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Regarding
Proposed Supplemental Nutrition Assistance Program Asset Test
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Chairman DiGirolamo and Members of the Committee, thank you for the opportunity to testify here today.

I am Ellen Vollinger, Legal Director of the Food Research and Action Center ("FRAC") based in Washington, D.C.

The Food Research and Action Center has been working for more than 40 years to reduce poverty and end hunger in this country. Through research, policy advocacy, outreach, public education, and training and technical assistance for state and local advocates, public agencies, officials and providers, we seek to strengthen the nation's public nutrition programs – have them reach many more people in need and do so with adequate benefits that support health and well-being.

We appreciate your holding this hearing today on the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) and, specifically, your review of a proposed policy to reimpose an asset test. We are deeply concerned that the proposal to reimpose an asset test will have negative impacts--on needy Pennsylvanians' access to federally-funded food assistance, on local businesses and the economic activity needed for Pennsylvania communities to rebound from the recession, on the Commonwealth's administrative costs for SNAP, and on the Commonwealth's fight against hunger.

Role of SNAP in Addressing Hunger, Food Hardship and Poverty

SNAP is important to struggling households and to the nation and its economy. Hunger in our midst offends Americans of every party, religion, ethnicity, and income. But hunger also is, in its practical effect, one of the most fundamental problems our nation faces. It adversely affects health, early child development, educational opportunities, productivity and family dynamics. Americans can't learn, live, grow and prosper if they don't have adequate, healthy nutrition.

Even before the recession began there was widespread food insecurity in the U.S. and Pennsylvania. The recession obviously has made this situation far worse. According to Census Bureau/U.S. Department of Agriculture official data, 36 million people in the U.S. lived in "food insecure households" in 2007, before the recession, and 49 million did so in 2008– a big jump in the first full year of the downturn. In 2010, of the 48.8 million people living in food insecure households (up from 36.2 million in 2007), 32.6 million are adults (14.2 percent of all adults) and 16.2 million are children (21.6 percent of all children). The government classifies households as "food insecure" when they cannot

afford to purchase a minimally adequate diet on a consistent basis. Many, but not all, of them are skipping meals and frequently experience hunger.

Moreover, there are more recent data, from Gallup polling analyzed by FRAC, which show that 15 percent of Pennsylvania households reported in 2011 that there had been times in the past twelve months when they did not have enough money to buy food that they or their family needed. "Food hardship" is found in every congressional district in this country and this Commonwealth. In 2011 in Pennsylvania's Congressional Districts the percentage of households that answered "yes" to Gallup's question ranged from 9.8 percent to 26.5 percent. (For a breakdown of food hardship by state, metropolitan statistical area, and congressional district, see http://frac.org/pdf/food_hardship_2011_report.pdf)

SNAP is the largest nutrition program and the nation's best defense against hunger. Even before the recession the program was among the largest and strongest public programs that provide economic and nutrition support to low-income Americans. But the role of the program has become even more essential as the recession has deepened. In December 2011 (the latest month for which there are data) there were more than 46.5 million SNAP recipients, 2.4 million more Americans than a year earlier.

SNAP has helped Pennsylvania in cushioning the recession's impact on the Commonwealth's residents. The percentage of Pennsylvania residents participating in SNAP in 2011 (13.8 percent) was nearly identical to the percentage of the Commonwealth's workforce affected by unemployment or underemployment (13.9 percent)(the U-6 measure reported by the US Bureau of Labor Statistics. (For details, see postings at http://frac.org/reports-and-resources/snapfood-stamp-monthly-participation-data/snap-and-u-6-participation/ and http://frac.org/wp-content/uploads/2011/02/SNAPandU6.pdf

I would suggest that Pennsylvania's elimination of the SNAP asset test has been an important ingredient in serving those adversely affected by the recession, including the "new faces of SNAP"—often people who have years of work history but have lost jobs or work hours and never thought they would be in a situation that would cause them to turn to food pantries and apply for food aid.

For these and other struggling Pennsylvania families, SNAP is making a huge difference. Reports from the US Census Bureau and USDA's Food and Nutrition Service document that SNAP benefits lifts people out of poverty. In 2010 SNAP lifted 13.1 percent of Pennsylvania SNAP households above the poverty line, ranking Pennsylvania 18th among all states and DC for the greatest percentage point impact SNAP had in lifting households above the poverty line.

SNAP also boosts the economy. Dollar-for-dollar, it is almost certainly the strongest countercyclical program the nation has. The money goes to very needy people who have trouble paying their food and other bills, and who therefore spend these funds quickly, so that they go immediately into the economy with very positive multiplier effects. Based on

USDA research, every federal SNAP dollar generates nearly twice that in economic activity.

SNAP delivers vital benefits in an efficient manner in large part because it relies on regular streams of commerce. SNAP shoppers spend their benefits at regular grocery stores. Moreover, their benefits are loaded onto Electronic Benefit Transfer (EBT) cards that operate much like the other debit and credit cards that other customers use to make their purchases at food retailers. This public/private partnership aspect of SNAP is valuable: relying on existing private sector retailers and EBT processing systems saves the government from having to develop and maintain separate distribution systems for getting food to more than 46 million needy people each month and allows SNAP recipients more dignity in their use of the benefits.

These and other strengths of SNAP have earned broad bipartisan public and policymaker support. Indeed, a few years ago, the National Journal ran a lengthy piece on "10 Successes [and] 10 Challenges" in American society – major issues in the public and private sectors. Alongside cleaner air, American entrepreneurship, and seven other successes was food stamps, described as "A Government Reform That Worked."

State Option to Lift Outdated Federal Asset Limits

Under federal rules, SNAP households may have $2,000 in countable resources, such as a bank account, or $3250 in countable resources if at least one person is age 60 or older, or is disabled. Those dollar limits are largely unchanged from the levels set in the mid-1980's. ($2,000 and $3,000).

Fortunately states have the option to lift those outdated assets tests. USDA's Food and Nutrition Service (FNS) has long had a rule that states need not impose the federal asset test on households who receive a cash (or non-cash means-tested) benefit. Households that receive or are authorized to receive services or benefits funded mostly with federal Temporary Assistance for Needy Families (TANF) Program funds or with state TANF maintenance-of-effort funds are therefore deemed categorically eligible for SNAP/Food Stamps without regard to the assets. To qualify for a benefit, those households still must demonstrate need, including by showing that their net incomes do not exceed the federal poverty line.

National Trend to Ameliorate SNAP Asset Test

The clear recent national trend has been for the federal government to allow more asset accumulation by SNAP households and for states to eliminate or otherwise ameliorate the federal asset test in SNAP. This is in part to encourage American families to save for the future and better position them on a path to financial independence.

In recent years Congress has rejected proposals to limit states' options to use Categorical Eligibility rules to conform asset policies between SNAP and the Temporary Assistance for Needy Families (TANF) Program. Moreover, in the 2008 Farm Bill Congress

exempted more household assets from counting against SNAP eligibility—specifically retirement and education savings accounts. That legislation for the first time since the 1980's included an inflation index for asset limits for future years.

Even with the 2008 Farm Bill positive changes to federal asset policy, however, the federal SNAP asset test remains a barrier to food assistance for many needy households and states have elected options to eliminate that barrier.

Between FY 2008 and FY 2012, 34 states implemented broad-based Categorical Eligibility to eliminate or ameliorate the SNAP asset test. Currently, in addition to Pennsylvania, 42 other jurisdictions have ameliorated the federal SNAP asset test (38 other states, DC and two territories). All but four of these eliminate the asset test completely (and one of the four that has an asset test sets it at $25,000, considerably higher than the proposal pending in Pennsylvania).

While the state executive branch can ameliorate the SNAP asset test without legislative action, some state legislatures have intervened to require their states to exercise the state option to ameliorate the asset test. For example, statutes ameliorating the asset test have been enacted by legislators in Colorado, the District of Columbia, and Nebraska.

Asset Test Eliminated for Access and Administrative Efficiencies

In a report by GAO on the states that had eliminated the asset test by 2007, it is clear that states identified strong advantages to maintaining their policies.

According to GAO, "Most States Believe Eliminating TANF Noncash Categorical Eligibility Would Increase [Food Stamp Program (FSP)] Administrative Workload. Most states (24 of 27 that responded that currently confer TANF noncash categorical eligibility told [GAO] that eliminating noncash categorical eligibility would increase their caseworker workload. Some common reasons state officials indicated for the increase in FSP administration workload were: increase in verifications needed, increase in error rates as required verifications increase, changes to data systems, increase in time to process applications, and changes to policies and related materials."

Further, according to GAO, "Sixty-nine percent of the states (18 of 26 that responded) that currently confer TANF noncash categorical eligibility told [GAO] that eliminating noncash categorical eligibility would increase state administrative costs. The reasons state officials indicated for the increase in state FSP costs were: additional collection and verification of asset information, changes to their data systems and materials, such as manuals, additional training of staff, and increased time to interview clients regarding program eligibility."

"For example, a North Dakota official said costs would increase due to the need to reprogram the computer system, change application forms and brochures, and train caseworkers. A Washington official said the proposed change would have a large effect on costs because caseworkers would need to educate clients on asset eligibility as well as collect and verify asset documents to apply the asset rule. South Carolina officials told [GAO] that asset verification may increase costs, including paying for bank statements."

See GAO, "FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility," GAO-07-465, Mar 28, 2007, posted at http://www.gao.gov/assets/260/258222.pdf

Reimposing SNAP Asset Tests Wrong Policy for Pennsylvania

Reimposing an asset test in Pennsylvania would be a step backward in the fight against hunger. It would add complications to the enrollment process for clients and caseworkers at a time of significant need, tight budgets, and already high administrative workloads.

It would threaten to widen the gap in serving needy people. In 2009, the most recent period for which USDA reports state SNAP participation rates, nearly one in five Pennsylvanians eligible for SNAP went without benefits (17 percent) and more than one in four working poor Pennsylvanians went without benefits (28 percent).

The 100 percent federally-funded SNAP benefit dollars matter for needy families trying to put food on the table, for charities who otherwise struggle to meet families' needs, and for local economies. Based on USDA research, each federally-funded SNAP benefit dollar generates $1.79 in economic activity. As Pennsylvania works to emerge from the tough recession, getting SNAP benefits to needy people matter to fight food hardship and boost local businesses and economies.

We appreciate the Committee's review of this policy proposal. We urge rejection of the policy proposal. We recommend that, at a minimum, further study of the ramifications of reimposing SNAP asset tests be required before any asset tests are implemented in the Commonwealth.

Thank you for this opportunity to share our views with you. I would be happy to answer any questions you might have.