

**Testimony of Laura Tobin Goddard, Interim Executive Director
Pennsylvania Hunger Action Center
Before the House Human Services Committee
Hearing on the SNAP Asset Test
March 15, 2012**

Good morning, Chairman DiGirolamo, Chairman Cohen, and members of the House Human Services Committee. Thank you for this opportunity to provide testimony relative to the reinstatement of an asset test for the Supplemental Nutrition Assistance Program (SNAP—formerly the Food Stamp Program). My name is Laura Tobin Goddard, and I am the Interim Executive Director for the Pennsylvania Hunger Action Center.

The Pennsylvania Hunger Action Center is a not-for-profit corporation established in 1978 under the laws of the Commonwealth of Pennsylvania. Its mission is to eliminate the causes of hunger in order to ensure food security for all people in Pennsylvania. We define food security as access at all times to enough nutritious and culturally acceptable food for an active and healthy life without recourse to extraordinary coping behaviors to meet basic food needs. Toward that end, Hunger Action staff promotes food and nutrition assistance programs, such as SNAP, WIC, school meals, and emergency food programs. Staff also monitors the operation of these programs and supports administrative policies and procedures that render those programs more effective in achieving legislative purposes.

Between 1998 and 2010, the number of Pennsylvania households at risk for hunger rose from 1 in 14¹ to 1 in 8². And of those Pennsylvania households with children, more than 1 in 5 struggled to afford enough food.³ Hunger and food insecurity are very real issues in this Commonwealth and not just in Pennsylvania's two largest cities. They're everywhere—country roads, suburban streets, and urban blocks. They're in line at the food bank. At a job interview. In the classroom. Maybe they're in the pew behind you at your place of worship. Or on the swings at your local park. Maybe they're even next door. Wherever hunger resides, make no mistake—it's in your community.

The largest and most effective food and nutrition program for combating hunger and food insecurity, SNAP is a crucial piece of the nation's safety net. It allows households that would otherwise go hungry or have to choose between food and other necessities, such as prescriptions or heat, to purchase nutritious food for their families. Nearly 1.8 million Pennsylvanians depend on SNAP benefits every month.⁴ Over 40 percent of those recipients are children, and the number of seniors participating in the program has

¹ Nord, Mark, Kyle Jemison, and Gary Bickle. *Prevalence of Food Insecurity and Hunger by State, 1996-1998*. US Department of Agriculture, Economic Research Service, September 1999.

² Coleman-Jensen, Alisha, Mark Nord, Margaret Andrews, and Steven Carlson. *Household Food Security in the United States in 2010*. ERR-125, US Department of Agriculture, Economic Research Service, September 2011.

³ Food Research and Action Center. *Food Hardship in America 2010: Households with and without Children*. August 2011.

⁴ PA Department of Public Welfare. *SNAP Participating Households by County*. January 2012.

nearly doubled in the last five years.⁵ In addition to meeting the need, every dollar of SNAP benefits generates \$1.79 in economic activity.⁶ SNAP benefits create jobs in supermarkets, grocery stores, delivery trucks, and farming throughout the state.

SNAP is a means-tested program, which in Pennsylvania means that a household's monthly gross income must be below 160% of the federal poverty level and its net income (after deducting a portion of allowable expenses) must be below 100% to qualify. For households with at least one member who is over 60 or disabled, the income limit is 200%.

After submitting an application, if a household appears to be eligible, they must have an interview with a county caseworker and submit verification for income, expenses, residence, and citizenship. If approved, their monthly benefit allotment is determined by comparing 30% of their net income to the Thrifty Food Plan allowance for their household size. The average household benefit in Pennsylvania is \$270 a month.⁷ Most households must also submit documentation every six months in order to remain eligible for the program.

For over a decade, Hunger Action has operated a statewide toll-free SNAP hotline, on which staff screens callers for the program and applies for those who appear eligible. We receive calls from across the state—from seniors, individuals with disabilities, recently unemployed, low-wage earners, working college students struggling to put themselves through school, and victims of domestic violence. We hear about children going to school hungry, about their parents trying to work on empty stomachs, and diabetic seniors unable to afford the food that won't make them sick. Their stories are different but their need is the same.

In the last two years, the number of seniors we assist on our hotline and at community sites has skyrocketed. More and more, the response we hear from seniors when we ask them if they would like to apply for SNAP even though they would most likely only be eligible for the minimum benefit of \$16 is "Yes, every bit helps." That modest benefit allows them to buy more nutritious food or to be able to afford much-needed prescriptions.

Of those income-eligible households we assist, lack of verification is the number one reason for denial. Many of them contend that they submitted the verifications; while others found that it took them more than a couple weeks to gather all of the needed documentation. Most of them re-apply only to be faced with the same obstacles as before. Thankfully, our staff, like those with other organizations engaged in SNAP outreach throughout the state, can act as a liaison between the applicant and the County Assistance Office, which usually results in the household enrolling in the

⁵ PA Department of Public Welfare. *SNAP Individuals, by Age*. September 2011.

⁶ Kenneth Hanson, United States Department of Agriculture Economic Research Service, "The Food Assistance National Input-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP," Economic Research Report Number 103, October 2010, available at <http://www.ers.usda.gov/Publications/ERR103/ERR103.pdf>.

⁷ PA Department of Public Welfare. *SNAPS*. December 2011.

program. Unfortunately, though, this is not always the case. Some applicants become frustrated with the process and struggle along awhile longer before reapplying.

The reinstatement of an asset test would not only make a certain number of current income-eligible recipients ineligible for benefits, but could also very easily create enrollment barriers to both participants at the time of renewal and to eligible households at time of application. The work we have done on our hotline and with the Department of Public Welfare have supplied us with the following main reasons why we strongly believe this to be the case:

- Applicants who fail to produce verification for *all* of their assets or whose verifications are misplaced will be denied, despite eligibility. Many of them will either appeal the determination (which can result in a hearing) or reapply which adds to the already over-burdened caseload.
- The opportunity for error is increased. Each document must be scanned into DPW's computer system, attached to the correct case record, and reviewed by the caseworker within a relatively small window of time.
- If a household has more than one car, the caseworker must determine each car's fair market value, its equity value, whether the family sleeps in it, whether the family uses it to generate income, whether it is used to transport a disabled family member to doctor's appointments, etc. This is both laborious and fraught with opportunities for erroneous evaluations.
- Caseworkers must also determine the value of non-resident property, which can be just as difficult to deem as the household's vehicles.
- While federal law excludes tax-deferred retirement accounts from the SNAP asset test, many low-income seniors have "non-traditional" retirement accounts; i.e., savings accounts, CDs, and bonds. We have spoken with many elderly women who had been homemakers for whom this is the case. And though their monthly fixed income is very low, the modest amount they've been able to save through these non-traditional retirement accounts provide them with a safety net and yet would make them ineligible for SNAP. (This is also true for seniors who have money saved for property taxes or for burial costs that are not in designated burial accounts.)
- Each annual renewal must include a discussion of assets.
- Every family applying for SNAP must submit copies of bank statements which will deter some, many of whom are seniors, from going through with the enrollment process even though they could use the extra help in being able to afford nutritious foods. A good number of the seniors we talk to on a daily basis are skeptical of submitting what they deem to be private information such as bank statements, especially considering recent educational campaigns encouraging

seniors to protect such information because of scams.

When households are denied for SNAP because of their assets or a failure to submit verifications for their assets, their need for food will not disappear. Many of them will turn to their local food pantry for help even though many of them are already receiving assistance from them, as the average SNAP household runs out of benefits by the third week of the month. The demand on food banks, food pantries, and soup kitchens remains very high while the resources available - donated product and federal commodities - are severely constrained. Anything that removes food assistance from Pennsylvanians will only increase the demand and exacerbate the challenges faced by Pennsylvania's charitable food assistance providers.

With a fraud rate of less than 1 percent in SNAP, the Pennsylvania Department of Public Welfare is already doing a stellar job at ensuring that only those in need receive these vital benefits. If anything, reinstating the SNAP asset test would increase the state's error rate, which could result in penalties. In a time when the state is looking to cut costs, reinstating the asset test could only increase them. Not only would the state lose federal dollars in the form of SNAP benefits, but it could also see an increase in the cost to administer the program (half of which the state is responsible for paying).

While the economy is modestly improving, there are many Pennsylvanians who are still struggling to put food on the table. SNAP is the best way to help ensure that they can, which is why Hunger Action is making the following recommendations concerning the SNAP asset test:

- 1. Do not impose an asset test without a study addressing unanswered questions.** We urge you to prohibit DPW from reinstating the SNAP asset test until the General Assembly is fully informed. The Legislative Budget and Finance Committee might be an appropriate entity to do such a study.
- 2. If there is to be an asset test, make it a more reasonable one.** DPW could easily adopt a rule that prohibits lottery winners from receiving SNAP benefits until their assets are below a certain threshold, such as the \$25,000 asset limit imposed in Nebraska. DPW already has the capability to identify such lottery winners. It would only require a simple match and would eliminate the need to burden all SNAP participants and DPW staff with an asset test. But if there is to be an asset test, it should exclude all non-liquid assets, such as vehicles. These assets are very rarely of any substantial value and are necessities for those seeking employment but are very time-consuming to accurately value.
- 3. Preserve the General Assistance program in the budget.** The General Assistance program provides very meager benefits to 68,000 penniless Pennsylvanians who are unable to work. The only people eligible for GA are people with no income or savings and who have a disability, are orphaned children, are in intensive drug or alcohol programs that preclude work, are caring for others who cannot work, or are fleeing domestic violence. Eliminating the sole source of income for them will inevitably cause

many of them to go hungry. Unfortunately, even the maximum SNAP allotment is inadequate for a nutritious diet, especially for individuals with diabetes or others who need special foods. A recent study by Drexel University researchers found that the average cost of the most basic food plan was 29% higher than the SNAP allotment.⁸

4. Preserve the School Nutrition Incentive in the budget. The School Nutrition Incentive provides schools a meager but much-needed financial incentive to participate in the School Breakfast Program. For participating in the program, schools can earn an extra 2¢ to 4¢ per lunch served in state reimbursements. If more than 20 percent of the student body participates, the school's lunch reimbursement rate is bumped an additional 2¢ to 3¢ higher. Created five years ago, this incentive program has made it financially possible for more than 1,950 school buildings in Pennsylvania to offer breakfast to their students. Currently, more than 40 percent of students are eligible for free or reduce-priced school meals. This means that their family's income is less than 185 percent of the federal poverty level. With the increased costs of new child nutrition guidelines, the loss of this incentive program would force many schools to stop their breakfast programs, which feed more than a quarter million Pennsylvania children each school day.

Thank you for the opportunity to testify today. If you have any questions, I'd be more than happy to answer them.

⁸ Center for Hunger-Free Communities, Children's Health Watch, and Drexel University School of Public Health, "The Real Cost of a Healthy Diet: 2011," available at http://www.centerforhungerfreecommunities.org/sites/default/files/pdfs/RCOHD_Report2011-FINAL.pdf.

