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Coalition Against Hunger
1725 Fairmount Avenue, Unit 102
Philadelphia, PA 19130

March 15, 2012

The Honorable Gene DiGirolamo
49 East Wing
PO Box 202018
Harrisburg, PA 17120-2018

The Honorable Mark Cohen
127 Irvis Office Building
PO Box 202202
Harrisburg, PA 17120-2202

RE: Opposition to Proposed Asset Test for SNAP

Dear Representatives DiGirolamo and Cohen:

Thank you for the opportunity to provide written testimony to the House Human Services Committee regarding the Department of Public Welfare's proposal to reinstate an asset test for the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps).

The Coalition Against Hunger (the Coalition) is a non-profit organization serving the five-county region of Southeastern Pennsylvania. The Coalition strives to build a community where all people have the food they need to lead healthy lives. Through our Hunger Fighters Network, staff provides resources, training and other support to the food pantries and soup kitchens that form vital safety nets in our communities. Our staff also serves 7,000 families annually via our food resource hotline, connecting them to SNAP, nutrition education and other resources. This testimony represents the voices of the thousands of clients we serve each year, as well as 100 food pantry and soup kitchen volunteers who comprise our Hunger Fighters Network.

The Coalition opposes the proposed SNAP asset test because it will increase hunger across the state, by cutting low-income families with savings from the program and adding red tape that will make it more difficult for eligible families to receive SNAP. In addition, the proposal will cost Pennsylvania taxpayers money by increasing administrative costs and harm food retailers and other businesses.

Under the current proposal (a \$5,500 asset limit for most households and a \$9,000 asset limit for elder/disabled households), the Department of Public Welfare estimates that 4,023 households with little to no income would lose SNAP benefits due to their savings. The vast majority (2,575) of these

Real People, Real Hunger, Real Help.



households are seniors and people with disabilities. Many others are individuals who have recently lost their jobs and are counting on a small nest egg to help pay their mortgage and other bills while they look for work. Recognizing the social and economic costs of an asset test, 35 other states have dropped their asset tests over the past decade. In fact, Pennsylvania scrapped its own asset test as recently as 2008.

SNAP benefits are 100 percent federally funded. However, the state must bear approximately 50 percent of the administrative costs of the program. In order to disqualify a small number of low-income Pennsylvanians from this federally-funded program, the state must incur significant administrative costs, including systems upgrades, staff retraining and staff time.

The Department of Public Welfare claims that the asset test will not require any additional administrative effort because workers already collect information on applicants' assets for other programs. This simply isn't true. More than 50 percent of current SNAP recipients do not participate in other DPW programs that require asset testing. Therefore, workers would be required to comb through the bank statements and evaluate the vehicle values for an additional 450,000 households under this proposal. This is an inefficient use of DPW resources at a time when the County Assistance Offices are already overburdened and understaffed.

An asset test would make an already complex application process even more difficult for eligible families and seniors who need food assistance. This, in fact, is our primary concern with the asset test proposal. The County Assistance Offices are overwhelmed and struggling to provide the most basic services to their clients. Every day, our hotline receives calls from clients whose paperwork has been lost, who cannot reach their caseworkers via phone, and who have questions about their SNAP application or renewal paperwork and don't know where else to turn. The system cannot handle additional paperwork and red tape at this time. Simply put, this additional red tape will mean that more *eligible* families and seniors are denied SNAP benefits.

An asset test also would hurt Pennsylvania businesses and the economy. By disqualifying 4,023 households from SNAP, Pennsylvania stands to lose at least \$12.5 million dollars each year in federally funded benefits.¹ (This figure does not take into account the eligible families that might be denied SNAP due to the additional red tape associated with the asset test). These federal funds otherwise would be pumped into the state's economy as food stamps are spent at grocery stores, farmers' markets and small businesses across the state. This loss of federal dollars affects not only food retailers, but also the businesses that benefit from the economic ripple effect SNAP has: Mark Zandi estimates that every \$1 in

¹ This calculation is based on the average monthly benefit in Pennsylvania in 2010, which USDA reported was \$258 per household. See [Characteristics of SNAP Households: Fiscal Year 2010](#).



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SNAP benefits generates \$1.73 in spending, making the program a better economic stimulus than tax cuts, infrastructure spending, or unemployment compensation.²

To better explain the human impact of this proposal, I would like to share with you the story of one of our clients, John Manton, who graciously agreed share his story at today's hearing. John called our hotline about a year ago after he was laid off, and our staff helped him submit a SNAP application. When John didn't hear back from the County Assistance Office about his application, our staff called the office to find out what happened and helped him successfully navigate the enrollment process. Here is John's story:

At the age of 63, John applied for SNAP for the first time in his life. He had been laid off by the law firm where he'd worked for the past six years. Even with a master's degree and years of research experience, John has received only one interview after applying for more than 30 jobs.

John lives frugally on the less than \$800 a month he receives from unemployment. He doesn't own a TV and sets his thermostat at 58 degrees, even when it's below freezing out. He maintains a modest savings to cover his medical expenses, homeowner's insurance, and property taxes. John is doing his best to maintain his home, which his family has owned for more than 50 years.

Because he no longer has health insurance, John pays \$80 when he visits his doctor every three months. His doctor gives him free samples of the blood pressure medication he needs, since John can't afford the \$100 prescription.

Since June, John has relied on the \$149 in monthly SNAP benefits to help him buy fruits, vegetables and other healthy foods at the grocery store. "I go to the store, come home and make everything from scratch," he says. "My diet is the one thing I have control over in my life, and I cannot give that up."

Given the significant human and economic impacts of an asset test, we request that the Department of Public Welfare delay implementation until a fuller assessment of the proposal can be completed. The current estimate of the number of clients who would lose benefits due to an asset test is based on limited information about clients' assets; this question should be more rigorously investigated. It is also important to understand the impact an asset test will have on the state's economy and its Quality Control error rate, for which the state can face federal penalties. In addition, DPW has failed to release the projected administrative costs of an asset test, including computer reprogramming, staff retraining, and staff hours spent enforcing the new test. It is vital that the legislature and the public have an

² Zandi, Mark. "A Second Quick Boost From Government Could Spark Recovery" (excerpts from congressional testimony on July 24, 2008).



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opportunity to assess the full impact of an asset test before the proposal moves forward. This simply is not possible with the planned May 1 implementation.

As part of this assessment process, DPW should reconsider what resources are counted toward the asset limit. The current proposal includes a number of non-liquid resources, including the value of a family's second car, as assets. This is administratively burdensome, as caseworkers must go through a five-step process to determine vehicle values (see the attached "Food Stamp Vehicle Resource Guide" for more information). In addition, it is impractical and in some cases impossible for families to liquidate these resources – for instance, to sell a car that they may need to travel to school or work or to search for a job. Any asset test should exclude non-liquid resources for the sake of administrative efficiency.

We urge you to prohibit DPW from reinstating the SNAP asset test until a rigorous assessment of this proposal and its impact is complete and made available to the General Assembly for evaluation.

Thank you for considering our views about the proposed SNAP asset test. This proposal will affect 1.8 million Pennsylvanians receiving SNAP, and we appreciate the opportunity to share our concerns about its potential impact.

Very truly yours,

Julie Zaebst
Policy Manager



SNAP Handbook

RESOURCES

APPENDIX A³

FOOD STAMP VEHICLE RESOURCE GUIDE

There are five steps in determining the value of vehicles:

1. Exclude one vehicle per household, licensed or unlicensed, per household regardless of use, equity or fair market value; and any licensed or unlicensed vehicle with an equity value of \$1500 or less.

2. Determine if any of the household's vehicles are excludable. A vehicle is excludable if:
 - it is used primarily for income-producing purposes (such as taxi cabs, seasonal farm workers),

 - it annually produces income consistent with its fair market value (such as snow plows),

 - it is needed for long-distance employment-related travel, other than daily commuting,

 - it is used as the household's home,

 - it is needed to transport a physically handicapped household member (one car per disabled member exempt),

³ Source: http://services.dpw.state.pa.us/oimpolicymanuals/manuals/bop/fs/540/540_A.htm



- it is needed to carry fuel or water that is the household's primary source of fuel or water,
 - the household has less than \$1,500 equity in it.
3. For vehicles that are not excluded under Step 1, the vehicle's fair market value (based on the used car "blue book" or other approved source) must be evaluated. If the amount is greater than \$4,650, the excess may be counted toward the household's \$2,000 resource limit (see step 5). Under this step, each vehicle is evaluated separately against the \$4,650 threshold. The values of multiple vehicles are not added together.
 4. After determining the fair market value of cars that are not excludable under Step 2, an equity value may also have to be determined for some of these cars.
 - A) Determine if the vehicle is subject to the equity test. Cars exempt from the equity test include:
 - one vehicle per adult in the household regardless of the use of the vehicle and,
 - any additional vehicle a household member under age 18 drives to commute to employment or training or education.
 - B) Determine the equity value of any vehicle, licensed or unlicensed, not excluded under Step 4a. Equity is the fair market value of a car less any encumbrances (e.g., outstanding loan balances).
 5. Now, count the appropriate amount toward the food stamp resource limit.



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- A) For each vehicle evaluated under Steps 3 and 4, count the higher of the fair market value above \$4,650 (Step 3) or the equity value (Step 4).
- B) Add up the values established for each car under 5a.
- C) Add the amount determined under 5b to the value of the household's other resources and compare the result with the general asset test. If the total is no more than \$2,000 or \$3,000 for a household with an elderly member, the household meets the resource eligibility requirements for food stamps.

Reissued: January 15, 2008 totally replacing April 19, 2001

