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The Honorable Nancy Skinner The Honorable Phil Ting

Chair, Senate Budget Committee Chair, Assembly Budget Committee

California State Senate California State Assembly

Sacramento, CA 95814 Sacramento, CA 95814

The Honorable Caroline Menjivar The Honorable Dr. Joaquin Arambula

Chair, Senate Budget Subcommittee 3 Chair, Assembly Budget Subcommittee 1 California State Senate California State Assembly

Sacramento, CA 95814 Sacramento, CA 95814

**Re: Expanding CalFresh Fruit and Vegetable Supplemental Benefits in 2023-24 Budget**

Dear Budget Leaders:

On behalf of the undersigned organizations, we respectfully request that the 2023-2024 budget include additional funding to substantially expand the CalFresh Fruit and Vegetable Supplemental Benefits program. As more than five million CalFresh participants are facing a hunger cliff – due to both high food inflation and a drop in their benefits because of the end of federal “emergency allotments” – this program is ready to help reduce that hardship and make healthy food more affordable for Californians with low-income. And, because of the initial investment the state put into automating this program beginning in 2018, the program is very efficient – with 95% of future funding going directly to CalFresh recipients’ electronic benefit transfer (EBT) accounts.

This February, the California Department of Social Services went live with the CalFresh Fruit and Vegetable EBT Pilot Program, which provides CalFresh households with up to $60/month in additional food assistance when they buy fresh fruits and vegetables with their EBT cards. This program is integrated into the state’s EBT system and it is now poised to scale at more retail locations and reach many more people quickly.

Research shows that existing, similar programs – including Double Up Food Bucks, Más Fresco, Market Match, and others – reduce hunger, improve health, and increase revenue for agricultural communities.[[1]](#footnote-1) To increase this program’s impact during this time of urgent need, we respectfully request a one-time allocation of $93.75 million to be spent over 2 years.

The funds would be used by the state to:

1. Expand the program to 1-2 large grocery chains with broad geographic reach in California.

We expect this expansion, which would involve major retailers who would expand the pilot from operating in 10 counties to the vast majority of counties in the state, to provide tens of millions of dollars annually to hundreds of thousands of CalFresh participants when they purchase fresh fruits and vegetables. Up to $40 million of the budget funds would be distributed through this retail channel.

1. Expand the program to additional smaller independently owned and operated grocery stores and chains.

The current pilot includes four grocery chains comprising nearly 90 stores. Additional funding would allow more grocery stores and small chains that serve specific neighborhoods or regions of California to participate in the program, broadening the program’s geographic reach. As with the initial pilot, these funds would also support subsidizing technology upgrades so stores of this smaller size can offer supplemental CalFresh benefits while making it easier for other stores/chains using the same cash register systems to do so in the future. Up to $20 million of the budget funds would be distributed through this retail channel.
2. Expand the program to additional farmers’ markets and other farm-direct sites.

Due to their long and successful history of operating such programs, certified California farmers’ markets currently provide more supplemental benefits to CalFresh participants than other retail types and there is room for further expansion. The pilot currently includes 7 farmers’ markets spread across multiple regions of the state. This funding would allow more markets, as well as other farm-direct retailers like farm stands, mobile farmers markets, and Community Supported Agriculture (CSA) programs, to offer supplemental benefits and also provide existing markets with a technology that reduces administrative overhead, making the program more efficient. An expansion would reach thousands of additional CalFresh participants while providing significant benefits to farmers who sell direct-to-consumer, which research has shown has the greatest economic multiplier for rural communities. Up to $30 million of the budget funds would be distributed through this retail channel.
3. Contract with one or more firms to develop at least two technology solutions to make it easier for farmers markets and corner stores to offer supplemental benefits.

Massachusetts, which was the first state to integrate supplemental benefits into their EBT system, has an app for mobile phones and tablets that allows vendors to process EBT supplemental benefit transactions directly, eliminating in most cases the need for using a token or scrip system at farmers’ markets. CalFresh households would be able to access supplemental benefits at more small retailers – whether farmer-vendors or small corner stores – if a similar option was available in California. It would also eliminate the stigma that CalFresh shoppers sometimes still associate with paper scrip or tokens.

Staffing and support costs at the relevant agencies, including grants for groups to provide retailers with technical assistance, are expected to remain below a couple million dollars annually.

Because CalFresh Fruit and Vegetable Supplemental Benefits are distributed through the state’s EBT system, the program has an unmatched economy of scale and administrative efficiency.

**All told, 96% of the funds requested in this proposal will go directly into the pockets of CalFresh participants to buy food. At a time of tight budget constraints, this is an incredibly effective and efficient safety net program.**

It is critical that the 2023-2024 budget include augmentation funding so the state can continue the program’s momentum, avoid creating uncertainty for retail partners, and also avert a potential fiscal cliff for program operations. It is quite possible that the existing funding for this program will be completely spent down before the next budget cycle. Furthermore, we know that many families receiving CalFresh are seeing a drastic reduction in their monthly benefit amount because of the end of emergency allotments. All CalFresh households have seen a drop of at least $95 in their monthly benefits – with many households seeing much greater reductions. Expanding the fruit and vegetable supplemental benefit program is a way, in the short-term, the state can immediately provide up to $60 per month in additional benefits to families struggling to make ends meet. And, in the long-term, this expansion will position the program to become permanently available to CalFresh recipients throughout California.

**We respectfully request a one-time total of $93.75 million in the 2023-24 and 2024-25 budgets to expand the availability of CalFresh Fruit and Vegetable Supplemental Benefits as a timely investment in reducing hunger, improving health, and supporting our agricultural economy.**

If you have any questions please contact Jared Call at Nourish California, jared@nourishca.org, and Eli Zigas at SPUR, ezigas@spur.org.

Sincerely,

Signers [Name and Org]

1. SPUR, *The Case for Expanding Fruit and Vegetable Supplemental Benefits*, 2022: https://www.spur.org/sites/default/files/Policy%20brief%20fruit%20veg%20supplemental%20benefits%202-13-22.pdf [↑](#footnote-ref-1)