benefits has continued to decline. A number of federal policy changes have made it more difficult to receive benefits, including a complicated application process, burdensome reporting requirements and limits on the length of time families can receive benefits. While children in California are always eligible, adults have lifetime limits on the length of time they can receive benefits. When some parents max out their own CalWORKs benefits, they don’t pursue continued benefits on behalf of their children, either because they don’t know they can or because the process is too time consuming. Thousands of families are missing out on the benefits they need to thrive.


Medical Benefits

California’s state-administered Medicaid program reaches a much larger share of eligible people but has vital shortcomings among some of the state’s most vulnerable. Medi-Cal, the state’s health insurance program for low-income people and families, provides health coverage for one in three Californians, 40% of the state’s children and 50% of people living with disabilities.7 Like CalFresh benefits, Medi-Cal enrollments and determinations are administered by county-level agencies. Hundreds of thousands of Californians, nearly 10% of those eligible, are not receiving the Medi-Cal benefits they have a right to. In the Bay Area, tens of thousands of people are living without the healthcare benefits they are entitled to receive.9

The majority of people who are eligible but uninsured identify as Latinx, and 67% of uninsured Medi-Cal eligible people speak a language at home other than English.10 Researchers estimate that people who are eligible for Medi-Cal but remain uninsured are predominantly low-income, with more than half having incomes at or below double the federal poverty level ($25,500 for an individual).

There are signs that enrollment in essential safety net programs is improving. CalFresh enrollment has largely been on the upswing, with the program moving from a 50% participation rate to the 71% participation rate we have today, a 21-percentage-point increase, in just 10 years. In order to build on this progress, California needs to adopt a variety of policy fixes.

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Improving Public Benefits Access

The pandemic has made it more important than ever for our state’s public benefits to reach those who need them most. Our social safety net is essential for helping families climb out of poverty, and California must reverse the decades-long trend of failing to reach everyone who needs assistance. To meet the challenge, California needs to adopt immediate changes to help improve access to benefits, while also exploring ambitious and innovative fixes to solve the enrollment problem for good.

California has made efforts to ensure that programs reach everyone who needs their help. The nonprofit organization Code for America partnered with the state to build a website to help people apply for CalFresh benefits online.\(^\text{11}\) The website allows people to upload documents via their phones and has simplified the application process. The state also removed lifetime bans on CalFresh benefits for people with felony drug convictions, as well as asset tests to qualify and onerous application requirements such as fingerprinting.

Legislators in Sacramento have made attempts to improve enrollment rates. State Senator Scott Wiener introduced legislation that would have required the state to enroll 95 percent of people eligible for CalFresh by 2024. The bill would have required the state to do a better job tracking who’s missing out on CalFresh benefits, which in turn would help improve outreach efforts.\(^\text{12}\)

Getting everyone the public benefits they deserve will require multiple solutions. California must enact policy solutions that ease barriers in the short term in conjunction with more ambitious and innovative long-term ones. To reach its goal of full enrollment in all eligible programs, the state must look to all of the options available.

There are four key steps California can take:

1. Increase funding for programs that improve access to public benefits.

Local organizations and county agencies play a vital role in getting people the public benefits they have a right to. They help reach people and educate them on the benefits they are eligible for and provide the necessary assistance to enroll people in those programs. Yet county agencies and community organizations often lack the funds they need to do this important work.\(^\text{13}\)

Community outreach is a proven tool for engaging eligible people and connecting them to public benefits. Outreach from local community members, repeatedly and over time, increases enrollment in public benefits programs as community members learn to trust those helping them access benefits.\(^\text{14}\) One-on-one enrollment assistance by trusted community members, where a caseworker works individually with a person to help them navigate application processes, improves enrollment rates.\(^\text{15}\) Local organizations and agencies are able to provide culturally competent enrollment services, meaning they know how to talk to people in their communities and


understand their experiences. This helps them better meet the needs of eligible people and does more to ensure enrollment than technology alone can do.16

Community outreach is particularly effective at enrolling difficult-to-reach populations, such as immigrant families, in public benefit programs, as nonprofit organizations and county level agencies conducting outreach can provide linguistically and culturally appropriate outreach.17 This kind of outreach is more important than ever due to proposed changes to the federal “public charge” rule. The proposed rule would deny citizenship or permanent residency to people deemed likely to be reliant on the social safety net based on their wealth, which has made people applying for asylum or engaging the citizenship process wary of being denied because of their economic status.18 While participating in a social safety net program has no impact on that determination, and the rule has since been vacated by a federal court, it has still had a discouraging effect on public benefit participation.

2. Remove administrative barriers to receiving public benefits, so that everyone can get the help they need.

Making benefit applications easier and processes more transparent is one of the best ways to improve access and increase participation rates. California should work to remove burdensome requirements to receiving benefits, as well as develop a “one-stop shop” online web portal where people can easily get information and apply for all benefits at once. These changes would help increase enrollment and retention, making sure that people get what they need to thrive in the Golden State.

Easing application and reporting requirements is a vital step in improving access to public benefits. Currently, every public benefits program has its own requirements, including applications, interviews and sometimes additional steps such as fingerprinting. Many of these requirements are set at the federal level, with states having some discretion in what they require. However, federal agencies have the power to offer a variety of waivers on these requirements, allowing states to take different approaches to enrolling and distributing benefits. As SPUR has argued before,19 California should advocate for a few simple changes to its benefit programs:

- **Accept telephonic signatures** (a recording of one’s voice made on the phone) instead of requiring handwritten signatures, in order to remove the burden of unnecessary paperwork.
- **Waive requirements for interviews**, which can be difficult to schedule and redundant to applications.
- **Remove re-reporting requirements** for people living on fixed incomes, such as the elderly and people with disabilities, as their incomes are not likely to change.

While the state cannot make these changes entirely on its own, California can continue to be a leader in advocating for changes at the federal level.

The state currently has a unique opportunity to develop an accessible, statewide, one-stop shop online portal. California’s county-level agencies are in the process of building out a system known as CalSAWS to

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manage cases, distribute benefits and help determine eligibility. CalSAWS won’t be up and running until 2023, but it provides an opportunity to establish a universal application that would enable people to apply for all benefits at once, either at home or with the help of a case manager. By ensuring that people who apply for one benefit are simultaneously applying for all benefits, counties can increase participation rates for all programs.

Building a universal web portal with a universal application process, real time updates on application status, text and email reminders, and the ability to submit reporting requirements would help reduce the amount of effort necessary to participate in multiple programs and would help connect people to every program they’re eligible for. It would also help programs piggyback on each other’s success, by helping people who are interested in one program to actually apply for every program. For example, in 2016 Medi-Cal reached an estimated 96% of eligible children and parents, the ninth highest rate in the country. Yet CalWORKs and CalFresh rates lag far behind, even though many Medi-Cal families are eligible for all three. Linking the applications would help bridge the gaps between the participation rates in programs and make sure that families applying to Medi-Cal also apply for other benefits.

A universal application system would eliminate the patchwork system in place today. With 58 counties using different policies and procedures for public benefits, enrollment rates vary widely across the state. For example, Fresno County enrolls 90.6% of people eligible for CalFresh while San Francisco County reaches just 56.3%. This is in part because the application process can vary dramatically from county to county. Some provide easy online enrollment options, while others require scheduled interviews with case managers to determine eligibility. Some counties offer over-the-phone application processes with guaranteed language access, while others refuse to accept phone applications. Burdensome application requirements can make it difficult to reach all eligible people and often have the effect of discouraging people from applying. A universal application system would build on the successes of what many counties have already done.

A web portal alone makes it possible for people to reach all eligible benefits easily, but there’s no guarantee that they will use it. Many will still rely on telephone and in-person meetings to access benefits, and lengthy applications are not made less onerous when done online. The promise of CalSAWS is tied intrinsically to whether or not it can streamline benefit applications, connect people to every program they are eligible for, and make applying for benefits as fast and simple as possible.

3. **Automate public benefits eligibility determination, enrollment and disbursement.**

To truly reach everyone who is eligible, California should develop a strategy to automatically enroll every eligible person in public benefits. The state government has access to all of the information necessary to enroll people in public benefits, such as income, household size, current benefits received, etc. It is possible for the state to use current and previous income taxes to determine a person’s likely eligibility for CalFresh, MediCal, CalWORKs and other public benefit programs. If eligible, the state can enroll participants and assign them a caseworker to help them with their benefits. Research has repeatedly shown that programs with strategies that require people to opt out, rather than having to opt in to participate, have a much higher enrollment rate. Already some states use automatic enrollment as part of their efforts to enroll people in healthcare under the Affordable Care Act and Medicare Part B, with significant increases in enrollment rates. Automated enrollment has the potential to get benefits into the hands of every person in California who needs them, a game changer in poverty alleviation.

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This kind of automated eligibility determination and enrollment would likely require a variety of waivers from the federal government that may be difficult to obtain. Yet even without that high level of automated enrollment, California could adopt automated outreach strategies and eligibility determinations to help get more people the benefits they have a right to. The California Franchise Tax Board, the state agency tasked with collecting income taxes, could collaborate with the Department of Social Services, the agency that administers many public benefits, to use data from income taxes to identify and contact every likely eligible household in the state, increasing the efficacy of outreach programs. The agencies could use that same income tax data to pre-fill applications for eligible people, simplifying the process to a click of a button for people looking to apply.

California already has standards of “categorical eligibility,” which enables people participating in some public benefit programs to be automatically deemed eligible for participation in others. The state could build on this idea and simplify enrollment further by expanding the number of programs that use categorical eligibility to solicit enrollment. For example, enrollment in CalWORKs automatically makes a person eligible for CalFresh without requiring additional paperwork or interviews, as eligibility in one signals eligibility in another. This data is currently used to enroll people in CalFresh if they have not done so already. Similarly, receiving CalFresh benefits means that the recipient is eligible for MediCal: The state could use that determination to automatically contact them and encourage them to enroll in MediCal. State agencies could also use MediCal enrollment to solicit applications to CalFresh, which could be particularly impactful as MediCal has such a high rate of enrollment. Using available data to make outreach efforts more efficient and remove redundancies would go a long toward closing the enrollment gap.

The process of automating eligibility checks, enrollment and benefit disbursements would require substantial investments. A state agency may be better able to efficiently conduct these tasks, and would have the potential to reduce costs overall. California is one of only 10 states in the nation to administer public benefits such as SNAP and TANF at the county level. County-level administration comes with higher costs, as administration becomes less efficient. It currently costs an average of $808 to process a CalFresh application, compared to the national average of just $348 for SNAP applications. Only Wyoming spends more per SNAP application than California. While California’s high cost of living certainly plays a role in this number, states that administer their benefits at the county level spend 24% more per case than states who administered benefits by statewide agencies. Seven of the 10 highest-cost states had benefits administered at the county level.

A state agency would be better suited to establishing an automated application process and eligibility check. Additionally, putting public benefit administration in the hands of a state agency would make it easier for people to continue receiving benefits if they move to a new county or have another change in circumstances. Pooling resources at that state level also means that counties that are currently under resourced or understaffed would be more likely to receive the funding and support they need to increase enrollment and participation. Regardless of whether we pool resources at the state level or counties remain the administrators of public benefits programs, California should invest in using publicly held data to improve enrollment and outreach.

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4. Grow the eligibility pool for public benefits and expand the safety net.

Our public benefit programs currently do not reach everyone in need, and they do not meet all of a person’s needs. Millions of Californians are ineligible for the state’s largest public benefits programs, often because of their citizenship status or household make up. To truly close the gaps in our social safety net, we must grow the eligibility pool for public benefits and expand the social safety net.

Millions of Californians need help but are ineligible to receive public benefits. Many of these residents, an estimated 4.9 million of them, are non-citizen residents, making them ineligible for federally funded programs that help people make ends meet. Where ever possible, the State of California should step in and provide state funding so that non-citizens can receive the public benefits they need to survive. California has already committed to providing support for some non-citizens by expanding Medi-Cal to all non-citizens under the age of 19. We should continue on this path and invest in increasing resources for all of our residents, regardless of their citizenship status.

Federally funded programs such as CalFresh do not take into account the high cost of living in the Bay Area, which makes the disbursements much too small. CalFresh pays out an average of $1.86 per meal, much too little in the Bay Area. In San Francisco, the average meal cost is 75% higher than what CalFresh benefits provide. In order to meet the true cost of living in our region, California should look for opportunities to expand the safety net and provide benefits that meet the needs of its residents.

29 U.S. Census Bureau, 2019 American Community Survey, Table DP02.

California Can and Must Do Better

California has a bad track record of connecting people to the benefits they have a right to. Despite a massive need, programs intended to help alleviate poverty face chronic under-enrollment, depriving hundreds of thousands of people the supports they need to live dignified lives. The COVID-19 pandemic has made fixing these problems more urgent than ever, as millions of Californians face prolonged unemployment and a slow economic rebound. The need to respond to the pandemic swiftly and effectively also provides the opportunity to try out new policy levers. If they’re effective, we can make these changes permanent. With a massive enrollment gap that is likely growing, California can begin to bridge the enrollment gap by investing in outreach and enrollment efforts and deploying an effective universal application and web portal. To permanently solve the problem, California should put all benefit administration efforts in the hands of a statewide agency and pursue a strategy of automatic eligibility determinations and enrollment. California needs to take strong and innovative measures to help everyone in the state get the help they need.
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