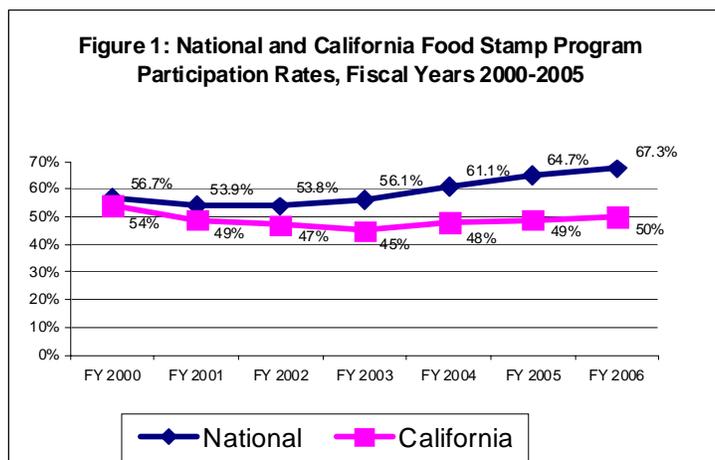


2. Statement of Need

The unfavorable trends in food insecurity, unemployment, poverty and Supplemental Nutrition Assistance Program/ Food Stamp Program (SNAP/FSP) participation at the state and county levels indicate the need for strengthened efforts to increase participation in California's Food Stamp Program (FSP).

Trends in California's Food Stamp Program Participation

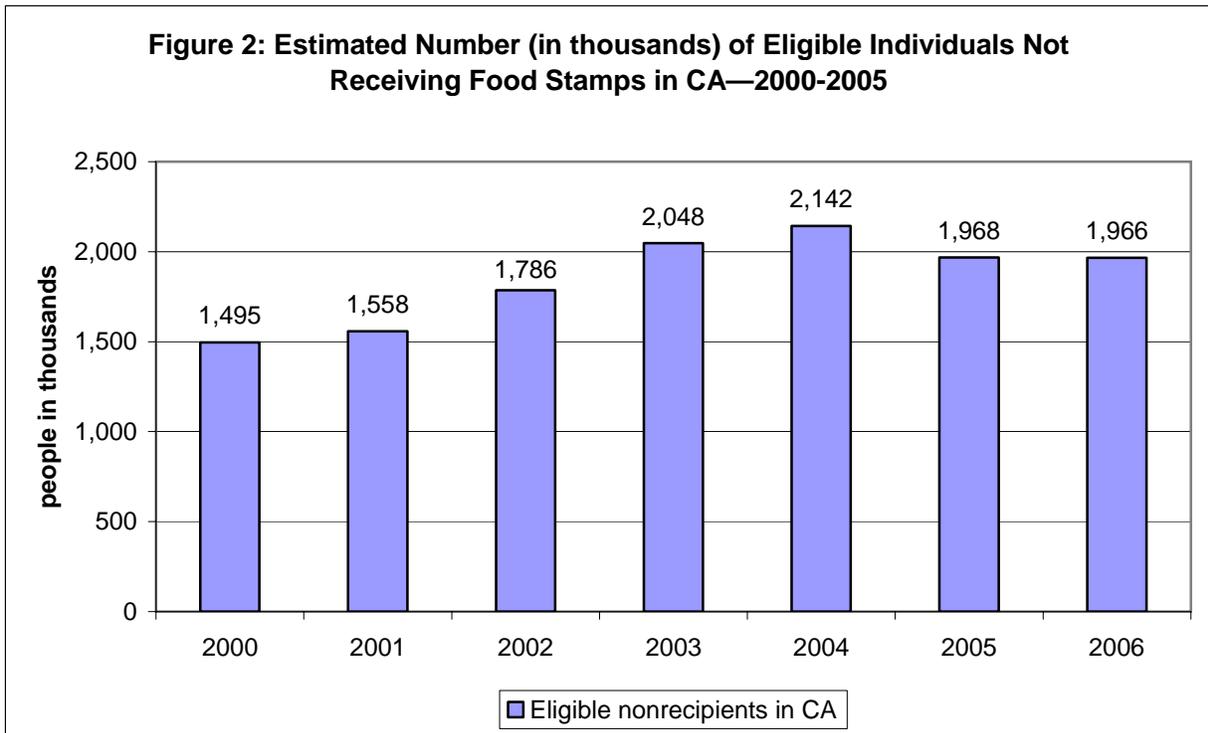
Participation rates: USDA's most recent (2006) state-level FSP participation rates for California indicate only 50 percent of those eligible receive FSP benefits. While this is a slight improvement from the previous year, California's participation rate is ranked last in the nation. The gap between the California and national FSP participation rates has grown wider each year since 2000, when the difference between the national and California rates was only two percentage points (56 percent compared to 54 percent respectively) (see Figure 1).¹ However by 2005, California's rate was 17 percentage points lower than the national rate that was estimated to be 67.3 percent of those who are FSP eligible were receiving FSP benefits.



The state's relative performance for reaching the working poor was even lower with only 36 percent of those eligible receiving benefits, compared to 57 percent nationwide. (The "working poor" are defined as people who are eligible for food stamps and live in a household in which a member earns money from a job.)

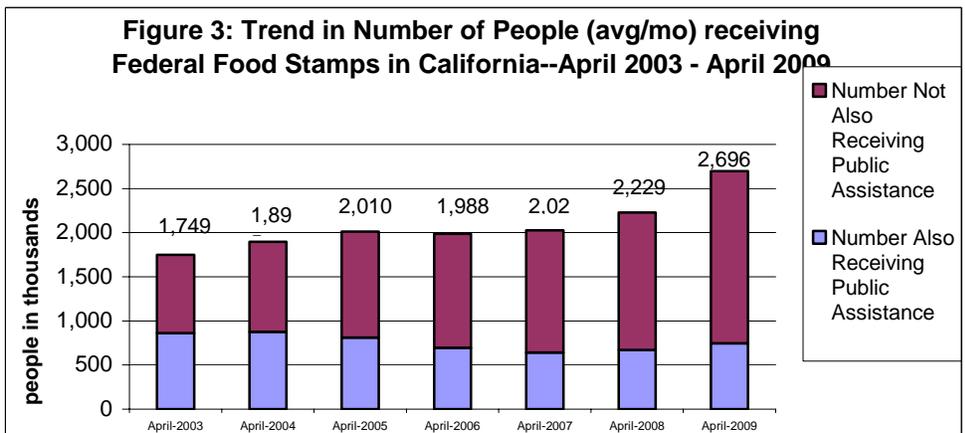
According to USDA estimates, just under two million eligible people in California are not receiving food stamp benefits. While some improvement was seen from 2004 to 2006, there was an increase of almost half a million people who were eligible, but not participating, over a six-year period (see Figure 2). The estimated number of eligible working poor not participating in FFY 2006 was almost 1.4 million.

¹ **Sources:** The national participation rate data is from Wolkwitz, Kari. "Trends in Food Stamp Program Participation Rates: 1999 to 2006." Mathematica Policy Research, Inc. for the Food and Nutrition Service, U.S. Department of Agriculture (June 2008), <http://www.fns.usda.gov/ora/menu/Published/SNAP/FILES/Participation/Trends2000-2006.pdf>. The California participation rate data are from the annual reports by Cunnyngham, Karen, Castner, Laura, and Schirm, Allen. "Reaching Those in Need: State Food Stamp Participation Rates, USDA Food and Nutrition Service: released March 2005, October 2006, October, 2007 and October 2008. For all years, the most recently released data were used. According to Wolkwitz (2008), no methodological changes affected interpretation of the FY2000-FY2005 national rates; however, it would need to be confirmed with Mathematica/USDA that no important methodological changes occurred in the state-level calculations. **Note:** Because estimates are based on fairly small household sample sizes, USDA advises that changes from year to year and comparisons among states need to be interpreted cautiously. For example, there is a 90 percent chance that California's true 2006 participation rate falls within a range of 48-52 percent which is the confidence interval.



FSP Participation: Since 2001, FSP participation has increased in California—a pattern which is seen nationwide. This increase has accelerated with the economic downturn and the state’s higher rate of unemployment than the national average. According to the most recent California Department of Social Services (CDSS) data, the average monthly number of federal FSP recipients in California increased by 21 percent from April 2008 to April 2009 (not including California Food Assistance Program). County offices are working to meet the increased need while at the same time facing severe budget shortfalls. The situation makes operational efficiency and well coordinated partnerships with FSO contractors ever more important.

An important dynamic in California’s caseload has been the relative decline of FSP recipients who are receiving public assistance, as well as the increase of FSP recipients who are not receiving cash aid (see Figure 3). From April 2003 to April 2009, the number of California’s FSP recipients also receiving public assistance decreased by 15 percent, while the number not receiving public assistance increased by 91 percent. Prior to March 2003, more of the FSP recipients in California received public assistance than did not. However, by April 2009, 2.6 times as many FSP recipients were not receiving public assistance as were receiving public assistance benefits.



According to USDA's Characteristics of Food Stamp Households, FFY 2007, FSP recipients in California are more likely (64.2 percent) to be children and less likely (only 1.7 percent) to be "elderly" (60 years or older) than national figures (nationally, 49.1 percent and 8.7 percent, respectively). In addition, FSP households in California tend to be even poorer than national figures with only 6.6 percent in California having incomes above the federal poverty level compared to 12.6 percent nationally. California FSP recipients are also more likely to identify themselves as being Hispanic and less likely African American or White compared to national figures. In FFY 2007, 31 percent of the FSP recipients in California were Hispanic, 21 percent Mixed Race, 20 percent White, 17 percent African American and 11 percent "Other".²

Poverty and Food Insecurity in California: In recent years, California's poverty rate has been similar to the national average. In 2007, 12.4 percent of California's population lived in households having incomes below the federal poverty level as compared to 13 percent nationwide.³ However, because the federal poverty level does not allow adjustments for high cost of living and has other methodological limitations, many argue that there are far more persons functionally living in poverty in California than these figures reflect.⁴ A Public Policy Institute of California report applies a "conservative adjustment for costs, based on housing rents" and concludes "California has substantially higher poverty than the rest of the nation: 16.1 percent versus 12 percent...only Washington, D.C., and New York have higher poverty than California. Furthermore, Los Angeles, Monterey, and San Francisco counties have poverty rates of about 20 percent—in the range of the ten highest poverty counties in the nation."⁵

Many low-income families in California are food insecure, and higher food prices are exacerbating the situation: According to the 2007 *California Health Interview Survey (CHIS)*, 2.9 million low-income adults (< 200 percent FPL) in California could not always afford to put food on their table. More than a third (34.8 percent) of low-income adults were classified as living in food-insecure households.⁶ For California households overall (in all income brackets), USDA estimates food insecurity at 10.2 percent (average 2005-07) compared to the national rate of 11.0 percent.⁷ According to the California Women's Health Survey, 71 percent of food stamp recipients reported some level of food insecurity, which can be a substantial barrier to increasing intake of fruit and vegetables.⁸ One of the strongest factors associated with food insecurity in this population is not being able to make their food stamps last 30 days.

The statewide unemployment rate is near its highest level in three decades and has increased from 6 percent in April 2008 to 10.9 percent in April 2009.⁹ Unemployment is

² Based on Q5 data from FY 2007 posted on CDSS website <http://www.dss.cahwnet.gov/foodstamps/PG844.htm> (Accessed June 11, 2009.)

³ US Census State and County Quick Facts - poverty rates from 2007 <http://quickfacts.census.gov/qfd/states/06000.html> (Accessed June 11, 2009.)

⁴ Besharov, DJ and Germanis, P. (2004) Reconsidering the Federal Poverty Measure. University of Maryland School of Public Policy. Welfare Reform Academy.

⁵ Reed Deborah. Moving Beyond the Federal Measure. California Counts Population Trends and Profiles. Volume 7 Number 4 • May 2006 Public Policy Institute of California http://www.ppic.org/content/pubs/cacounts/CC_506DRCC.pdf (Accessed June 11, 2009).

⁶ California Health Interview Survey (CHIS) 2007 AskCHIS (Accessed June 11, 2009).

⁷ Nord, M. Andrews, M. and Carlson, S. (2008) Household Food Insecurity in the United States, 2007. USDA Economic Research Service Economic Research Report Number 66. <http://www.ers.usda.gov/Publications/ERR66/ERR66.pdf> (Accessed June 11, 2009)

⁸ Kaiser, L., Baumrind, N., and Dumbauld, S. *Who is food-insecure in California? Findings from the California Women's Health Survey, 2004* Public Health Nutrition, Volume 10, Issue 06, June 2007.

⁹ Unemployment in California. Sacramento Bee Interactive Graphs http://www.sacbee.com/1232/rich_media/1698037.html (Accessed June 11, 2009)

approaching 20 percent in seven counties and is as high as 26.9 percent in Imperial County. Unemployment, food insecurity and poverty trends indicate the likely heightened importance of FSP for ensuring the health and adequate diets for low-income Californians.

County-Level Poverty, Food Insecurity and FSP Participation

Table 1 provides information on county-level child poverty, food insecurity and FSP participation including an estimated Program Access Index (PAI).¹⁰ This information is useful for considering counties where outreach activities might be expanded or prioritized. The 43 counties indicated in bold have California Food Stamp Program Access Improvement Plan (AIP) activities (Table 1). As shown in the map (see Attachments section), 22 counties have at least one FSO subcontractor, 19 counties have 2-1-1 Services and at least one FSO subcontractor, and two counties have 2-1-1 services only. These counties will represent 97.1% of California's total population and 97.5% of the population estimated to be income eligible for FSP.

The FFY 2010 plan and amendment reflect significant expansion of FSAIP services both in terms of outreach subcontractors and 2-1-1 services from 27 (FFY 2009) counties to 43 counties. Comparison of the high need counties in Table 1, indicate the following unmet needs:

- AIP subcontractors will also provide services in all but one of the five counties with the highest rates of child poverty (Fresno, Imperial, Modoc and Tulare) but not Del Norte.
- AIP subcontractors are providing outreach services in all but one of the five counties with the lowest PAI (Napa, San Diego, San Luis Obispo and San Mateo) but not Mono.

While the lack of inclusion of Del Norte and Mono is noteworthy, they are relatively small counties with a total estimated 2,982 potentially-eligible persons (income <130 percent FPL and not receiving food stamps). These figures of "potentially eligible persons" are rough estimates since eligibility factors, such as immigration status and asset ownership, are not factored into the index.

It is useful to identify counties having the greatest number of estimated eligible people not served in the state. From this perspective, the high need counties for FSP outreach are Los Angeles (32.3 percent), San Diego (10.3 percent) and Orange (8.1 percent). These three counties are home to over 50 percent of the people statewide estimated to have incomes less than 130 percent FPL but not receiving food stamps, which is approximately 1.4 million people. Orange and San Diego counties are especially notable. While they are home to 4.5 and 5.2 percent of California's FSP participants, respectively, almost twice as many of the state's income-eligible non-participants live in these two counties— 8.1 percent in Orange County and 10.3 percent in San Diego County.

¹⁰ PAI is included because FSP participation rates (% of eligible people receiving food stamps) are not available at the county level. The Program Access Index (PAI) is one of the measures that the USDA Food and Nutrition Service (FNS) uses to assess states' performance in the administration of the Food Stamp Program. The PAI is simply the ratio of the average number of individuals participating in the Food Stamp Program to the number of individuals income-eligible to participate in each state for a particular calendar year. Because income is the only eligibility measure considered in the index, the PAI can best be seen as a measure of the extent to which low-income people are participating in the Food Stamp Program.

Humboldt, Imperial, San Diego and Tulare have been selected as priority counties that will receive additional AIP funding based on county need and the opportunity for capacity building for the subcontractors operating in these counties. Imperial County has one of the highest child poverty rate in California and a food bank with very strong, bilingual-bicultural food stamp outreach staff and activities, but they currently have very little state share funding. Tulare is a high need county both in terms of child poverty and food insecurity. Humboldt County has an unemployment rate higher than the state average yet the one-year FSP participation has only increased by nine percent, compared to 21% statewide. As described above, San Diego is a high-need county that is nationally recognized as having relatively low FSP participation.