American Public Human Services Association

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The Next Farm Bill: The Future of SNAP

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Testimony by
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Testimony of Russell Sykes Director of the American Public Human Services Association's (APHSA's)
Center for Employment and Economic Well-Being
On the Future of the Supplemental Nutrition Assistance Program (SNAP)
Before the House Agriculture Subcommittee on Nutrition
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Mr. Chairman and members of the Subcommittee, thank you for this opportunity today to discuss the evolution of the Supplemental Nutrition Assistance Program (SNAP), formerly known and the Food Stamp Program (FSP). I am Russell Sykes, director of the American Public Human Services Association's (APHSA) Center for Employment and Economic Well-Being (CEEWB), and, my comments today are shared through the lens of our state and local public human services agency members across the nation.

Our member agencies are responsible for directly implementing and managing SNAP and a broad array of other connected human services aimed at improving population health and well-being. APHSA also represents human services administrators across the nation, including those who direct each state's SNAP program and who are organized within APHSA as the American Association of SNAP Directors (AASD). SNAP sits at the cornerstone of an array of core services that assure all families have access to food, housing and other supports essential to our basic health and well-being. Building on its strong foundation and history, the time is ripe for SNAP's next evolution -- in coordination with other key health and human services -- to assure its efficiency and accelerate its role in advancing the nation's overall population health and well-being.

Over the last 40 years I have worked in social services, including the FSP/SNAP, at every level of government and in many capacities, outside of government. I have been a direct service provider; a researcher; a deputy commissioner in New York State, where I administered SNAP; a congressionally appointed member of the National Commission on Hunger; and a consultant on a variety of human services issues to major research and policy organizations. It is hardly a stretch to say that I have been in or around the program since its inception. Over that time, I have seen the FSP/SNAP grow from a small and straightforward elective program to one that is responsive to market conditions and the principal means by which the federal government reduces food insecurity. It has improved the material

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well-being of many people and is a crucial support. But it is also ripe for change in some areas due to its complexity, lack of flexibility for states to innovate and the need to modernize and coordinate both systems and data sharing with multiple other health and human service programs.

SNAP is our nation's principal nutrition assistance program for low-income Americans and is one of the largest means-tested programs in both reach and cost. In 2015, SNAP provided 45 million people (approximately 14 percent of Americans) with benefits in the average month, and benefits averaged about $125 per person per month for a total annual federal cost of about $70 billion. SNAP also is a highly effective work support and anti-poverty program that helped nearly 5 million individuals including over 2 million children avoid poverty in 2013 according to the Census Bureau's Supplemental Poverty Measure.

To be eligible, households must have monthly gross incomes below 130 percent of the federal poverty level (in 2016, $2,117 per month for a household of three) and net incomes below 100 percent of the federal poverty level. SNAP is designed to supplement a household's spending on food but not pay for a household's food costs in their entirety. As households earn more, they are expected to contribute more of their own income toward food purchases.

SNAP benefits flow disproportionately to those struggling the most—a surprisingly diverse population. In 2014, 58 percent of SNAP benefits flowed to the 43 percent of SNAP households with gross incomes of 50 percent or less of the federal poverty guidelines. In that same year, 22 percent of households receiving SNAP reported no gross income; 41 percent reported no net income; and only 31 percent had earnings. Furthermore, 10 percent of recipients were elderly; 44 percent were children; and the rest were nonelderly adults.

How Did We Get Here: A Brief Evolutionary History

SNAP has evolved and grown into its current form over roughly the past 50 years. Food assistance was initially a farm subsidy program and an antihunger effort. In the late 1930s, farmers were producing surpluses they could not sell. Many cities were plagued by high unemployment, and some people could not afford food. In response, the Department of Agriculture developed a program to solve both issues.

It allowed households to purchase with their own funds food coupons or stamps of different colors and valuations for store or commodity food purchases.

Under President Lyndon B. Johnson, the FSP became permanent. The Food Stamp Act of 1964 maintained the general structure of purchasing food coupons worth more than the dollars paid for them by outlaying 30 percent of their own money. Over the next decade, program rules were standardized nationally. Participation grew from 500,000 to 15 million individuals between 1965 and 1974.

The program changed significantly in the late 1970s, with the elimination of the purchase requirement (EPR). The change was driven by the concern that households had difficulty finding the upfront cash to buy their food-stamp allotment. After EPR was implemented in 1979, the 30 percent household food contribution became a paper expectation rather than an upfront cash outlay. Participation increased by 1.5 million in the month following the bill's passage.

Calls to destigmatize the program gained momentum in the mid-1980s. This led to the EBT card, originally piloted in one county, which made food stamps far less distinguishable from other forms of payment. In the late 1980s, Congress officially allowed all states to use EBT and passed other changes that expanded program access. The 1990s saw a strong movement for welfare reform, and the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA) brought about major changes to the FSP. Changes included eliminating eligibility for most legal immigrants, imposing work registration requirements for work eligible adults, but with little teeth as participation was voluntary, and even stronger work requirements on able-bodied adults without dependents (ABAWDs) that time limited eligibility to three in any thirty-six months for those who did not become employed or participate in an allowable work activity for 20 hours weekly.

The focus on tighter eligibility and work requirements began to wane over the next decade. The 2002 Farm Bill restored eligibility to many qualified aliens; adjusted the standard deduction by family size and indexed it to inflation; simplified reporting for states; and lengthened certification periods. Participation increased substantially to 26 million people in July 2006. The 2008 Farm Bill maintained emphasis on outreach and access. The legislation further simplified income reporting, allowed states to submit waiver requests to replace face-to-face interviews with telephone interviews and signatures, and extended transitional benefits to those leaving state cash assistance programs. To further destigmatize assistance receipt, the federal program changed its name from the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP).

The Great Recession and modifications to the program in response to it further expanded participation. Under the American Recovery and Reinvestment Act, SNAP benefit amounts were increased by 13.6 percent, which was later rolled back because it exceeded actual food price inflation. During the recession, participation rose rapidly: by 2013, 47.6 million people received SNAP benefits worth more than $76 billion. This increase in participation (and therefore costs) is exactly how the program was designed in order to be economically responsive to such economic downturns. The rapid expansion during the recession shows how SNAP is perhaps the most pivotal federal program that secures the economic well-being of individuals, families and children facing unexpected circumstances due to job loss and general economic hardship.

With the economy improving, the 2014 Farm Bill shifted focus back to reducing costs and increasing work. The final bill reduced spending by an estimated $8 billion over 10 years. The debate over the bill raised concerns about nonworking able-bodied SNAP beneficiaries. The final bill included $200 million to fund pilot projects in 10 states to test the effectiveness of various education, training and job placement programs for SNAP recipients. As of 2016, recipients and costs declined to 44.2 million recipients at a cost of $66.6 billion and are expected to remain on a decline as the economy improves. Concerns remain that the caseload decline has not reflected, as much as it perhaps should, a lower unemployment rate. That slower decline also continues to reflect a sluggish economic recovery for many and a low workforce participation rate among adults.

Where Should We Go From Here: SNAP Reauthorization and the Next Farm Bill

While SNAP must retain its current strengths and economic responsiveness, it can and should be modernized to assure its efficiency and impact. The next reauthorization of the Farm Bill presents the opportunity to take stock of the program at a foundational level. Significant improvements can be considered in the following areas:

- Well-structured and constructive outcome-based work rules,

- Simplification of overall program eligibility and verification rules,
- Increased state flexibility and a requirement that USDA-FNS respond promptly to state waiver and demonstration requests,
- System modernization and cross-program data sharing,
- Innovative pilot approaches that are carefully evaluated for success and replication,
- Broader performance measures than simply payment accuracy, and
- An honest discussion about potential restrictions on certain food purchases.

Those are among the areas my oral remarks will address today.

Specific Recommendations for SNAP Modernization

- Test Innovation and Use What Works
    - Allow states greater flexibility to initiate innovative approaches and impose a time limit on USDA/FNS as to when they must approve or reject state waiver and demonstration requests.
    - Several pilot programs should be enacted and rigorously evaluated for potential future replication based on effectiveness and affordability. We recommend pilots testing an alternative benefit adequacy calculation to the Thrifty Food Plan; expansion of the current Earnings Disregard from 20 to 30 percent as more working families receive benefits because of low wages; and prohibiting SNAP dollars from being used to purchase a defined category of unhealthy sugar-sweetened beverages (SSB's) to study if such a policy actually leads to a decrease in SSB consumption and better health or if households simply substitute their own funds and maintain purchasing habits.
    - Expand the Summer EBT program option that increases SNAP benefits for households with children during the non-school year calendar in areas where operating an actual Summer Food Program site is impractical due to geographic distances, lack of sponsors or other obstacles.

- Whenever pilots or demonstrations succeed and are clearly replicable nationwide, permanently incorporate their components into the program rather than requiring constant waiver renewals.

- Simplification
  - Simplify eligibility determination through longer certification periods for stable income non-error prone households, making Combined Application Procedures (CAP) a regular component of the program, and eliminating the cost neutrality provision so that SSI recipients can automatically receive SNAP benefits.
  - Allow states, at their own option, to develop agreements with federally recognized tribal governments to allow those entities to complete eligibility determinations for SNAP where the tribe is also running a Tribal TANF program. In these cases, states would maintain oversight, quality control and training functions.
  - Allow states to utilize temporary staff to determine eligibility as long as they are under the direct supervision of the state. States are experiencing increases in workloads, but unable to add permanent FTE's to meet the demands of these increases because of eroding federal administrative share of program costs.

- Administrative Modernization and Data Sharing
  - Modernize systems in SNAP as well as system interfaces with other programs, more broadly share available data across programs to foster better program alignment and efficiency and increase the emphasis and funding for research regarding what works best in SNAP.
  - Return state administrative costs for SNAP, which have eroded over the years, to their original 50/50 percent split.

- Support Work and Economic Capacity-Building as Key Ways to Increase Family Well-Being
  - Thoughtfully expand the focus on work for work eligible SNAP households, emphasizing real employment outcomes rather than process outcomes and focus employment and training

programs to prepare clients for actual available jobs in local communities. Expand available E&T 100 percent funds and broaden the allowable uses of E&T 50/50 match funds to encourage additional state innovation and better coordination with other programs under the Workforce Innovation and Opportunity Act (WIOA).

- Change the current 3 in 36 month ABAWD Time Limit work rule to 6 or 9 in 36 months and coincide it with the individual's certification period. Strictly enforce client compliance but do not impose the time limit when no job or available work slot that meets ABAWD requirements can be provided to the individual.
- Add transitional benefits of 1 to 3 months when wages result in a full loss of benefits to avoid the cliff effect of rapidly losing all SNAP benefits and assist families to stabilize economically.
- Current levels of allowable resources are too low and have resulted in the use of Broad-Based Categorical Eligibility (Cat-El) by 42 states as a work around with the vast majority using it to eliminate any resource limit. Raising the resource limit for all SNAP recipients to at least $10K would make better sense and allow for families and individuals to accrue modest savings without compromising program integrity.

- Accountability and Program Integrity - Program integrity and fraud prevention in SNAP are critical. For years, the SNAP error rate was among the lowest of any major program with an extraordinary payment accuracy rate of over 96 percent. Concerns surfaced in 2014 about whether case reviews at the state level were somehow biased, often by the use of outside second party contract reviewers. Since then USDA—FNS and states have been working diligently and cooperatively to traverse and correct any instance or implication of incorrect case accuracy review. A national error rate review is currently awaiting release based on a broad sample of cases nationwide and payment accuracy is expected to remain very high. Additionally, all bias, to the degree it exists, will be removed from the review process going forward. This joint national and state effort has revealed a number of changes that need to be made to ensure consistency and the highest level of program integrity going forward. Necessary reforms include:
  - Aligning QC rules consistently across FNS regions, restoring the previous $50 case error threshold, which is now at a very low level $25, simplification of QC sampling requirements

and allowing states to substitute phone or online interviews for currently required QC face to face interviews. It also shows that SNAP success should be measured on multiple factors beyond just payment accuracy and timeliness of benefits. High performance bonuses to states should be awarded to states that demonstrate continuous improvement in multiple program areas.

Conclusion

SNAP benefits provide crucial supports for eligible low-income families and individuals to assist them in purchasing food, support work for those with low earnings, and respond quickly to economic downturns. SNAP also helps communities during economic downturns by bringing additional federal dollars into the local economy, freeing dollars to be spent elsewhere. SNAP caseloads and spending also fluctuate with economic conditions. This ebb and flow of participants and costs based on economic circumstances is the key to SNAP's effectiveness.

SNAP is effective in achieving its primary goal: reducing food insecurity. The best measure is very low food security (VLFS), which the USDA defines as a household in which "eating patterns of one or more household members were disrupted and their food intake reduced, at least some time during the year, because they couldn't afford enough food." The best evidence points to SNAP substantially reducing VLFS and improving the general health and well-being of the overall population. Evidence also suggests that food assistance has particularly beneficial long-term impacts, especially for children.

SNAP is also a highly effective work support program and reduces poverty. Calculations using the government's Supplemental Poverty Measure, which counts SNAP as a financial resource, indicates that SNAP kept 4.8 million people out of poverty in 2013, including 2.1 million children. SNAP appears to be particularly effective for the most vulnerable, lifting 1.3 million children out of deep poverty (50 percent or less of the poverty threshold) in 2013.

I appreciate the opportunity today as Director of our Center for Employment and Economic Well-Being (CEEWB) to share the viewpoint of APHSA's state and local members and our affiliate organization the American Association of SNAP Director (AASD) who oversee SNAP daily. It is fair to say that our members can lay claim to the most detailed understanding of SNAP's important value as both a nutritional and anti-poverty program as well as the need for future program reforms that can further improve performance, address the need to help work-eligible recipients find employment through meaningful interventions, provide crucial bridge supports in economic hard times, and generally enhance client services, cost effectiveness program integrity and the economic well-being of individuals, families and children.

I am happy to answer your questions today and both APHSA's CEO, Tracy Wareing Evans, and I are more than pleased to continue our work with you as you grapple with reauthorizing, modernizing and improving SNAP for the future. Please look to us as an ongoing resource for this important effort.

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Biography of Russell Sykes

Russell Sykes is currently the Director of the Center for Employment and Economic Well-Being at the American Public Human Services Association (APHSA). APHSA represents appointed state and local Commissioners of Human Services and their senior staff nationwide. Sykes is also a Visiting Fellow at the Nelson A. Rockefeller Institute on Government. Sykes has worked in the human services field since 1972 when he started his career in a four-county rural Pennsylvania anti-poverty program, including Adams County, the last county east of the Mississippi to implement the Food Stamp Program (now SNAP). He has worked in government as well as both the non-profit and for profit sectors at the local, state and federal level.

From 1978-1984 after leaving Pennsylvania, Sykes was the Fieldwork Coordinator for the Food Research and Action Center (FRAC) in D.C. From 1984-2004 Sykes was the Vice President of the Schuyler Center for Analysis and Advocacy (SCAA) a non-profit public policy and research organization in Albany, NY overseeing a broad portfolio of program policy including public benefits, nutrition, child care and low income tax policy. Sykes was the architect of New York State's own Earned Income Tax Credit (EITC), which began in 1994 and has subsequently expanded multiple times, now reaching well over 1.4 million eligible working households with tax credits of over $1 billion.

From 2004-2011, Sykes was the Deputy Commissioner of the New York State Office of Temporary and Disability Assistance (OTDA), where he was responsible for overseeing the SNAP, TANF, Welfare to Work, SSI State Supplement, LIHEAP and multiple other programs and benefit systems. Sykes was then a Senior Fellow from 2011-2012 with the Empire Center on Public Policy and the Manhattan Institute in New York. From 2012-2015, Sykes worked as a private consultant for multiple organizations, including America Works of NYS, Abt Associates, SEEDCO, United Way of New York State and the American Public Human Services Association (APHSA).

Sykes was appointed in 2014 as one of ten members of the then newly constituted National Commission on Hunger and was instrumental in authoring its final report in January 2016. Sykes was also the author of "Viewing the Food Stamp Program through a 44 Year Lens" a chapter in a recent book "A Safety Net That Works" released in February 2017 by the American Enterprise Institute.