

## Testimony

**Tikki Brown, Assistant Commissioner, Children and Family Services Administration at the Minnesota Department of Human Services**

July 12, 2021

Thank you for the opportunity to share Minnesota's experience with SNAP.

I first want to share with you the words of Minnesotans who have turned to SNAP. They were among a number of people who spoke with researchers from the Urban Institute in 2019 to help our state better understand the intersection of low-wage work and public assistance.<sup>1</sup>

In the words of Zoe:

*I get up every morning and provide for my daughter... I need to pay my rent and I need to pay for child care, but the more that you do work, the more everything goes up like child care and your rent and then on top of that diapers, etc. ...You lose your [food] stamps and stuff... so it just doesn't add up to me... if we try to make this amount of money to pay the rent that you just boosted up; why is it that we lose [food] stamps because of it?*

Another parent, JoJo, echoed that, saying:

*I want to keep my child care, but I also want to make more money, but I can't make too much because then they take away food stamps and assistance and things like that. So, it's like the government handicaps you so [you're] stuck in that part-time job. And if I'm working and working full-time, then I'm not making enough and I kind of need that extra help.*

Their words underscore some important points.

**First – Zoe and JoJo work.** That makes them very typical working-age SNAP recipients. In an average month, prior to COVID-19, half of the households with non-disabled working-age adults had earnings from work<sup>2</sup>. In addition, our data shows that an average of 55% of the adults who enroll in SNAP have a job or have lost a job in the same quarter they are applying, and another 23% were employed in the quarter before they applied.<sup>3</sup> So, almost 75% of the non-disabled working-age adults turning to SNAP in Minnesota are employed or just recently lost a job.

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<sup>1</sup> The Intersection of Low-Wage work and Public Assistance: Workers' Experiences in Minnesota, Amelia Coffey, et. al. , The Urban Institute, July 2019.

<sup>2</sup> Characteristics of People and Cases on the Supplemental Nutrition Assistance Program, Minnesota Department of Human Services, December 2018.

<sup>3</sup> Unpublished analysis by The Minnesota Department of Employment and Economic Development looking at more than 111,000 working age adult enrollees in 2003, 2005, 2003, 2007 and 2009 – years chosen because of their diversity of labor market conditions.

The majority of workers who rely on SNAP to supplement low wages or get them through a spell of unemployment are concentrated in four industries:

- Retail
- Hotel/restaurants
- Health care/social services
- Temporary agencies.

These are the workers that the pandemic made clear to us are essential workers. They are the workers who make it possible for all of us to buy food and essential supplies for our families; who care for us when we are seriously ill, dying or too young to be on our own. But they are also workers caught in occupations that have high turnover, unpredictable and inconsistent hourly schedules, and jobs without benefits like paid sick leave and health insurance.

Workers in these occupations are also the least likely to receive unemployment benefits. In fact, even though low-wage workers are two and a half times more likely to lose a job, they are only half as likely as higher paid workers to receive Unemployment Compensation.<sup>4</sup>

**The second key point that lies behind JoJo's and Zoe's situation:** They so quickly fall behind in their rent and other bills when their hours are reduced or they lose their jobs, because the low wages they earn do not allow them to build a cushion of savings.

That is why setting asset limits for public assistance programs is counter-productive: They do not change caseload numbers, but they create significant administrative burden, taking time and focus away from more productive work for SNAP recipients and eligibility workers.

Minnesota is one of 40 states that have used Broad-Based Categorical Eligibility to eliminate the asset test. In 2011, our department's analysis determined that less than 1% of the households applying for SNAP or already receiving SNAP were affected by eliminating the asset test a year earlier.<sup>5</sup> This is consistent with 2012 analysis by the Congressional Budget Office and a 2010 analysis of Maryland's experience<sup>6</sup>, as well as other similar studies.

Those asset limits, however, create significant work for frontline eligibility workers. In Minnesota, county and tribal human services agencies administer public assistance benefits under state supervision. Counties had estimated that eligibility workers had been spending an estimated 7-10% of their time requesting, reviewing and acting on documentation of assets

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<sup>4</sup> "Unemployment Insurance: Low Wage Workers and Part-time Workers Continue to Experience Low Rates of Receipt", Report to the Chairman, Subcommittee on Income Security and Family Support, Committee on Ways and Means, House of Representatives, by Government Accountability Office, August 2007.

<http://www.gao.gov/new.items/d071147.pdf>

<sup>5</sup> Increased Food Support Income Limits and Elimination of the Asset Test: Effects on the Caseload, Minnesota Department of Human Services, Evaluation Notes, Issue 23, August 2011. [DHS-4064Y-ENG \(state.mn.us\)](https://www.dhs.gov/state/mn-us).

<sup>6</sup> Fass Hiatt, Sarah and Newcomer, Abigail (July 2010). *President Obama's Asset Limit Proposal: Supporting Families and Promoting Improved Coordination*. Also available at:

<http://www.firstfocus.net/sites/default/files/Obama%20Asset%20Paper%20FINAL1.pdf>

(that almost always did not affect eligibility).<sup>7</sup> A Government Accountability Office report in 2010 documented reduced error rates in SNAP when states took up options, like eliminating asset tests, to simplify SNAP program administration.<sup>8</sup>

**The third and most important point that JoJo and Zoe make:** Work does not provide enough money to meet needs as basic as having enough food to feed their families.

Three important changes could make SNAP more effective at increasing the number of people who sustain work, and at making it more possible for those workers to realize economic stability. The power of these three changes is in their combination – not as a menu of options.

1. Increase the earned income disregard.
2. Raise the gross income limit.
3. Increase SNAP benefits.

I am going to walk you through two PowerPoint slides to illustrate the impact of these combined policies.

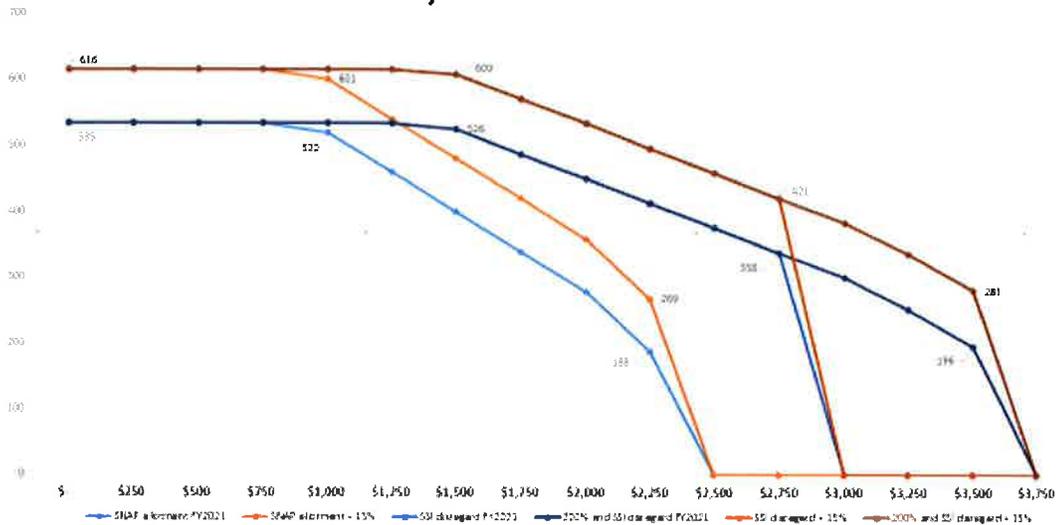
This sample is for a family of three paying \$800 a month in rent –a hard-to-find bargain – and the standard deduction allowed for heating and air conditioning costs. SNAP looks at income and it looks at costs for shelter, heat and air conditioning and some other items. Any actual case might have different numbers that differ slightly.

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<sup>7</sup> Report on Uniform Asset Limit Requirements, Minnesota Department of Human Services, Children and Family Services Administration, Legislative Report, January 2013, <http://www.leg.state.mn.us/lrl/lrl.asp>.

<sup>8</sup> Brown, Kay E. (2010). *Supplemental Nutrition Assistance Program: Payment Errors and Trafficking Have Declined, but Challenges Remain*. Washington, D.C.: Government Accountability Office. Also available at: <http://www.gao.gov/assets/130/125135.pdf>.

## SNAP allotments by earned income



In this graph the SNAP household benefit amount is in the vertical axis on the left, and the household's monthly earnings are in the horizontal axis on the bottom.

This first (light blue) line shows what happens as earnings increase under the current SNAP household benefit amounts (without any COVID-19 enhancements) and SNAP's current 20% earnings disregard.

The second (orange) line shows the 15% increase to SNAP benefits with the 165% gross income test that Minnesota has adopted under broad-based categorical eligibility and SNAP's 20% earned income disregard. The 15% increase to benefits has pushed the cliff out further, but the 20% earned income disregard has still allowed a significant reduction in SNAP benefits while the family is still below the poverty line.

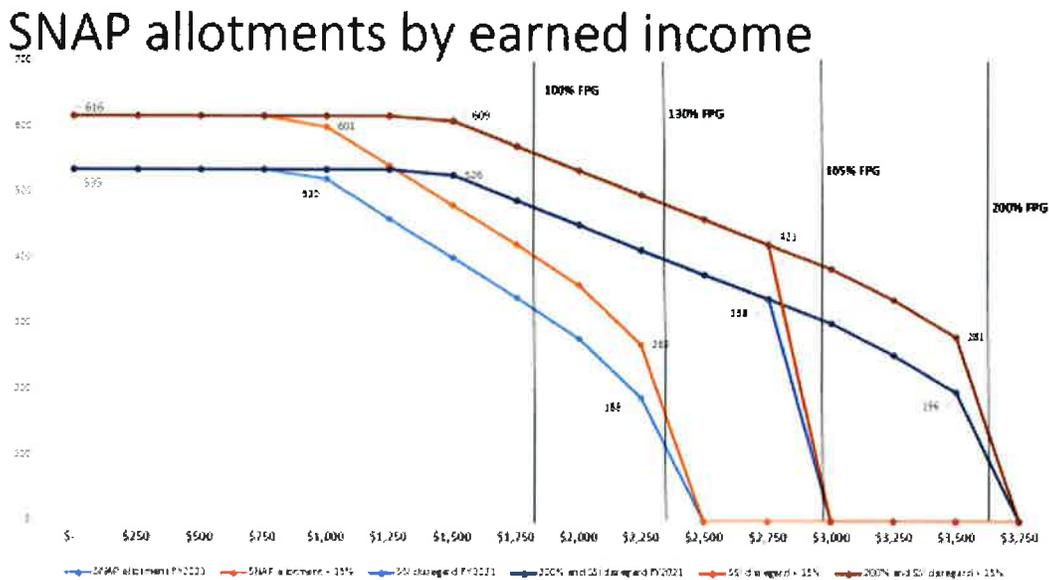
The third (bright blue) line shows how the cliff would move further out if SNAP no longer used the 15% increased but used the same earned income disregard that's applied in Minnesota's TANF program. Minnesota took this disregard formula from the federal Supplemental Security Income program. It disregards the first \$65 earned in a month, and then 50% of the remaining income that month. That sort of uniformity across federal programs would make sense. It pushes the cliff out further, but it is still a pretty sharp cliff.

The fourth (navy blue) line shows using the SSI disregard but also applies the 200% gross income limit, the maximum allowed under Broad-Based Categorical Eligibility. Now the cliff starts to soften to a slope.

The fifth (orange/brown) line shows what it would mean to continue with the SNAP 15% increase coupled with the SSI disregard. Without the higher gross income limit, the cliff is still steep.

The final (dark brown) line shows the full combination: the 15% increase in SNAP benefits, the higher earned income disregard and the 200% gross income limit. We see the greatest graduation in the cliff with this combination and therefore get the strongest impact from the increased earned income disregard.

In the second slide, we can see where the household income amounts come close to the federal poverty line, the 130% of poverty that is the current cut off, the 165% gross income limit Minnesota uses and the 200% gross income limit that Broad-Based Categorical Eligibility allows.



**There is another critically important cliff to worry about:** That is what happens to the SNAP benefits of someone who arrives to us in severe financial crisis, relying not only on SNAP but also on cash assistance. Work is not possible until the financial crisis is relieved. People have to secure their housing, and have the lights turned on so that their time and energy can be spent on work. But SNAP counts every dollar of cash assistance against the food benefits.

SNAP helps buy groceries. Cash assistance pays the rent. Both are necessary to get out of crisis. SNAP should disregard cash assistance payments until a household is above the poverty line.

The fact that it does not has played an important role in cash assistance benefits stagnating for the last three decades.

Broad based categorical eligibility has allowed states to demonstrate improved SNAP policies, such as higher gross income limits and waiving asset limits. The success of those efforts should be coupled with federally initiated improvements, including increased benefits, a more effective earned income disregard and not offsetting food benefits against below poverty-level cash benefits.