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TESTIMONY OF ED BOLEN

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Thank you for the opportunity to testify today. My name is Ed Bolen and I am a Senior Policy Analyst at the Center on Budget and Policy Priorities, an independent, non-profit, nonpartisan policy institute located in Washington, D.C. The Center conducts research and analysis on a range of federal and state policy issues affecting low- and moderate-income families.

My testimony focuses today on the potential impact of two policy choices under consideration by the state of New Mexico. The first is whether to decline to seek a temporary waiver of the rule limiting SNAP benefits to certain childless nondisabled adults. The second is whether to increase the number of SNAP participants who must participate in a work or job training program in order to continue receiving benefits.

We urge the state to request a temporary 12 month waiver for the entire state of New Mexico in 2015. The temporary waiver would prevent an increase in hardship on vulnerable New Mexicans and provide the state with time to prepare for implementing the time limit when the entire state will no longer be eligible for a waiver in 2016.

And we urge the state to take a considered approach to the expansion of the SNAP Employment and Training program to ensure that work and job training programs are designed to enhance the employability of SNAP participants and do not increase food insecurity by assigning participants to activities they are not able complete.

I. The three month time limit will cause hardship for vulnerable New Mexicans.

Under federal law, SNAP imposes a very harsh and strict time limit on unemployed and underemployed childless adults. These individuals can only receive SNAP for three months out of every three years unless they are working or participating in job training for at least 20 hours per

week. There is no obligation on the state to provide job training services to unemployed individuals to test their willingness to work. As a result, this policy operates as a time limit rather than a work requirement in most states. Because SNAP participants willing and able to work could be terminated from the program if there simply were no jobs or training available, Congress gave states the ability to waive the limit in areas with high unemployment.

Reimposing the three month time limit before the state's labor market fully recovers from the recession will unnecessarily increase hardship for vulnerable New Mexicans. I urge the state to continue to waive areas for which it qualifies. The time limit is highly problematic for several reasons.

The SNAP rule is a draconian 3 month time limit, not a work requirement. The severity of this requirement stems in part from the fact that states are not required to provide these individuals a way of maintaining eligibility — and for the most part do not provide them. As a result, this rule is not a test of individuals' willingness to work. If an individual is willing to work, but is unable to find a job and the state does not guarantee a spot in qualifying training program, he or she will lose SNAP food assistance after 3 months, regardless of the effort he or she is willing to make. Under the federal rules, job search does not count as an allowable activity. So if there are no jobs available in areas with high unemployment, the lack of a guaranteed opportunity to participate in a qualifying training program makes what was once labeled a “work requirement” a draconian limit of 3 months of assistance for poor unemployed workers who want to work but cannot find a job.

Reinstating the time limit will terminate SNAP benefits for thousands of vulnerable New Mexicans. As the economy slowly improves, SNAP caseloads are declining across the nation. It's difficult to separate the number of nondisabled childless adults losing benefits from general caseload decline, but states that voluntarily chose to implement the time limit recently, like Kansas and Oklahoma, saw sharp decreases around the time they did so. For example, Kansas estimated that about 20,000 nondisabled childless adults would be subject to the work requirements in 2013. In January 2014, when individuals first started exhausting their 3 months of benefits, the rolls dropped by about 15,000. We estimate around 10,000 – or two-thirds of the total – are nondisabled childless adults. In other words, about half the people subject to the time limit lost benefits after three months. In Oklahoma, this share was closer to a fifth. Nondisabled childless adults continue to lose benefits in subsequent months as they exhaust their 3 months of benefits.

Other states that had to implement the time limit because they no longer qualified for a statewide waiver, due to an improving economy and falling unemployment rates, like Virginia and Iowa, had decreases in those months that are more consistent with previous months. A number of factors probably influence this, such as general economic conditions and the quality of a state's Employment and Training program, but both Iowa and Virginia, where the participation drop was less than that in Kansas and Oklahoma, no longer qualified for statewide waivers because their unemployment rates were low and their economies more readily improving. In other words, Iowa and Virginia had stronger economic recoveries with lower unemployment, so they no longer qualified for the SNAP waiver and had more jobs available for those subject to the time limit.

There is more evidence that supports requesting a statewide waiver due to a lack of jobs. New Mexico lags behind most of the U.S. in creating jobs lost during the recession. While the nation as a whole has now replaced the total number of jobs lost, New Mexico has experienced a 4.2% decrease

in jobs since 2008. Only Alabama, Arizona and Nevada have seen greater decreases in job creation – and the latter two have taken statewide waivers, while Alabama has not yet submitted its request. By contrast, states that declined statewide waivers tended to be ones with significant job growth – Texas and Oklahoma were among the top 10 states in job creation; Kansas was in the top half.¹

I am deeply concerned that unemployed poor individuals who are willing to work but unable to find a job will lose their SNAP benefits under this rule. As a result, they will face hunger and hardship.

Childless unemployed adults subject to the time limit are very poor. The gross income of nondisabled childless adults not meeting the work requirements is just 22 percent of poverty (about \$2,500/year for a household of one in 2013), far less than the average SNAP household's gross income at 58.5 percent. Over 80 percent lived in households with income below 50 percent of the poverty line (almost twice the rate of all SNAP households). These individuals do not have a way to make up the lost resources needed to purchase food.

The time limit will come back in New Mexico in 2016.

Based on recent unemployment trends, New Mexico will not qualify for a statewide waiver in 2016, though parts of the state are likely to qualify under other criteria. The state is choosing to adopt a complex and harmful provision 12 months earlier than it otherwise must.

Private charities are likely unprepared for the increased need for services that will result from the reimposition of the time limit. The impact of the three month time limit will be significant and be felt by unemployed childless adults as well as private charities throughout the state. Food banks, in particular, are likely to see an increase in demand for food to replace lost SNAP benefits. This increased demand on already strained agencies will displace support for other needy residents, such as seniors and low-income working families, or leave jobless adults without food. While the return of the time limit is inevitable, it would be advisable to give private charities more time to prepare for the new rule when the state must reimpose it in 2016.

To prevent even more hardship, the state must be adequately prepared to implement the time limit. The federal rules governing the time limit are complex and require a system that can track monthly information over a 3 year period. Failure to accurately track the status of each nondisabled childless adult subject to the time limit can result in incorrectly sanctioning an exempt or eligible individual, which can increase a state's SNAP error rate, leading to increased federal scrutiny and potential fiscal sanctions.

The state's eligibility system must be able to identify nondisabled, childless adults who are not exempt under federal rules; it must be able to track months of compliance and non-compliance; it must be able to track a 36 month period for each individual as well as when an individual has received three months of benefits; and it must be able to track individuals who regain eligibility within the 36 month period. It is unclear why New Mexico would sacrifice the opportunity to prepare for the inevitable imposition of this complex rule.

New Mexico would be the state with the highest unemployment to refuse to waive the requirement. The waivers were designed by Congress to provide a safety valve in states with high unemployment. States from across the political spectrum have found that the waivers keep food

assistance available for poor individuals willing but unable to find work. While some states are still determining their eligibility for waivers for FY 2015, 27 states from across the political spectrum have indicated they will take the statewide waiver for which they are eligible.

Only 3 states have indicated that, despite qualifying for a statewide waiver, they may not request one (these states are ME, NM, TX). Both Maine (5.5% in June, 2014) and Texas (5.1%) have unemployment rates well below New Mexico (6.5%). In addition, Texas has historically sought only a partial waiver because it receives additional federal funding to provide a training placement to every childless adult subject to the time limit.

Even Kansas and Oklahoma, discussed above, had lower unemployment rates in June than New Mexico (4.9% and 4.5% respectively). States with unemployment rates comparable rates to New Mexico such as Florida, Indiana and North Carolina are seeking waivers for FY2015.

II. Waivers allow states to provide food assistance when jobs are scarce.

States have limited ability to waive the time-limit for areas with high unemployment. The waiver criteria is not overly generous – it is based on Labor Department and congressionally-set standards for high unemployment. Current waivers are based on state qualification for federally-funded emergency unemployment compensation, a program passed by Congress to respond to the persistent high rates of unemployment that have lingered throughout the modest recovery. New Mexico qualifies in FY15 under this criteria, but it is the last year it will do so.

Waivers are a temporary response to tough economic times. As the economy improves, states will no longer qualify for statewide waivers, and the areas within states that qualify will shrink. In a strong economy with adequate jobs, most childless, nondisabled adults will be subject to the three-month time limit. New Mexico's unemployment rate trend suggests that the state may no longer qualify for a statewide waiver (based on the extended benefit criteria) in 2016.

III. Employment and training requirements must not undermine SNAP's purpose – to reduce food insecurity and hunger.

SNAP has long given states the ability to design work requirements: most participants able to work must register for work, accept any job offer and participate in workfare or training programs if required. If the individual fails to comply, he or she can have benefits cut or be terminated. People who quit a job are automatically disqualified from SNAP.

The SNAP Employment and Training (E&T) program allows states to offer or require individuals to participate in a job training activity. A wide variety of activities are permissible, from job search to training to education. If mandatory, an individual who fails to comply loses SNAP benefits for a designated period of time.

While SNAP E&T allows states to include a work component as part of SNAP, a program that sanctions individuals for noncompliance places an individual's food security at risk. Programs with

high sanction rates are neither successfully helping individuals gain or regain employment nor providing critical food assistance.

The Legislature has an important oversight role in ensuring that the state E&T program fulfill its stated purpose to “assist mandatory household members . . . to gain skills, training, or work experience that increase the individual’s ability to obtain and/or keep employment.” The following areas merit legislative attention:

Requiring that SNAP participants enroll in job training or work programs under threat of sanctions, i.e. losing their benefits, only works with a careful assessment of an individual’s needs. Federal regulations require all work registrants assigned to E&T to be screened to identify whether or not it is appropriate to be referred to an E&T program. Work registrants may not be work ready – in other words, they may have barriers to employment that do not exempt them from work requirements, but prevent them from being able to join the work force. For example, some individuals may be incapable of managing a job search process due to language barriers, illiteracy. The screening process provides a critical assessment of an individual’s abilities, barriers and service needs. By contrast, programs that enroll volunteers who are seeking to acquire new skills or enhance their employability can be more successful because they target those most ready to take advantage of a job training program.

On-line job search must be accessible to all participants. States have increasingly turned to job search websites in unemployment insurance programs, and have explored requiring SNAP participants to engage in on-line job search. Online job search raises a series of questions about its role and state compliance with SNAP program rules. The Legislature can ensure that online job search works by monitoring enrollment rates, ensuring the state address barriers to access and tracking sanction rates. High rates of sanction suggest that households are not able to comply.

Traditionally, job search involved individuals reporting to an office, having the process and expectations explained and an opportunity to ask questions. Individuals unable to participate, because of physical or mental barriers, a lack of literacy or transportation challenges could be identified and exempted. But, in a typical online job search model, an individual receives written notice of the responsibilities and instructions on accessing a job search website or portal. The individual is then required to navigate the site to search for job openings. Such an approach raises implementation questions states must address, including:

- Is there an orientation? Do participants have an opportunity to ask questions about the process, their responsibilities and the consequences of a failure to comply?
- How does the state determine that each individual has the personal capacity to participate and an opportunity to successfully use the online system?
- What support does the state provide, in terms of assistance with navigating the online system?
- How does the state ensure that individuals lacking a computer or internet access receive reimbursement for reasonable and necessary costs to participate or are exempted from the requirement?

The purpose of E&T is to improve employment, not reduce SNAP participation. To ensure that an E&T program is providing appropriate activities to SNAP participants, it is critical that the Legislature monitor the program’s outcomes. High sanction rates for noncompliance are a sign that

the program is failing to engage large numbers of people, resulting in lost food assistance and increased hardship. Individuals may fail to participate for legitimate reasons – not understanding what is required of them, an inability to get to the assigned activity, a family emergency or an undiagnosed physical or mental health condition.

Many states looking to expand SNAP E&T build out gradually from locations where the infrastructure is in place. For example, Wisconsin is piloting mandatory E&T for nondisabled childless adults in three targeted counties and is committing additional state resources to meet the anticipated demand from SNAP households that must participate to maintain eligibility for benefits.

We recommend states expanding mandatory E&T to take a similar, gradual approach to ensure individuals willing to meet the requirement actually have an opportunity to do so.

IV. Conclusion

SNAP is the only benefit for which most very low-skill unemployed workers qualify. State-run cash assistance programs for childless adults have been eliminated in all but a few states. Most unemployed low-skill workers on SNAP do not qualify for unemployment insurance or any other federal or state benefit, or may be long-term unemployed workers who have exhausted unemployment insurance benefits.