

California Fruit & Vegetable EBT Pilot: Double the 'Fresh' in CalFresh



Frequently Asked Questions

1. What is the goal of the California Fruit & Vegetable EBT Pilot?

The goal of the California Fruit & Vegetable EBT Pilot is to create an cost-effective and efficient pathway to increase low-income Californians' access to the fruits and vegetables grown right here in California, by California farmers. The California Fruit & Vegetable EBT Pilot envisions a state system that can address the stark health inequities in California. A state support system is critical for equity goals, given that the regions of California that are most impacted by poverty and hunger often lack local health promotion initiatives or philanthropic support.

Despite being the wealthiest state in the wealthiest nation in the world, California has the highest rate of poverty, with close to 1 in 5 Californians living in poverty, according to the US Census Supplemental Poverty Measure.¹ Furthermore, while California grows over 200 different crops, and produces more fruits and vegetables than any other state, we also have a very high rate of food insecurity, with over 40% of low-income households not able to consistently afford enough food to eat.² The California Fruit & Vegetable EBT Pilot would link our state's agricultural abundance to low-income Californians' needs for healthy and affordable food.

2. What would the California Fruit & Vegetable EBT Pilot Budget Request accomplish?

The California Fruit & Vegetable EBT Pilot would make it easier for low-income Californians on CalFresh to buy California-grown fruits and vegetables that are often economically out-of-reach. In order to provide better access to the fruits and vegetables grown in our state, and reach CalFresh customers where they shop, the California Fruit & Vegetable EBT Pilot takes steps to integrate California fruit and vegetable benefits into CalFresh EBT, which is widely accepted by farmers' markets and food retailers in every corner of the state. This presents a cost-effective pathway that builds upon local program successes and our existing state systems. We can advance our ability to fight hunger and poverty, improve health, and support California agriculture.

[CalFresh](#) is the state's largest nutrition assistance program; it helps over 4 million people put food on the table.³ Despite the reach of CalFresh, the federal benefit levels limit ability to purchase healthy foods.

¹ US Census Supplemental Poverty Measure: 2016, Updated Sept 2017. Available at: <https://www.census.gov/content/dam/Census/library/publications/2017/demo/p60-261.pdf>

² California Health Information Survey (CHIS): 2016. Available at: <http://healthpolicy.ucla.edu/chis/Pages/default.aspx>

³ For more information about CalFresh, visit CFPA's CalFresh webpage at <https://cfpa.net/calfresh>

Programs that provide a dollar-for-dollar match to support the purchase of fresh fruits and vegetables help CalFresh shoppers afford nutritious food.

The California Fruit & Vegetable EBT Pilot seeks to make those programs more effective and efficient at connecting CalFresh households with affordable, California-grown foods by enabling the CalFresh EBT system to integrate supplemental nutrition benefits that incentivize California-grown produce purchases, making them more affordable. The California Fruit & Vegetable EBT Pilot would test the new EBT mechanism by piloting community-based initiatives that provide matching, supplemental benefits upon the purchase of eligible California-grown produce via EBT at grocery stores and farmers' markets.

3. What are "supplemental benefit" programs? How do they work?

The California Fruit & Vegetable EBT Pilot would enable supplemental benefits to be added to core CalFresh benefits to increase household purchasing power for healthy, California-grown fruits and vegetables. These supplemental benefits would not replace or modify existing CalFresh benefits. Numerous studies show that the federal CalFresh benefit amount, based on the federal "Thrifty Food Plan," is inadequate to support the purchase of nutritious foods that are needed for a healthy diet, particularly fruits and vegetables.^{4, 5, 6} Over the past decade, initiatives to provide supplemental benefits (often termed "nutrition incentives") to SNAP (CalFresh) recipients in California and other states have shown that when low-income families have more money for fruits and vegetables, they buy and eat more fruits and vegetables. These programs lower food insecurity and improve health.

Typically, these programs work by matching nutrition benefits like CalFresh (SNAP) spent with federal, state or private dollars to provide a "bonus" supplemental benefit for CalFresh shoppers to spend on fresh fruits and vegetables. This is a 'win-win' for CalFresh customers and markets. Customers' budgets go further to put healthy food on the table, and retailers see an increase in sales and new customers.

4. Is there experience in California or other states with EBT supplemental nutrition benefits?

Yes! In 2006, CFPA sponsored [AB 2384](#),⁷ which established the "Healthy Purchase Pilot Program" in California to offer grocers in low-income areas incentives and technical assistance to increase retail space for fresh produce, though the legislation was contingent upon federal funding to support its implementation. USDA ultimately awarded the pilot program to Massachusetts, which subsequently launched their Healthy Incentive Pilot (HIP). Massachusetts HIP is now a statewide program that has matched SNAP purchases of local fruits and vegetables at farmers markets, corner stores, convenience

⁴ Long-Term Benefits of the Supplemental Nutrition Assistance Program, White House Council of Economic Advisors, December 2015, available at https://obamawhitehouse.archives.gov/sites/obamawhitehouse.archives.gov/files/documents/SNAP_report_final_nonembar.go.pdf

⁵ Seligman, Bolger, et al, Exhaustion of Food Budgets at Month's End and Hospital Admissions for Hypoglycemia, Journal of Health Affairs, Vol 33, No. 1, available at <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2013.0096>

⁶ Mulik, Kranti and Haynes-Maslow, Lindsey, The Affordability of MyPlate: An Analysis of SNAP Benefits and the Actual Cost of Eating According to the Dietary Guidelines, Journal of Nutrition Education and Behavior, Volume 9, Issue 8, September 2017

⁷ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200520060AB2384

stores, grocery stores and supermarkets.⁸ Under the HIP program, SNAP households earn a dollar-for-dollar match on eligible purchases, up to a monthly limit based on household size. The HIP benefit is immediately added to SNAP households' EBT cards after each purchase and can be spent on any SNAP-allowable items. Customers must spend SNAP dollars on fruits and vegetables to earn HIP incentives.

In California, several local programs provide supplemental benefits to CalFresh shoppers at farmers' markets, grocery stores, and corner stores, including *Market Match*, *Double Up Food Bucks* and *Mas Fresco*. However, none of these utilize the EBT system, making it difficult to scale the program up to reach CalFresh households regardless of where they live in the state and where they shop for food. As such, there are very few of these programs operating in the Central Valley, Sierra Foothills, or Far North of California, where local philanthropic support can be hard to come by for local programs. The California Fruit & Vegetable EBT Pilot would allow us to refine a system that could allow for expansion to more CalFresh authorized retailers statewide— as long as they offer a variety of California-grown produce.

California has also provided supplemental nutrition benefits through CalFresh EBT for other reasons. For example, in 2012 state legislation established a \$10 supplemental food benefit for some working families (WINS, the Work Incentive Nutrition Supplement). The 2017-18 State Budget bill established a supplemental food benefit pilot for CalFresh households in some communities without safe water.

5. What kind of EBT upgrade would be required to support this pilot? Does it require a change to the SAWS eligibility systems?

The California Fruit & Vegetable EBT Pilot would make one-time modifications to three different system components within the EBT ecosystem. These three system components are: 1) the EBT system; 2) Retailer point-of-sale systems; and 3) State backend systems receiving information from the EBT System. The California Fruit & Vegetable Pilot **does not include the State eligibility systems** (SAWS).

California has contracted with Fidelity National Information Services (FIS) for SNAP EBT services. FIS would need to modify some system programming to support the California Fruit & Vegetable Pilot. The modifications and transaction flows that would support the Pilot are largely based upon the EBT program specifications from Massachusetts HIP, with one key exception. Massachusetts HIP pilot phase selected eligible and ineligible households in order for USDA to conduct a thorough controlled evaluation. Today, we have years of evaluations of Mass HIP and other incentive programs have proven the effectiveness of fruit & vegetable financial incentives. As such, the California Fruit & Vegetable EBT Pilot would not select eligible households or rely on eligibility determinations— any CalFresh household shopping at a participating pilot retailer could receive the California Fruit & Vegetable EBT incentive benefit.

⁸ <http://www.mass.gov/eohhs/docs/dta/hip/dta-hip-retailer-food-list-e-s2.pdf>

6. Why focus on California-grown fruits and vegetables?

The California Fruit & Vegetable EBT Pilot seeks to link low-income residents with the tremendous variety of fruits and vegetables grown in our state. In most places, a program like this would be limited by short agricultural seasons and limited variety. However, California is uniquely fortunate to have a year-round growing season with hundreds of fruit and vegetable crops, including avocados, grapes, citrus, melons, peaches, plums, berries, oranges, lettuce, tomatoes, broccoli, carrots, asparagus, cauliflower, celery, garlic, mushrooms, onions, and peppers... just to name a few!

The California Fruit & Vegetable EBT Pilot presents a way to provide critical nutrition assistance to low-income Californians in way that improves health, and has a positive impact on California's economy.

7. How will retailers identify California-grown produce? How would the EBT system know if purchases are "California-grown" and eligible for a matching bonus?

The California Fruit & Vegetable EBT Pilot would allow the state's EBT system to provide matching funds tied to the purchase of eligible, California-grown fruits and vegetables. Participating retailers would utilize a 'flag' in their point-of-sale systems to identify eligible California-grown products, similar to what is already used to differentiate product categories. Fresh produce is the one category of food that is always entered manually into the store POS system as shipments arrive fresh. Retailers would flag their in-stock California-grown produce as an incentive eligible food in the store POS system, and it would be flagged at the time of purchase at the register. The state EBT system would recognize that purchase as an "eligible CA-Grown purchase" to be matched with bonus CalFresh dollars. At certified farmers' markets, any fruit and vegetable purchase from a California grower would be considered eligible for the California Fruit & Vegetable EBT incentive. The supplemental bonus CalFresh benefits would be available to the CalFresh shopper immediately, or could be saved for future use.

Federally, the Food Nutrition and Incentive (FINI) program,⁹ funded and operated by the USDA National Institute of Food and Agriculture (NIFA), supports projects to increase the purchase of fruits and vegetables among low-income consumers participating in SNAP by providing incentives at the point of purchase. Several current supplemental benefit programs in California are partially or wholly funded through FINI, including the California Nutrition Incentive Program, housed in the California Department of Food and Agriculture Office of Farm to Fork. FINI projects across the country and in California have been successful at increasing CalFresh (SNAP) shoppers' purchase and consumption of fruits and vegetables, but the program's funding will expire with the current farm bill in September 2018, and will need to be reauthorized and funded again in the next farm bill in order to continue.

8. How would supplemental benefits be accrued and spent by CalFresh households?

The California Fruit & Vegetable EBT Pilot projects, like most existing programs operating in California, would provide a dollar-for-dollar match ratio for the purchase of California-grown produce. Pilots would

⁹ <https://nifa.usda.gov/program/food-insecurity-nutrition-incentive-fini-grant-program>

provide matching state dollars for CalFresh purchases of California-grown fruits and vegetables at participating retail locations (grocery retail and farm-direct). Pilot participant organizations would apply to be part of the pilot through a grant application process.

The intent of the California Fruit & Vegetable EBT Pilot is for CalFresh households to earn a dollar-for-dollar match for “eligible purchases” of California-grown fruits and vegetables. The supplemental matching benefit would be immediately added to CalFresh households’ EBT cards at the time of the eligible purchase. CalFresh dollars would have to be spent on California fruits and vegetables to trigger the supplemental matching benefit.

The supplemental benefits on the customer’s EBT card could be spent on-site during that transaction, or later at any CalFresh-authorized retailer for any allowable food purchase¹⁰—such as bread, milk, or produce grown outside of California, like bananas. This makes healthy California produce more affordable, while also recognizing that households shop for a “market basket” of groceries to meet their needs for a complete, balanced diet. Since the supplemental benefits don’t expire, it also provides extra security at the end of the month, when households’ CalFresh benefits often run out.

9. How does the California Fruit & Vegetable EBT Pilot impact existing local programs that provide nutrition incentives or “bonus” benefits?

The California Fruit & Vegetable EBT Pilot would not impact existing local programs, unless they choose to apply to participate in a pilot project to test this new system functionality. Funding to modify the EBT system and conduct and evaluate the pilots would be provided through a one-time state general fund allocation. The California Fruit & Vegetable EBT Pilot does not remove funding from the currently operating programs, or supplant any existing funding that local programs may rely upon.

California Fruit & Vegetable EBT Pilot implementation is contingent upon the appropriation of funds by the State Legislature. The California Fruit & Vegetable EBT Pilot is intended to build upon the knowledge and expertise of existing nutrition incentive programs in local communities across the state, and bring additional resources to expand.

10. Will the California Fruit & Vegetable EBT Pilot work at farmers’ markets or other farm-direct outlets?

Yes! The California Fruit & Vegetable EBT Pilot would require at least one of the pilot projects be conducted at direct-to-consumer outlets like farmers’ markets. Farmers’ markets and retail grocery are built on different business models, and have distinct operational practices. The California Fruit & Vegetable EBT Pilot is intended to support the creation of a state system that works in both settings. Farmers’ market and farm-direct outlets provide critical revenue to small farmers in California. The California Fruit & Vegetable EBT Pilot would continue to support small farmers operating on tight budgets, and who often rely on CalFresh themselves to make ends meet.

¹⁰ <https://www.fns.usda.gov/snap/eligible-food-items>

11. How will retailers and shoppers identify California-grown produce at pilot locations? How will CalFresh shoppers know what purchases are eligible for matching “bonus” benefits?

Several organizations and retailers in California are currently operating projects that provide supplemental benefits upon the purchase of California-grown fruits and vegetables. For example, *Double Up Food Bucks* is operating at multiple stores in Santa Clara County. At participating Double Up Food Bucks stores, retailers install simple in-store signage indicating which produce items are California-grown, and therefore eligible for the supplemental benefits. These retailers have indicated that the small amount of extra work is worth it given the resulting increase in customers and sales. Just like extra resources incentivize CalFresh customers to buy more California-grown fruits and vegetables, the California Fruit & Vegetable EBT Pilot creates a market-based incentive for retailers to source, sell, and label California grown products to all of their customers, not only for CalFresh shoppers.

At farmers' markets, a central point of sale and scrip system allows all eligible food vendors in a multi-vendor farmers' market to sell eligible food products to CalFresh EBT recipients. At farmers' markets that operate a supplemental benefit program, market staff ask customers how much they plan to spend at the market that day, and provide customers with the dollar for dollar bonus in the form of scrip or tokens for the purchase of California-grown produce for sale by farmers at the market.

12. Where would the pilot projects be located in the state? At what types of markets or stores?

The California Fruit & Vegetable EBT Pilot doesn't preselect any specific communities. It would require CDSS to provide grants to pilot the upgraded system at a variety of store types including both grocery stores and direct-to-consumer outlets like farmers' markets. Pilot projects would be awarded through a state-administered grant program to qualifying local non-profits or government agencies (e.g., local health departments) with prior experience operating supplemental benefit programs. The grant application and selection process would prioritize awarding pilots to a diverse set of communities including rural, urban and suburban locations in different regions across the state.

13. How much would California Fruit & Vegetable EBT Pilot cost? How will pilot locations will be approved and funded?

The California Fruit & Vegetable EBT Pilot would be fully funded with a one time \$9 million allocation for multiple pilot sites to test the effectiveness of EBT-integrated California produce incentives. The upgrade to the EBT system is a one-time cost that can be used after pilot funding expires. The Budget Request would support one-time technology upgrades, supplemental incentive funds, and community supports.

Through the California Fruit & Vegetable EBT Pilot, local entities (non-profits or local governments) with experience operating nutrition incentive programs could apply to CDSS to be a pilot location. These pilot grant funds could be available in addition to current funding local entities receive to operate incentive programs through USDA, CDFA, or private programs. The California Fruit & Vegetable EBT Pilot intends to allow local entities to test this new approach in existing locations or by expanding to underserved areas.