

PA's Food Stamp Asset Test: *Just the Facts*

In 2012, the Pennsylvania Department of Public Welfare under the direction of Gov. Tom Corbett reinstated the Food Stamp Asset Test, limiting eligibility for food stamps (SNAP). This was a disastrous change in policy for the 1.7 million Pennsylvanians who at any given time rely on food stamps to put food on their table – particularly the newly unemployed and seniors. Anti-hunger and anti-poverty advocates across the state were not able to block this move, but we were able to soften it somewhat by raising the asset limit.

Who receives food stamps?

Currently, about 899,000 households in the commonwealth receive food stamps. The large majority – 83 percent – of all food stamp benefits go to households with a child, senior, or disabled person. The maximum monthly amount of food stamps for a family of four is \$668 a month, and half of new SNAP participants receive benefits for 10 months or less. Most food stamp recipients are children and the elderly.

What is an asset test?

The asset test is a requirement that households have less than \$5,500 in assets (or \$9,000 for elderly or disabled households) in order to qualify for food stamps. The state will not count a recipient's home, primary vehicle, pension, or educational savings in the asset limit test, and a second vehicle is exempt if it is worth less than \$4,650.

Without an asset test, federal guidelines require anyone applying for food stamps to show that their income does not exceed limits that place them at just above the poverty line (130 percent of poverty). These limits vary by household size and whether other household members already receive other kinds of federal benefits (like TANF or SSI). All applicants must go through a rigorous process, submitting nearly a dozen documents and forms, including signature forms, proof of identity, proof of all income, proof of what they pay for housing, proof of what they pay for all utilities, proof of any child care or child support expenses, and proof of medical expenses for seniors and the disabled.

With an asset test, applicants must supply all this information and also prove they don't possess other valuable assets by submitting additional documents, like bank statements for checking and savings accounts, and vehicle registration(s). This makes the application process even more complicated and time-consuming – delaying help to those in need, deterring those who are truly eligible from applying, and oftentimes denying benefits due to paperwork errors. Because of these devastating effects, the federal government allows states to waive asset tests and 36 states have done so. Pennsylvania had been one of those states, eliminating its test in 2008 because of the declining economy.

Does the food stamp asset test help protect against welfare fraud?

In the summer of 2012, just after DPW reintroduced the asset test on May 1, 2012, a DPW spokeswoman said the department was able to deny 110 applications for food stamps because assets exceeded \$50,000 (39 exceeded \$100,000)¹. In the second year of the asset test, only .06% of Pennsylvania's food stamp applicants have been found ineligible due to excess resources² (this is unsurprising given that the average SNAP family has only \$331 in the bank³).

Does the asset test save Pennsylvania money?

No – in fact adding an asset test made it more expensive for Pennsylvania's taxpayers. Food stamp benefits are fully funded by the federal government. The administrative costs for food stamps are split between the federal government and the Commonwealth of Pennsylvania. By adding an asset test, those costs increased by making food stamps more complicated to administer, requiring more training and paperwork.

Did the asset test improve government efficiency?

Because funding for the state's Department of Public Welfare (DPW) – the department that administers food stamps – has decreased in recent years, the DPW has been understaffed and ill-equipped to deal with the onerous demands and forms that administering an asset test requires. Pennsylvania is now one of the slowest

states in the country in processing applications for its food stamps program and has been under corrective action by the federal government for the past year⁴.

THE HARD NUMBERS:

Numbers are rounded to the nearest 1,000

Time Period	# of households that have lost or were denied benefits because they had too many financial assets , according to the DPW	# of households that have lost or were denied benefits because they failed to provide proper documentation for the asset test
As of May 2013 , one year since the reintroduction of the food stamp asset test ⁵ :	4,000	111,000 (26 times as many)
Between May 2013 and April 2014 , the second year since the reintroduction of the food stamp asset test ⁶ :	1,000	157,000

Is the asset test fair?

- The resources that many middle- and high-income earners use to save money – investment accounts like IRA’s – aren’t subject to the asset test. However, standard bank accounts, where most low-income people save their money, *are* considered assets.
- Prior to the asset test, seniors on fixed incomes applying for food stamps hadn’t needed to provide proof of income because the DPW could verify that information directly through the Social Security Administration database. Their applications only required proof of ID and could proceed even without documentation of utility expenses. Under the asset test failure to provide checking and savings account information or any error made in the submission or administration of that paperwork results in the unfair delay or denial of their benefits.
- Since the asset test, the newly unemployed with only modest assets have been at a disadvantage in their requests for government assistance. They have no income yet they are facing an economy in which, since the 2008 recession, good-paying jobs are harder to find – the bulk of new job creation has been in low-wage industries⁷. The asset test means they must sink further into poverty before they are able to receive help and then face greater struggles getting out.
- Assets play an important role in moving families toward self-sufficiency. We should be creating policies that support asset creation, rather than penalizing those who are on the brink of poverty for their assets, thereby pushing them further over that edge.

¹ Alfred Lubrano, McClatchy News, “Thousands of Pennsylvanians Denied Food Stamps When Tied to Assets,” May 3, 2013: <http://www.governing.com/news/state/mct-pennsylvania-food-stamp-test-too-complex.html>

² Based on PA DPW data for this time period from “SNAP Applications Authorized and Rejected And SNAP Budgets Closed,” Source: CAP72 and CAP75 Reports, and ARM 250 Reports/Data Warehouse starting Jan. 2012, showing 967,901 applicants and 580 rejections due to excess resources.

³ Aleta Sprague, *The Ladder* – Blog from New America’s Asset Building Program, New America Foundation, “Pennsylvania Asset Test Slows Down Caseworkers,” June 26, 2013: http://assets.newamerica.net/blogposts/2013/pennsylvania_asset_test_slows_down_caseworkers-86747

⁴ Alfred Lubrano, *The Inquirer*, “Pennsylvania Lags in Food Stamps Approvals,” June 27, 2013: http://articles.philly.com/2013-06-27/news/40208514_1_snap-benefits-food-stamps-snap-recipients

⁵ Alfred Lubrano, *Ibid*.

⁶ PA DPW data, *Ibid*.

⁷ National Employment Law Project: *The Low-Wage Recover: Industry Employment and Wages Four Years into the Recovery*, April, 2014: <http://www.nelp.org/page/content/lowwagerecovery2014/>