

WORKING P A P E R

Informing, Enrolling, and Reenrolling CalWORKs Leavers in Food Stamps and Medi-Cal

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EXECUTIVE SUMMARY

INTRODUCTION

Federal and state cash assistance reforms of the mid-1990s intended to encourage recipients to work and to limit their reliance on public cash assistance.¹ At the same time, however, these federal and state reforms permitted or encouraged recipients who exited cash aid (“leavers”) to continue participating in other public assistance programs that can help support low-wage workers and their children: Food Stamps (which provide vouchers for the purchase of food), Medi-Cal (California’s Medicaid program, which provides health insurance), and the Earned Income Tax Credit (EITC, which provides a refundable tax credit on qualified earnings).

Shortly after the federal TANF program was implemented, early evidence suggested that leavers’ participation in these programs (that is, their “take-up” rates) was low. In response, the Welfare Policy Research Project (WPRP) commissioned a study, “Employed Former Recipients’ Use of Income Support Programs,” to examine the use of Food Stamps, Medi-Cal, and the federal EITC among Californians who left CalWORKs. The study focused on recipients who left cash aid with paid employment and who remained eligible for one or more of the three programs. (The full report, *Program Take Up Among CalWORKs Leavers: Medi-Cal, Food Stamps, and the Earned Income Tax Credit*, and the *Policy Brief* can be found on WPRP’s website: www.wprp.ucop.edu.)

In this companion report, we describe and analyze the process of continuing enrollment in the Food Stamp and Medi-Cal programs after leaving cash aid. (Because the state and counties do not administer the federal EITC program, we do not include it in this report.) Specifically, we review the relevant history, statutes, and regulations of the Food Stamp and Medi-Cal programs and present the results of qualitative interviews and of some of the quantitative tabulations of survey data that relate to former recipients’ enrollment in these programs.

This detailed review of eligibility, enrollment, and re-enrollment provides background for the study’s main report. However, some additional policy recommendations emerge directly from this detailed

¹ Prior to the 1996 federal overhaul, the major cash aid program for poor families with children was called Aid to Families with Dependent Children (AFDC). California’s AFDC program was called Greater Avenues for Independence (GAIN). Post 1996, the federal program was renamed Temporary Assistance for Needy Families (TANF). In 1997, California created its version of TANF, called the California Work Opportunities and Responsibility to Kids (CalWORKs) program. CalWORKs was formally implemented on January 1, 1998.

review. We note these policy recommendations throughout this report and, in the final chapter, we consider these policy recommendations together.”

KEY FINDINGS AND IMPLICATIONS

CalWORKs leavers are more or less likely to take up Food Stamps and/or Medi-Cal depending on the quality and efficiency of agency efforts to inform them about these non-time-limited benefits, and how the agencies enroll and re-enroll eligible CalWORKs leavers in the two programs. We identified four areas that should be addressed to improve program implementation and administration: (1) the speed with which program changes are implemented, (2) overly complicated program rules, (3) federal options that permit states to expand Food Stamp benefits and reduce the burden on recipients, and (4) better program integration.

Implementation Was Rushed and Disordered

Federal and state welfare reforms significantly changed the Food Stamp and Medicaid programs. Implementing these changes required four steps: (1) The state legislature had to pass new legislation. (2) The responsible state agency had to write and issue regulations. (3) County welfare agencies had to translate state regulations into operating procedures and provide training to their staff. Finally, (4) county computer systems had to be updated.

Each of these steps takes time. In setting effective dates for new program changes, legislators and state regulators should consider carefully the time required to implement each of these steps. For many of the policies we reviewed, the lags at each step were so long that effective implementation dates occurred months or years after the dates specified by law and/or regulation.

In particular, we found that updating computer systems dramatically slows the implementation process. Although computers play a central role in program administration, the time it takes to update them has been woefully and consistently underestimated. Because eligibility operations are computerized, computer systems should be updated *before* staff are trained for the new programs and certainly *before* the staff are asked to implement the new program requirements.

If computer systems are not updated first, staff are often forced to develop and put in place temporary automated – or worse, manual – “work arounds” to implement new program requirements. These ad hoc arrangements are likely to eat up valuable staff time, take longer, impose additional costs, and be more

error prone. In other words, implementing new program operations before the crucial computer systems are updated can lead to a host of inefficiencies.

Thus, in practice, significant program changes cannot be successfully implemented any faster than the time required to change the related computer systems. Legislators should bear this in mind when they specify implementation dates in statute, state officials should factor this in to their regulatory timelines, and state and county officials should work with their technical computer programmers to make the necessary changes in a timely fashion. While updating computer systems carries direct financial costs, failing to update them in a timely fashion – given the attendant inefficiencies and errors – is likely to cost even more.

The Current Programs Are Too Complicated

Our fieldwork suggests that the Food Stamp and Medi-Cal programs are simply too complicated. All welfare programs are complicated and detailed. However, the situation is particularly complex in California, partly because of litigation that adds new policies and partly because of the special policies (some state-only) aimed at the large number of documented and undocumented immigrants. Thus, a policy that may seem relatively straightforward to a legislator (and even to an analyst), who is removed from actual program operations, may appear as a nearly impenetrable procedural thicket to the county caseworker responsible for implementing that policy.

To address this complexity, federal and state policymakers should give more consideration to four things. First, before adopting a new policy, legislators and regulators should determine whether the proposed new policy increases the amount of information local caseworkers have to collect (to determine eligibility, for example) or whether it increases the number of computations caseworkers must make (to calculate benefits, for example). Second, when eligibility is narrowed or expanded – because of litigation or because budgets are shrinking or growing – it should be done by simplifying and coordinating rules, rather than by changing the income limits used to determine eligibility or, worse, adding a new program. Third, since most individuals are in a small number of programs, federal and state legislators should consider simplifying and coordinating eligibility rules across the key programs. Inconsistencies in the Food Stamp and Medi-Cal (and CalWORKs) rules should be reviewed for possible elimination by the state or, where necessary, by federal authorities. Finally, fourth, policy changes that arise out of litigation should be reviewed for incorporation into existing program rules wherever possible, not layered on as new programs.

Federal Options to Increase Food Stamp Benefits and Decrease the Burden on Recipients

Under current federal law, if a state is willing to bear modest additional administrative costs, the federal government is willing to pay considerably more to the state's poor in the form of Food Stamps. States that take advantage of this federal offer can reduce the administrative burden on recipients and are also likely to experience lower Food Stamp error rates (which have been unusually high in California since welfare reform).

Because the federal government pays 100 percent of the cost of Food Stamp benefits, and 50 percent of program administration, California would incur relatively minor costs if it were to adopt the several administrative changes permitted by the federal government.

First, although federal Food Stamp regulations allow quarterly or even semi-annual reporting, California still requires recipients to report monthly about their income and other eligibility criteria. Deliberations about the frequency of recipient reporting typically focus on lowering benefit expenditures and error rates, but permitting less frequent reporting would also reduce administrative demands on recipients and might, therefore, raise Food Stamp take-up rates.

At this writing, a new proposal for statewide quarterly reporting is under discussion, with implementation projected for early 2004. Moving beyond quarterly to semiannual reporting also seems worthy of serious consideration.

Second, California requires a Food Stamp recipient to have an annual in-person meeting with his or her county caseworker in order to recertify Food Stamp eligibility. However, federal regulations permit states to waive this requirement for employed recipients by deeming it to be a hardship. Allowing Food Stamp recipients to handle their annual recertifications by mail (as Medi-Cal recipients are permitted to do) would clearly reduce the burden on recipients and lower administrative costs. However, it might also raise the Food Stamp error rate, since in-person interviews are reported to be more thorough.

Third, at this writing, California does not yet have a Transitional Food Stamp Benefit, although Section 4115 of the 2002 federal Farm Bill reauthorizes the program. Under current federal law and regulations, the Transitional Food Stamp benefit can be paid to recipients for up to five months after they leave cash aid. Because this provision allows the state to determine the Transitional Food Stamp benefit based only on a recipient's income in the last month he or she received cash aid (rather than assessing income on a monthly basis), California would likely see a decline in both its administrative costs and error rates.

Better Coordination Between the Food Stamp and Medi-Cal Programs

Our analyses have considered the Food Stamp and Medi-Cal programs together. At the office level, both programs are run by county welfare departments. However, at the state level, the two programs are run by two different departments, and county staff report that the two programs have very different rules and procedures. As a consequence of the rule differences, the two programs are often run by separate caseworkers—even for the same recipient. Moreover, the limited coordination that has developed between them primarily benefits Medi-Cal. Among the possible areas for improved coordination are various program rules and definitions, and how recipients are informed about annual recertification periods, transitional Medi-Cal and Food Stamp benefits, and the termination of cash aid and the possible continuation of Medi-Cal and Food Stamps. Such coordination between Food Stamps and Medi-Cal would reduce both program complexity and the burden on recipients. At the same time, such coordination emphasizes the need for more compatible and flexible computer systems.

Tradeoffs in a Changing Policy Context

WPRP's take-up rates study was conceived in a period of relatively generous funding, when it was possible to consider expanding benefits. At this writing, we are in a period of tight budgets and shrinking funding. Rather than expanding benefits, California officials are focused on minimizing state costs. As state officials review Food Stamp and Medi-Cal policies with an eye toward economizing, they should bear in mind three things.

First, when they change program operations, it is important that policymakers take into account all of the steps necessary for implementing those changes, particularly the time necessary to update relevant computer systems. Re-programming costs money, but trying to implement new program requirements before computer systems have been successfully re-programmed results in inefficiencies and errors that prove even more costly over time.

Second, in the Food Stamp program, state costs are only a fraction of total program expenditures. The state pays only 50 percent of the administrative costs, while the federal government pays the other half of administrative costs and 100 percent of all benefits. In the Medi-Cal program, the federal government matches California's expenditures at the rate of 50 percent. As a consequence, there is a multiplier effect, such that additional state expenditures bring more federal dollars to the state. Thus, relatively modest state expenditures can yield far greater total benefits for the poor. Any state policies that leverage additional federal subsidies are worthy of serious consideration.

Third, many of the recent welfare reforms intended to remove barriers to eligible recipients' enrollment and re-enrollment in Medi-Cal and Food Stamps. The objective is to ensure that needy households – especially those who have left CalWORKs for low-wage jobs – receive the assistance for which they are eligible. Given this goal, California policymakers should consider whether new administrative requirements help identify those in need or whether they might deter the neediest from seeking benefits for which they are eligible. While it is true that enrolling more eligible recipients in benefit programs costs money, it is also true that failing to provide nutritional and medical assistance carries costs, although these costs are far harder to quantify.

CONCLUSIONS

In our review of the administrative procedures for informing, enrolling, and re-enrolling CalWORKs leavers in California's Food Stamp and Medi-Cal programs, we identified four areas that policymakers should review for their potential to improve program implementation and administration: (1) the speed with which program changes are implemented, (2) overly complicated program rules, (3) federal options that permit states to expand Food Stamp benefits and reduce the administrative burden on recipients, and (4) better program integration.

Implementing some of the recommendations we make involve cost trade-offs. However, three common sense proposals deserve serious consideration: First, policymakers should strive to implement new program requirements *after* relevant computer systems have been properly updated. Second, state policymakers should consider investing additional state dollars that can leverage significant additional federal spending for California's poor. Finally, before they impose new administrative requirements, policymakers should carefully assess whether they are imposing undue burdens on the very households they are intending to assist.