

City and County of San Francisco



London Breed, Mayor

Human Services Agency

Department of Human Services
Department of Aging and Adult Services
Office of Early Care and Education

Trent Rhorer, Executive Director

April 2, 2019

Certification Policy Branch
SNAP Program Development Division
Food and Nutrition Service, USDA
3101 Park Center Drive
Alexandria, Virginia 22302

RE: Proposed Rule: Supplemental Nutrition Assistance Program (SNAP): Requirements for Able-Bodied Adults without Dependents RIN 0584-AE57

Dear Certification Policy Branch:

The City and County of San Francisco's Human Services Agency (SFHSA) takes this the opportunity to comment in opposition to USDA's Proposed Rulemaking on SNAP requirements and services for Able-Bodied Adults Without Dependents (ABAWDs). The proposed changes would cause serious harm to indigent adults, our community and the nation.

SFHSA is the state-mandated county public social services agency and serves as the central resource for child welfare and public assistance for low-income families, children, single adults, older people, and adults with disabilities in the City

SNAP Matters

SNAP plays a critical role in addressing hunger and food insecurity in our community. It is the first line of defense against hunger for low-income residents.

SNAP, called CalFresh in California, drives over \$11 billion in total economic activity annually in California; the proposed rule would harm our local economies, retailers and agricultural producers by reducing the amount of SNAP dollars people have to spend on food.

SNAP is a particularly effective policy instrument for helping low-income residents make ends meet in high-cost areas like San Francisco. Currently, 50,000 San Francisco residents receive monthly SNAP/CalFresh food and nutrition benefits.

Economic Impact

The USDA estimates that SNAP food and nutrition benefits have GDP and local employment multiplier effects: \$1.79 in GDP growth for every \$1 in food benefit.¹ Those dollars help many food retailers operating on thin margins to remain in business; something that improves food access for all residents. The economic impact of such a drastic change in ABAWD rules has an enormous economic impact not only on California as a state, but on several local California communities and counties as well. In San Francisco, if the estimated 1,500 directly impacted ABAWDs were to lose their SNAP/CalFresh benefit, the local economic impact would be **6.25 million dollars annually**.

In addition to local grocery stores, SNAP benefits can be used at many local farmers' markets, where San Franciscans redeem over \$500,000 in SNAP benefits each year. Philanthropic dollars provide matching funds for fresh, local fruits and vegetables purchased at farmers' markets citywide, stretching SNAP/CalFresh dollars even further in San Francisco.

Finally, SNAP/CalFresh has important health and health-related economic impacts. Creating and maintaining access to SNAP is a critical part of San Francisco's strategy to manage health care costs: among low-income adults, participation in SNAP is associated with a 25 percent reduction in incurred health care costs.²

Area Waivers and Individual Exemptions Provide Ways to Modestly Ameliorate the Harsh Impact of Arbitrary Time Limits

Federal law limits SNAP eligibility for childless unemployed and underemployed adults age 18-50 (except for those who are exempt) to just three months out of every three years unless they are able to obtain and maintain an average of 20 hours a week of employment. This rule is harsh and unfair. It harms vulnerable people by denying them food benefits at a time when they most need it and it does not result in increased employment and earnings. By time-limiting food assistance to this group, federal law has shifted the burden of providing food to these unemployed individuals from SNAP to states, cities, and local charities.

¹ Economic multipliers are estimated by the USDA's Food and Nutrition Service: [Hanson, Kenneth. *The Food Assistance National Input-output Multiplier \(FANIOM\) Model and Stimulus Effects of SNAP*. U.S. Dept. of Agriculture, Economic Research Service, 2010.](#)

² <https://www.cbpp.org/research/food-assistance/snap-is-linked-with-improved-nutritional-outcomes-and-lower-health-care>

Under the law, states have some flexibility to ameliorate the impact of the cutoff. They can request a waiver of the time limit for areas within the state that have 10 percent or higher unemployment rates or, based on other economic indicators, have “insufficient jobs.” Moreover, states have discretion to exempt individuals from the time limit by utilizing a pool of exemptions (referred to as “15 percent exemptions”). While the 2018 Farm Bill modified the number of exemptions that states can receive each year from 15 percent to 12 percent, it did not change their ability to carry unused exemptions forward.

The proposed rule rejects the approach taken up by the 2018 bi-partisan farm bill, which fought to protect SNAP benefits, maintain current area waivers and provide ongoing investments to support job opportunity through employment and training efforts.

Uneven Economic Opportunity

San Francisco is one of just three counties in California where the area waiver has expired due to its low unemployment rate. However, the “rising tide” of economic growth in San Francisco has not lifted all boats: San Francisco has the most income inequality of any county in California.³ While the number of very high-earning households in the City has ballooned, the number of households earning below \$25,000 per year (in 2010-adjusted dollars) is essentially unchanged. One in four residents lives with an income below 200% of the federal poverty guidelines, and among low-income residents, half report food insecurity.⁴

The wealth within our region is not spread equally across race, ethnicity or neighborhoods. While San Francisco County is in the 90th percentile among all counties nationwide in terms of employment rates, we have one of the country’s highest unemployment rates among African Americans. Only 53 percent of working-age Black San Franciscans are employed, compared to 79 percent of all adults. In terms of Black employment, San Francisco ranks among the lowest of all large metropolitan areas.

Similarly, some geographic pockets of the city have not benefitted from the economic growth. Three zip codes within the County meet the FNS standard for a geographic waiver—their unemployment rate is at least 20% higher than the national 24-month average unemployment rate. Previously, counties were allowed to receive sub-county level ABAWD work exemptions to address inequitable job growth and unemployment within a county. Discretionary exemptions allow San Francisco to address structural

³ As measured by the ratio between household incomes at the 95th percentile and 20th percentile in 2014 1-Year ACS (IPUMS); Brookings Institution, 2014

⁴ <https://www.sfdph.org/dph/files/mtgsGrps/FoodSecTaskFrc/docs/FSTF-2018-Assessment-Of-FoodSecurity.pdf>

racial, ethnic, and/or geographic inequities. Without that flexibility, certain populations and neighborhoods who aren't benefitting from our growth economy may lose a critical food and nutrition support.

Even if an individual SNAP recipient is able to find work, he or she may not meet the 20 hours per week requirement through no fault of their own. According to one study, 43 percent of part-time workers wished they had more hours and this involuntary part-time work has only grown over the course of the economic downturn, more than doubling between 2007 and 2012.⁵ Moreover, if the SNAP recipient does not meet the 80 hours required in a given month, the entire month is counted against their three year window. Those inflexible rules work against ABAWDs who are trying to re-enter the labor force and remain there while receiving a modicum of food assistance.

Low-income, unemployed, and under-employed San Francisco residents struggle to make ends meet in high cost San Francisco. Defraying food costs enables these residents to stretch limited budgets to help cover housing costs. One illness or emergency could lead to inability to pay rent and eventual eviction. The City maintains over 7,500 units of supportive housing, the most per capita in the United States, to help people at acute risk of homelessness stay safe, supported, and housed.⁶ We view SNAP as an efficient and effective investment in low-income residents' stability and well-being.

Making SNAP Access Easier, Rather than Harder

First and foremost, SNAP's mission is to reduce food insecurity. Our staff are committed to moving our ABAWD-designated clients into gainful employment and economic self-sufficiency whenever possible. However, until such time and often afterwards, programs such as SNAP are critical to ensuring that these individuals do not go hungry.

Over the past several years, San Francisco has been trying to ensure that everyone who is eligible for SNAP and needs the food and nutrition benefit can access it. Prior to the expiration of the ABAWD waiver, San Francisco's area waiver was a crucial tool for increasing access to SNAP/CalFresh for eligible low-income single adults. San Francisco, and California generally, have historically had low program access as measured by the FNS' Program Access Index (PAI) and the California Department of Social Services' Program Reach Index (PRI). San Francisco has made significant strides in improving

⁵ Rebecca Glauber, "Wanting More Working Getting Less: Involuntary Part-Time Employment and Economic Vulnerability," (July 2013) <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1198&context=carsey>

⁶ <https://sfmayor.org/article/mayor-london-breed-announces-opening-new-permanent-supportive-housing>

access. Key to this success, however, were process and policy improvements to make program access and maintenance as streamlined as possible.

Prospective clients have responded to messages highlighting “ease of access;” further, San Francisco was able to integrate SNAP/CalFresh applications into other programs for low-income residents, such as Medi-Cal, WIC, SSI, IHSS, child care, and general assistance. The waiver of a local work requirement substantially simplifies clients’ decisions about whether to apply, and allowed us to reach around 65 percent of eligible San Francisco residents by the end of the waiver period in 2017.

A very small percentage of ABAWDs—just 4% - in San Francisco make use of a discretionary/individual exemptions. All ABAWDS in San Francisco receive individualized outreach whereby HSA staff screen for exemptions and provide education about work and job training opportunities. Despite offering robust workforce supports, not all clients can take advantage of them; others can benefit from our workforce development services but cannot find opportunities with sufficient hours to meet the work requirement, given their educational or skill-background. Without the existing flexibility in policies around allocation and banking of discretionary exemptions, San Francisco would need to terminate CalFresh for many of these clients. Discretionary exemptions allow us to support a continuing connection to the social safety net for populations and geographic areas that are increasingly being left behind.

Administrative Burden for County Staff and Clients

Some SNAP ABAWD recipients who are complying with the work rules may end up being discontinued from the benefit because they did not provide the proper paper work to prove they are either working or exempt from the requirement. For example, in states that have implemented work requirements for Medicaid, many Medicaid adults may face barriers in complying with the reporting requirements, which are necessary to maintain coverage under work requirement waivers. A study of Medicaid Work Requirements in Arkansas revealed that nearly 11,000 (10,854) Arkansas Works enrollees had their cases closed for reasons other than failure to meet the work requirements.⁷ The study explains:

“Nearly half (49%) of total case closures were due to problems with communication; e.g. some individuals (especially college students or individuals who move in and out of homelessness) did not receive notices due to address changes; some enrollees were not receiving notices at their

⁷ <https://www.kff.org/medicaid/issue-brief/medicaid-work-requirements-in-arkansas-experience-and-perspectives-of-enrollees/> “Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees”, MaryBeth Musumeci, Robin Rudowitz, and Barbara Lyons. Published by Kaiser Family Foundation, Dec 18, 2018

correct address, despite having reported an address change to the state. Focus group participants also described confusion when monthly reporting for the work requirement coincided with the need to separately provide similar information to the state for their annual eligibility renewal. Other research shows that any additional administrative burdens on eligibility and enrollment processes result in loss of coverage among those who remain eligible.”⁸

Eliminating statewide waivers would also result in a significant administrative burden in California which will not help save or reduce costs. San Francisco was one of the first three California counties to face expiration of the ABAWD waiver since the Great Recession. Implementing this policy change required significant planning and development, spanning: policy and business process, training, communications and marketing, information technology, and workforce development investments and programming. Below is a summary of the administrative effort involved in implementing the ABAWD work requirement:

- San Francisco spent almost two years prior to the date of the waiver’s expiration actively preparing for implementation. To test the new, complex processes, San Francisco launched a pilot-scale implementation of certain aspects of its current business process six months prior to the waiver’s expiration. This pilot involved field-testing exhaustive screenings for ABAWD exemptions and offering referrals and other supports to help clients engage in work activities. It was critical for evaluating newly developed technology and understanding training needs; it surfaced several ways in which existing training and data systems were incompatible with the requirements of ABAWD rules and required revision.
- San Francisco also operates a local general assistance program with a distinct set of work requirements, which were previously structured differently than those required under the ABAWD rules. San Francisco restructured the local program to align work requirements to ABAWD rules. This process made compliance much simpler for clients who were subject to work requirements in two programs, and improved the efficiency of internal processes for tracking compliance.

⁸ Ibid

- Fear and confusion about the ABAWD rule are widespread, and its complexity makes communication with clients and community partners extremely challenging. San Francisco, in preparation for the expiration of the local ABAWD waiver, initiated intensive and multi-pronged communications: regular meetings with community partners, including workforce development partners, healthcare providers, and application assistance partners; traditional and social media campaigns; and a public forum.
- Furthermore, clients have little chance of understanding the significance of ABAWD rules due to their technical complexity. In its efforts to engage clients in documenting ABAWD exemptions or in meeting work requirements, San Francisco entirely overhauled notices and informational materials for clients. The county engaged user experience experts and undertook user testing in hopes of addressing this challenge. San Francisco's experience confirms the lessons of academic research: that supporting behavior change requires communication that is simple, definitive, and individualized.
- San Francisco invests heavily in work, education, and training programs for clients of public benefits programs such as SNAP, and its programming is widely considered best-in-class nationwide. However, the success of these programs depends on clients' readiness and preparedness. San Francisco overhauled the orientation and enrollment process for SNAP/CalFresh clients affected by ABAWD rules, in order to reduce barriers as much as possible and promote effective transitions into work or training.
- The County also learned that county eligibility staff required intensive training in making appropriate referrals. Two rounds of training were required immediately prior implementation, and more training is planned. San Francisco is also developing more tools for monitoring referrals and has directed supervisory staff to focus on cultivating the skills and behaviors that make for effective referrals.
- Even after intensive efforts to communicate clearly, and well in advance, to clients affected by the ABAWD rule, additional staff training and capacity is needed to manage and re-direct distress, anger, and confusion among clients who are cut off from benefits for the long-term.

- Staff are devoted to tracking and outreach to encourage timely compliance. However, tracking compliance with the ABAWD work requirement is incredibly challenging. HSA must track on a monthly basis, and due to the fluid and ongoing nature of program compliance, frequently struggles to gather and act on accurate information in a timely manner. Without 15% exemptions and area waivers, county-caused errors and timeliness issues in tracking compliance would have high-stakes consequences, potentially leading to discontinuance and placing further burden on the client to identify and resolve these issues.
- If a client who has been cut off has a change of circumstances or readiness and wants to re-enroll in CalFresh (and accordingly, comply with work rules), there is significant administrative burden as well as local costs. SNAP E&T does not provide funding for work activities this person can use to “regain eligibility,” and therefore we have to leverage local general funds. The timeline and rules for “regaining eligibility” are much less flexible than rules for ongoing compliance so admin burden is higher.

In fact, implementing the ABAWD work requirement has been so administratively burdensome and complex in San Francisco that it required developing a new, specialized eligibility unit dedicated to tracking work activities and making determinations related to countable months, exemptions, and “good cause.”

Proposed Rule Undermining Law’s Safety Valves Should Be Rejected

The San Francisco Human Services Agency strongly oppose the proposed rule that would expose even more people to the arbitrary food cutoff policy by limiting state flexibility regarding area waivers and individual exemptions. By the Administration’s own calculations, the proposed rule would take food away from 755,000 low-income Americans, cutting food benefits by \$15 billion over ten years. The Administration does not estimate any improvements in health or employment among the affected population.

The proposed rule would make it harder for areas with elevated unemployment rates to qualify for waivers of the time limit by adding a 7 percent unemployment rate floor as a condition. This would have a negative impact in our state. As mentioned, San Francisco’s overall employment rate is below seven percent, but this statistics masks serious inequities. Very low-income and deeply vulnerable populations

contend with long-term disconnection from work or school. When those individuals are subject to the ABAWD rules, meeting the mandate to participate in work or training is no easy task.

San Francisco operates robust job readiness and training programs featuring opportunities for clients at all skill levels. But attrition is high for particularly vulnerable populations: less than 40 percent of clients referred for workforce services by SNAP staff show up on the first day. Barriers to job training for those residents who do not work may include: disability or injury/illness, soft-skill gaps, transportation, child care and other care needs for family and friends. These barriers are surmountable, but addressing them requires thoughtful and intensive supportive services, rather than arbitrary penalties.

San Francisco deliberately couples job training with access to supportive services like SNAP and Medicaid. But barriers to workforce participation are systemic and deep-rooted. Despite extensive financial commitment and careful attention to best practices, successful and sustained connection to high-quality jobs is far from guaranteed and often comes only after periods of trial and error. A key lesson from San Francisco's job training program is that second chances pay off, and that patience and perseverance are instrumental. Flexibility in applying ABAWD rules allows us to ensure that training and work opportunities will be available whenever clients are ready to make use of them.

The proposed rule would make it harder for states to obtain and implement area waivers by dropping statewide waivers except when a state triggers extended benefits under Unemployment Insurance. It would unduly limit the economic factors considered in assessing an area's eligibility for a waiver (e.g., by no longer allowing employment to population ratios that demonstrate economic weakness to qualify areas for waivers). It would undermine efficient state implementation of area waivers by limiting their duration to 12 months and delaying their start dates until after USDA processes the request. In addition, the proposed rule would remove states' ability to use exemptions accumulated prior to the rule's implementation as well limit the time states' have to use exemptions they receive in the future.

California has structured the use of exemptions such that exemptions can be used to encourage individuals to engage in employment and training activities. For example, exemptions could be used for individuals living in rural areas who may require additional time to engage in job search activities, or for those individuals who are engaged in employment and training but may happen to not meet hours during a given month, for example if an individual falls ill for a day and therefore falls short of meeting the hourly requirement in the month. Reducing or eliminating use of any of these exemptions further hurts the economy as they are meant to assist individuals who are complying or attempting to comply with program requirements.

SNAP is associated with decreased health care costs

Research demonstrates that SNAP reduces health care utilization and costs.^{9, 10, 11} For example, a national study revealed that SNAP participation was associated with lower health care costs¹². On average, low-income adults participating in SNAP incurred nearly 25 percent less in health care costs in 12 months, including those paid by private or public insurance, than low-income adults not participating in SNAP.

The Department provides little analysis to explain its conclusions about the impacts the changes would have on individuals and population groups nor of realistic plans to avert harm from those changes. USDA merely asserts its expectation that *two-thirds* of those individuals made newly subject to the time limit “would not meet the requirements for failure to engage meaningfully in work or work training.” Moreover, while the Department concedes that the proposed changes “have the potential for disparately impacting certain protected groups due to factors affecting rates of employment of these groups, [it] find[s] that implementation of mitigation strategies and monitoring by the Civil Rights Division of FNS will lessen these impacts.” But no explanation of the mitigation strategies and monitoring is provided, so there is no opportunity for us to comment on whether the acknowledged disparate impact will in fact be mitigated.

The Administration proposed rule seeks to end run Congress, which just concluded a review and reauthorization of SNAP in the 2018 Farm Bill and did not make the changes proposed. The rules governing areas’ eligibility for waivers and individual exemptions have been in place for nearly 20 years. In that time, the waiver rules have proven to be reasonable, transparent, and manageable for states to operationalize.

⁹ Gregory, C. A., & Deb, P. (2015). Does SNAP improve your health? *Food Policy*, 50, 11-19.

¹⁰ Berkowitz, S. A., Seligman, H. K., Rigdon, J., Meigs, J. B., & Basu, S. (2017). Supplemental Nutrition Assistance Program (SNAP) participation and health care expenditures among low-income adults. *JAMA Internal Medicine*, 177(11), 1642-1649

¹¹ Seligman, H. K., Bolger, A. F., Guzman, D., Lopez, A., & Bibbins-Domingo, K. (2014). Exhaustion of food budgets at month’s end and hospital admissions for hyperglycemia. *Health Affairs*, 33(1), 116-123.

¹² Berkowitz, S. A., Seligman, H. K., Rigdon, J., Meigs, J. B., & Basu, S. (2017). Supplemental Nutrition Assistance Program (SNAP) participation and health care expenditures among low-income adults. *JAMA Internal Medicine*, 177(11), 1642-1649

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For all of these stated reasons, the City and County of San Francisco's Human Services Agency strongly oppose the proposed rule that would expose even more people to the arbitrary SNAP food cutoff policy and harm our community.

Sincerely,

Trent Rhorer
Executive Director
San Francisco Human Services Agency
City and County of San Francisco

Sincerely,

A handwritten signature in black ink, appearing to read "Trent L. Rhorer", with a long horizontal flourish extending to the right.

Trent Rhorer
Executive Director
San Francisco Human Services Agency
City and County of San Francisco