



CARE Income Verification: A case study using the CalFresh Confirm Hub

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Presentation to the Low Income Oversight Board
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Agenda

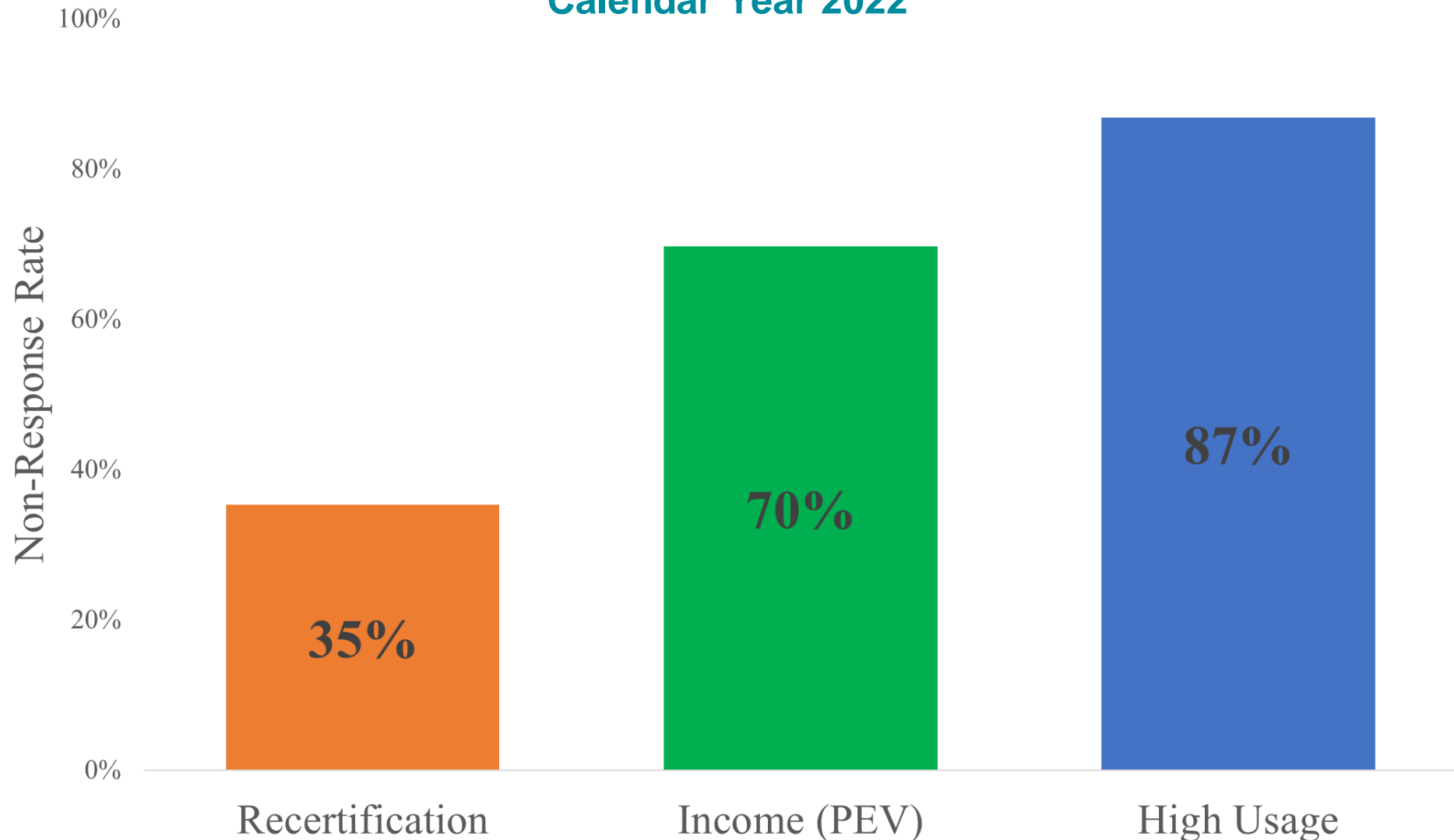
- Background: harm caused by existing verification systems
- Data sharing as a solution to reduce these harms
- Proof of Concept – CalFresh Confirm Hub
- Next Steps and Questions

Warmup Question

- Any income verification system will remove *some* eligible participants. What proportion should the Commission target for these systems? For every 5 ineligible customers removed, how many eligible customer removals are acceptable?

Non-Response Rates Are High

Calendar Year 2022



Source: 2022 CARE/ESA Annual Reports, Tables 3 and 6

Significant Problems

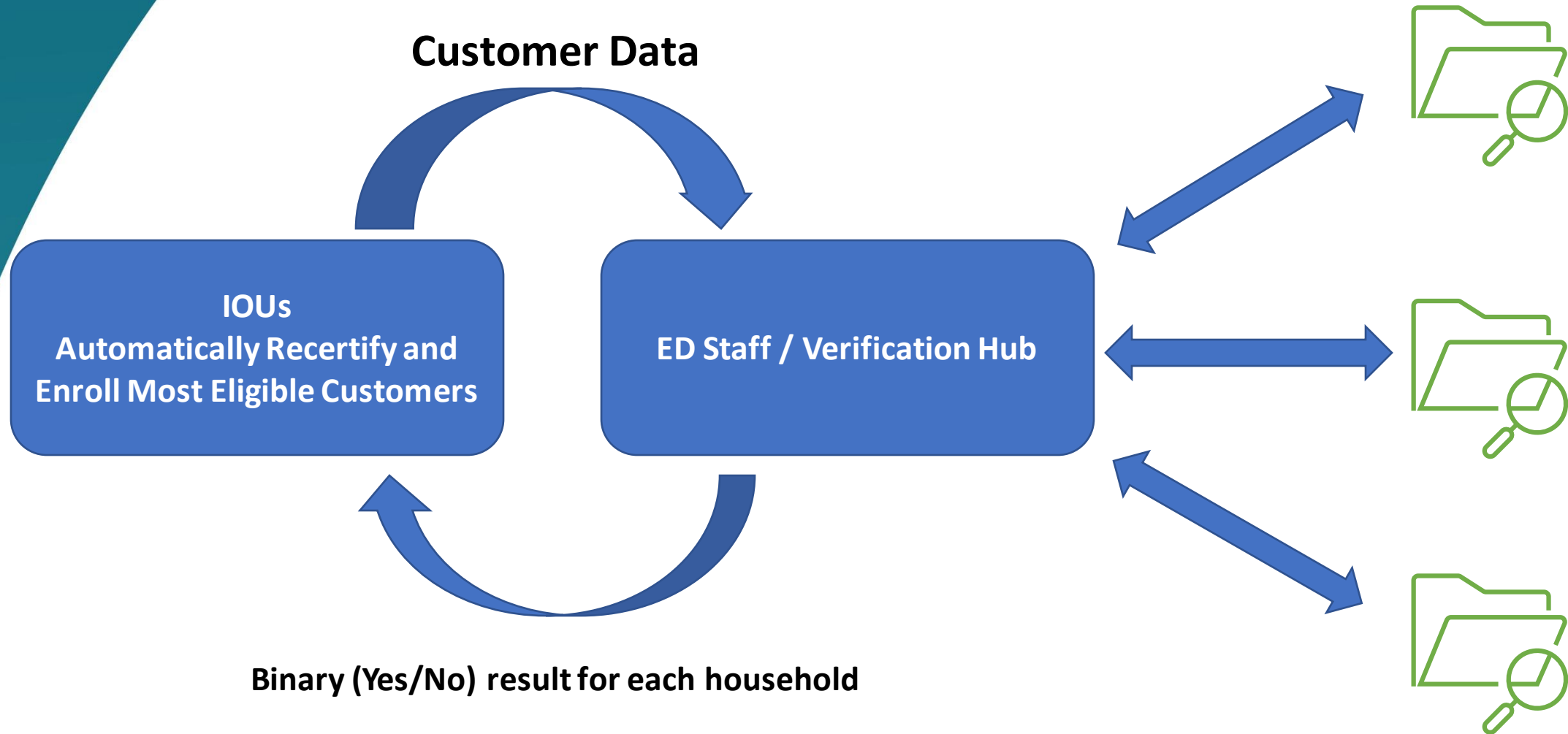
- At least 54% of de-enrolled customers are eligible for CARE (2019 LINA Report)
- Churn: many re-enroll within one year, but miss out on discounts
- Removed customers face arrearages and disconnections at far higher rates than other customers:
 - Arrearages: 3.4x more than non-CARE customers
 - Disconnections: 4.8x more than non-CARE customers
 - Suggests that income verification may be predominantly removing low-income customers

Recent Procedural History

- Cal Advocates filed a petition for modification on April 15, 2022
- PFM denied in Decision 21-06-015, but created working group to consider potential improvements, including data sharing
- Working group identified series of recommendations including:
 - Improved communication to customers
 - Potential improvements to targeting algorithms
 - Continued exploration of data sharing

Proposed Solution

Data Sharing for Automated Income Verification



Additional Benefits of Data Sharing

- Dramatically reduce incorrect removals
- Automatic Enrollment in Low-Income Programs
 - FERA has persistently-low participation
 - Reduce advertising budgets: up to \$15 million per year
- Consumer protections
 - Public Charge Rule: state agencies do not possess a list of participants in low-income discount programs

Proof of Concept

Background on CalFresh Confirm Hub Test

- ED staff conducted an informal test using CalFresh Confirm Hub.
- Took ~30,000 SoCalGas CARE participants who enrolled by stating that they are enrolled in CalFresh
- Using only customer name and last four digits of SSN, the pilot found matches for >99% of these customers!

What can we learn from this test?

- You don't need much information (First + Last name and SSN4) to match customers to databases.
- Customers are overwhelmingly honest when indicating that they are CalFresh participants in their CARE applications.
 - May be true of other programs.
- Because self-reports appear to be extremely accurate, it would be more impactful to database-match customers who do not enroll by categorical eligibility.

CalFresh is Only A Partial Solution



STATE OF CALIFORNIA
Franchise Tax Board

Programs	Income Limit	Maximum Population Coverage ¹	
		CARE (200% of FPL)	FERA (200-250% of FPL)
CalFresh ²	~100-200% of FPL	~70%	0%
Medi-Cal ³	Varies, wide range	~50-70%?	Minimal
Income Taxes ⁴	All tax filers	~75%	~80-90%

¹ Using income distribution from Statistical Atlas, based on census data. Values assume a 100% rate of matching customers to data

² Assuming 70% penetration rate (Public Reach Index), and 100% match rate.

³ Sources indicate that 25-37% of Californians participate in Medi-Cal. Income limits vary by population, from 100% FPL to 322%.

⁴ Assuming 8.1% of households below \$12k filing threshold, 90% filing rate due to other exemptions, and 100% match rate.

Next Steps

- Income Verification:
 - Get data sharing permissions from existing CARE customers.
 - IOUs are already doing this for new customers.
 - Utilities need to update income verification systems to integrate with data pipeline.
- Future-proofing:
 - Ensure that any data-sharing pipeline is compatible with CDSS's Statewide Verification Hub.
- Commission orders would help encourage the IOUs to make these changes, which may also require ED staffing resources.

Questions?

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Feasibility

- CDSS is building Statewide Verification Hub to draw on many program databases
- DHCS and CDSS may not require legislation
 - Similar to approach in other programs (LifeLine and CalFresh)
 - PU Code 739.1(f)(1) authorizes CHHS to cooperate on verification
 - PU Code 739.1(e) authorizes CPUC to use LifeLine for enrollment
- Similar statutory provisions for FTB data (see RTC § 19553)