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EXAMINING THE SNAP BENEFIT CLIFF

HEARING

BEFORE THE

SUBCOMMITTEE ON NUTRITION, OVERSIGHT, AND DEPARTMENT OPERATIONS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

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EXAMINING THE SNAP BENEFIT CLIFF

MONDAY, JULY 12, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NUTRITION, OVERSIGHT, AND DEPARTMENT OPERATIONS,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 12:01 p.m. via Zoom, Hon. Jahana Hayes [Chairwoman of the Subcommittee] presiding.

Members present: Representatives Hayes, McGovern, Adams, Rush, Sablan, Lawson, Kuster, Panetta, Bacon, Crawford, DesJarlais, Baird, Jacobs, Cammack, and Letlow.

Staff present: Lyron Blum-Evitts, Chu-Yuan Hwang, Lisa Shelton, Katherine Stewart, Caleb Crosswhite, Jennifer Tiller, Erin Wilson, and Dana Sandman.

OPENING STATEMENT OF HON. JAHANA HAYES, A REPRESENTATIVE IN CONGRESS FROM CONNECTICUT

The CHAIRWOMAN. Good afternoon, everyone. This hearing of the Subcommittee on Nutrition, Oversight, and Department Operations entitled, *Examining the SNAP Benefit Cliff,* will come to order. Welcome, and thank you all for joining us here today.

After brief opening remarks, Members will receive testimony from our witnesses today, and then the hearing will be opened to questions. Members will be recognized in order of seniority, alternating between Majority and Minority Members and in order of arrival for those Members who have joined us after the hearing was called to order.

When you are recognized, you will be asked to unmute your microphone and will have 5 minutes to ask your questions or make a comment. If you are not speaking, I ask that you remain muted in order to minimize background noise. In order to get to as many questions as possible, the timer will stay consistently visible on the screen. And, with that, I will start with my opening remarks.

Good morning and welcome to the second hearing of the House Committee of Agriculture Subcommittee on Nutrition, Oversight, and Department Operations. Thank you to all the Members in attendance today and a special thank you to our witnesses for sharing your time and expertise.

This hearing entitled, *Examining the SNAP Benefit Cliff,* is the result of discussions between myself and the Ranking Member, Mr. Bacon, at the beginning of this Congress and subsequently after. He shared his concerns that low-income workers may abruptly lose support as they stabilize themselves with employment and reach

what we call the benefit cliff. I was pleased to hear that, because I have a similar concern, and we worked together to have this hearing today.

This conversation comes at a critical time. In the wake of the COVID–19 pandemic, families across the country are still struggling to put food on the table. They are still struggling to find high-wage jobs. And they are anticipating the end of emergency increases that sustained them through this extremely difficult time.

During times of crisis and after, SNAP and other Federal programs should adjust to allow workers to gradually ease off of benefits until they are truly able to stand on their own. These programs should allow for flexibility to ensure benefits do not end abruptly and throw workers and their families back into financial turmoil. Thankfully, we do have some built-in flexibilities in SNAP that allow states to substantially reduce the harmful effects of the benefit cliff.

Broad-based categorical eligibility is a critical tool that allows recipients to save for the future, incentivizes work by allowing recipients to earn more without losing access to benefits, and substantially reduces administrative burdens for states who participate.

However, not all states utilize broad-based categorical eligibility, and there are always more improvements that need to be made. We must ensure that no one in this country has to make the heart-wrenching decision of accepting career advancement or putting food on the table for their families.

During our last hearing, the impact of the benefit cliff was profoundly demonstrated by our witnesses, who themselves were participants in the SNAP program. Both of the witnesses explained the financial constraints faced after the loss of benefits due to a moderate rise in income. Our witnesses spoke about the need to calculate every dollar earned to be sure they did not exceed the exact maximum and lose hundreds of dollars of increased emergency benefits that helped them to feed their families through this difficult time.

Their stories highlighted the concerning realities many families will be facing in the coming weeks. Millions of families who benefited from SNAP benefits increases will see them abruptly go away, no matter if their economic situation has improved or not. In addition to the regular benefit cliff, SNAP recipients will also have to adjust to an additional COVID cliff as they attempt to recover from the last year.

I am pleased that Mr. Bacon has expressed an interest in helping to address this problem and, together with this Committee, we will work to craft solutions.

To continue with this discussion today, we have today's panel of witnesses. We are fortunate to have four important points of view, including that of an economist, Dr. Hardy, two researchers, Dr. Gourrier and Mr. Randolph, and a SNAP administrator, Assistant Commissioner Brown, to help us understand the impact our decisions have on the Americans who are receiving SNAP and their future as they navigate the web of social programs that provide support in times of need.

As my colleague Mr. McGovern has noted before, this combination of supports involves more than just SNAP and food security

programs that fall under our jurisdiction. The cost of housing and childcare figure prominently into the long-term security of low-income families.

Ensuring all Americans are able to attain sustainable financial stability requires an all-of-government approach. At the very least, it requires that we work diligently to strengthen these programs. I look forward to hearing more from our witnesses about the interplay between these vital supports and the impact of our shared goal to create effective, efficient Federal policy that truly supports Americans in need.

[The prepared statement of Mrs. Hayes follows:]

PREPARED STATEMENT OF HON. JAHANA HAYES, A REPRESENTATIVE IN CONGRESS FROM CONNECTICUT

Good afternoon and welcome to the second hearing of the House Committee on Agriculture's Subcommittee on Nutrition, Oversight and Department Operations.

Thank you to all the Members in attendance today and special thanks to our witnesses for sharing their time and expertise.

This hearing, titled "*Examining the SNAP Benefit Cliff*," is the result of a discussion between myself and Ranking Member Bacon at the beginning of this Congress about our shared concern that low-income workers may abruptly lose the very support that helps propel them toward financial stability.

This conversation comes at a critical time. In the wake of the COVID–19 pandemic, families across the country are still struggling to put food on the table. They are still struggling to find high-wage jobs. And they are staring down the barrel of the end of emergency increases that sustained them through this extremely trying time.

During times of crisis and after, SNAP—and every piece of our Federal safety net—should adjust to increased income and savings to allow workers to ease off benefits at the point when they are truly able to stand on their own. And they should allow for flexibility to ensure benefits do not run out at a time that throws workers and their families back into financial turmoil or food insecurity.

Thankfully, we do have built-in flexibilities in SNAP that allow states to substantially reduce the benefit cliff and its harmful effects.

Broad-based categorical eligibility is a critical tool that allows recipients to save for the future, incentivizes work by allowing them to earn more without losing access to benefits, and substantially reduces administrative burden for states and participants.

However, not all states utilize broad-based categorical eligibility, and there are always more improvements to be made.

We must ensure that no one in this country has to make the heart-wrenching choice between taking a promotion and putting food on the table for their family.

During our last hearing, the impact of the benefit cliff was profoundly demonstrated by our witnesses who were participating in SNAP, Rachel Wilson and Odessa Davis.

Odessa Davis explained the financial constraints faced by her and her son after she lost access to SNAP benefits due to a moderate rise in income. Ms. Wilson spoke about the need to calculate every dollar earned to be sure she does not exceed the exact maximum and lose hundreds of dollars of increased emergency benefits that help feed her family as she struggles to return to full employment following the pandemic.

Ms. Wilson's story particularly highlights a concerning reality families will be facing in the coming weeks. Millions of families who benefitted from SNAP benefit increases will see them abruptly go away—no matter if their economic situation has improved or not. On top of the regular benefit cliff, SNAP recipients will have to adjust to an additional "COVID-cliff" as they attempt to recover from the last year.

I am so pleased that Mr. Bacon has expressed an interest in addressing this problem, and hope to work together to craft a solution for our constituents.

To continue this discussion, we have today's panel of witnesses.

We are fortunate to have four important points of view, including that of an economist, Dr. Hardy, two researchers, Dr. Gourrier and Mr. Randolph, and a SNAP administrator, Assistant Commissioner Brown, to help us understand the impact our decisions have on Americans receiving SNAP as they navigate the web of social service programs that provide support in times of need.

As my colleague Mr. McGovern has noted, this combination of supports involves more than just SNAP, which is within our jurisdiction. The cost of housing and childcare figure prominently in the long-term security of low-income families too. Ensuring all Americans are able to attain sustainable financial stability requires an all-of-government approach. At the very least, it requires that we work diligently to strengthen the safety net programs already available to our constituents.

I look forward to hearing more from our witnesses about the interplay between these vital supports and the impact on our shared goal to create effective and efficient Federal policy that truly supports Americans in need.

The CHAIRWOMAN. I would like to welcome the distinguished Ranking Member, Mr. Bacon, the gentleman from Nebraska, for his opening remarks.

OPENING STATEMENT OF HON. DON BACON, A REPRESENTATIVE IN CONGRESS FROM NEBRASKA

Mr. BACON. Thank you, Madam Chairwoman.

I appreciate everybody calling in today. I appreciate our panelists. I thank the Madam Chairwoman for taking this on. And we agree we have a problem. We may diverge a little bit on what the solutions are, but I think it is great that we are going to have this conversation.

I am not convinced that broad-based categorical inclusion is the right way to go. In fact, I see problems with that. I see more of a potential here to once you hit a certain point, instead of just pulling the plug on benefits, we decrement the benefits down to help ease people off.

But this is the discussion we do need to have, and I really appreciate the Chairwoman for scheduling this today. For at least a generation, we have been talking about welfare cliffs. It is going on 30, 40 years. We have been waging this war on poverty, but with little progress beyond an expansive and at times perverse web of programs and trillions in spending.

Unfortunately, if one was born in the system, the statistics show the odds are stacked against them on whether or not they can navigate their way out, and it has become multigenerational.

So, we have to do more than just help folks—we have to do more to help folks navigate out of poverty and not just sustain them while in poverty. I think it is a duty for us to consider how we do that.

As our witnesses will speak to, much of this cliff issue spans from the fact that we have created a program to try to fill every void, big or small, of a person's life, whether it is healthcare, food assistance, childcare, utility assistance, housing, education, unemployment, just to name a few.

And instead of creating mobility, we have inadvertently crafted a massive suite of programs that, when stacked, create a trap for many instead of a ramp, or a cliff instead of a lift out of poverty.

And this Subcommittee, and as Madam Chairwoman just mentioned, recently hosted two women who articulated the disincentives and penalties within SNAP, how their families were impacted by the very policies Congress has enacted and various Administrations have regulated.

Both of them talked about their fear if they got full-time work or if they got too many raises that they would immediately lose all

of their benefits and their eligibility to SNAP. That is not what we want to do. We have to do something better.

I hope this has not just become a conversation solely focused on expanding eligibility and increased benefits. We have seen 50 years of evidence that shows us it just might not be working as intended. There certainly are revenue-neutral approaches to be considered here to help solve this problem.

I said in the last hearing, while work waivers granted under the former and current Administrations were logical in response to COVID, they are now clearly keeping employable individuals idle and it reaps, in my view, significant negative impacts on families who need to get back to work, and also small businesses who are in dire need of workers.

We just saw today a recent report that like 40 percent of businesses want to hire. So, as of 31 May, we have more than nine million job openings, running the gamut from manufacturing to health services to retail and local government. This week we now have a record high number of job openings.

So, it is time to utilize the resources associated with SNAP employment and training as well as state-based employment readiness services to help get folks placed where they are qualified and engaged in these industries.

We have a witness with us today, Mr. Erik Randolph, who was before this very Subcommittee 6 years ago. A lot has happened in the last 6 years, including a farm bill where Republicans at least tried to soften the blow to SNAP recipients. Unfortunately, those provisions were dropped out at conference. But what has not happened is a shared effort to come together as Congress and work through this issue both in SNAP and across the more than 80 other programs in existence.

So, Madam Chair, we both see this as an opportunity. I will say this again for the record. Our decisions and approaches must reflect a multigenerational approach, but we are long past trying and testing siloed programming.

So, with that, I look forward to hearing today's testimony and our future work on this. I appreciate that we have commonly identified a problem and that we are willing to try to tackle this together.

Thank you and I yield back, Madam Chairwoman.

The CHAIRWOMAN. Thank you, Mr. Bacon. And I will just acknowledge that yes, we do agree there is a problem and our approaches may be different. But with all due respect, I have to believe that there is mobility in these programs. I will say it again, I went from being a welfare recipient and a SNAP recipient and now I am Chair of this Committee. So, I guess I have to disagree that there is no incentive here.

Mr. BACON. I hear what you are saying. Many people have, but we had two witnesses that were your guests that did say they had problems getting out. We know it is a common problem.

The CHAIRWOMAN. I am pleased to welcome such a distinguished panel of witnesses to our hearing today. Our witnesses bring to our hearing a wide range of experiences and expertise, and I thank you all for joining us today. I look forward to hearing from you.

Our first witness today is Dr. Bradley Hardy. Dr. Hardy is an Associate Professor at the School of Public Affairs in the Department of Public Administration and Policy at American University in DC.

He is also a senior fellow in economic studies at the Brookings Institution, a research fellow with the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis, and a research affiliate of both the University of Wisconsin Institute for Research on Poverty and the University of Kentucky Center for Poverty Research.

The focus of Dr. Hardy's current work is labor economics, including economic instability and poverty policy, among other emphases.

Our next witness is Dr. Al Gourrier, an Assistant Professor and Director of Nonprofit Management and Social Entrepreneurship Programs at the University of Baltimore in Maryland.

Dr. Gourrier, his areas of academic research include community banking and finance, social equity and community development, with a recent examination of the minimum wage in Maryland. Prior to his work in academia, Dr. Gourrier spent 19 years as a banker and was the founder and President of the First Commerce Bank of North Las Vegas, Nevada.

Our third witness today is Ms. Tikki Brown. Ms. Brown is the Assistant Commissioner of Children and Family Services for the Minnesota Department of Health and Human Services. The scope of her responsibilities for the State of Minnesota include services and policies that promote adoption, foster care, child protection, child support, childcare, refugee services and cash and food support.

Before accepting the position as Assistant Commissioner, Ms. Brown was the director of economic opportunity and nutrition assistance for the state, where her duties encompassed housing and shelter, food shelves, nutrition education, outreach employment and training, community action and the Supplemental Nutrition Assistance Program.

Our fourth and final witness is Mr. Erik Randolph. Mr. Randolph is the Director of Research at Georgia Center for Opportunity in Peachtree Corners, Georgia. Mr. Randolph's experiences include serving as a senior fellow with the Illinois Policy Institute and an economic lecturer for New York College of Pennsylvania.

He specializes in developing economic models to assist with the creation of public policy solutions through an understanding of governmental structures. Included in his past work are analyses of income from minimum wage workers for 23 states, systemic welfare reform, and work disincentives of welfare policies.

Welcome to all of our witnesses today. We will now proceed to hearing your testimony. You will each have 5 minutes. The timer should be visible to you on your screen and will count down to zero, at which point your time has expired. Again, I welcome you all today.

We will begin with Dr. Hardy, and when you are ready you may begin your testimony.

STATEMENT OF BRADLEY L. HARDY, PH.D., ASSOCIATE PROFESSOR, DEPARTMENT OF PUBLIC ADMINISTRATION AND POLICY, SCHOOL OF PUBLIC AFFAIRS, AMERICAN UNIVERSITY, WASHINGTON, D.C.

Dr. HARDY. Thanks. Chairwoman Hayes, Ranking Member Bacon, and Members of the Subcommittee on Nutrition, Oversight, and Department Operations, thank you for the opportunity to discuss benefit cliffs in the SNAP program.

As you heard, I serve as an Associate Professor at American University, and for 15 years I have been conducting research on economic instability and social policy, looking into programs like SNAP and the Earned Income Tax Credit and TANF. So, there are several points I would like to emphasize today briefly.

Benefit cliffs are a concern for program participants who are worse off on the margin, as we say, when their earnings increase. These SNAP benefit cliffs appear to affect a relatively small number of participants, however, once we account for the social safety net programs and earnings are accounted for.

So, in practice, these benefit cliffs are relatively rare. They are problematic and, fortunately, they can be remedied. One important offset of the SNAP benefit cliff for working families are generous tax credits received via the Earned Income Tax Credit as well as refundable child tax credits, many of which are starting off this week.

In the instances where family earnings rise, leading to a reduction or loss of SNAP benefits, we find that the overall increased earnings and EITC payments represent a net gain for most families.

Also worth noting, the structure of SNAP reduces benefits less than dollar for dollar as earnings rise, and there is a 20 percent earnings disregard that further promotes earnings and work.

Other well-known safety net programs can exacerbate benefit cliffs, but they don't, because relatively few low-income families receive benefits from programs such as TANF cash assistance or housing assistance. Over calendar year 2019, for every 104 families nationwide, roughly 23 received TANF cash assistance. Similarly, only one in five families who qualify for housing assistance receive it.

Moving along, SNAP and work participation are, in fact, complementary. Most SNAP recipients are children, elderly, or disabled, but most nondisabled adults on SNAP do work. The decision to work, in my studies and studies across labor economics, is determined by many inflexible forces, including involuntary job loss, labor market mismatches, both regional, for example, as skills change, as demands on skills change, access to reliable transportation, disability, age, childcare coverage, as well as discrimination.

Most nondisabled adult SNAP recipients do work, and they may receive a combination of Federal and state Earned Income Tax Credit benefits. Evidence demonstrates that the EITC creates positive work incentives as well.

The increased pandemic-SNAP benefits, they shake out to about roughly an additional $100 for a family of four. They do help to reduce food hardship, but they are inadequate to make up for lost employment.

And another point, families and children receiving SNAP face difficult labor market conditions. SNAP plays a critical role in supporting work at low wages and providing a buffer against income volatility and job loss.

SNAP is among the most effective economic development tools in the nation. The program reduces food hardship and insecurity, and it also improves long-run economic and health outcomes for the nation's children. It stimulates local economies and small businesses, because SNAP dollars are spent, not saved.

Continuing along this line, we can further reduce SNAP benefit cliffs, because many families are going to be receiving SNAP with child allowances delivered as tax credits within the American Rescue Plan, which could be made permanent with an American Families Plan. These credits could reduce child poverty by as much as ½. That is huge. This universal policy is forecast to reduce overall Black poverty by 37 percent, Hispanic poverty by 40 percent, and poverty among whites and Asians by about 24 percent. I mean, this is really dramatic stuff. So, again, these allowances ranging from $3,000 to $3,600 are an additional offset for potential SNAP benefit cliffs.

And so, finally, states can address SNAP benefit cliffs by raising income and asset limits, using broad-based categorical eligibility, as you just heard. This extends benefits to low-income families who may otherwise lose benefits. For families on the cusp of rising above 130 percent of the poverty line, about $2,300, broad-based categorical eligibility enables states to raise SNAP's income limit to 200 percent of the poverty line or about that level. Roughly 35 states have already done so. More could do it.

So, in closing, I just want to say that SNAP provides crucial economic assistance for America's families, with a really high economic return-on-investment. Labor market factors have created more low-wage job opportunities and fewer solid middle-class jobs, leaving many families in need of a combination of SNAP and EITCs.

You heard testimony in May from folks like Odessa Davis from my region in Montgomery County, Maryland, a teacher who spoke of how SNAP provided an important buffer during time of great need. And from my own hometown where I grew up in Durham, North Carolina, I know many children who grew up with SNAP benefits who have now looked back in an appreciative manner, and they know that it contributed to their long-term outcomes. So, there are long-term benefits to the nation's economy from SNAP and income support programs.

I encourage continued support for a strong SNAP program. I do think there are clear benefits to making the refundable child tax credit payments permanent within the ARP. These programs like SNAP are work supports. They help families and children that experience low and volatile incomes.

So ultimately, many families rising out of poverty will do so with a combination of work combined with help, both from people of goodwill and from programs like SNAP, the Earned Income Tax Credit, and child tax credits.

So thank you and I look forward to any questions you may have.

[The prepared statement of Dr. Hardy follows:]

PREPARED STATEMENT OF BRADLEY L. HARDY, PH.D., ASSOCIATE PROFESSOR, DEPARTMENT OF PUBLIC ADMINISTRATION AND POLICY, SCHOOL OF PUBLIC AFFAIRS, AMERICAN UNIVERSITY, WASHINGTON, D.C.

Chairwoman Hayes, Ranking Member Bacon, and Members of the Subcommittee on Nutrition, I thank you for the opportunity to appear before you today to discuss benefit cliffs in the Supplemental Nutrition Assistance Program (SNAP) and related labor market challenges affecting low-income families. My name is Bradley Hardy. I am an Associate Professor of Public Administration and Policy at American University. Outside of my role as a professor at American, I hold several affiliations. I am a research affiliate of the *University of Wisconsin Institute for Research on Poverty,* the *University of Kentucky Center for Poverty Research,* and the *Institute for Economic Equity at the Federal Reserve Bank of St. Louis.* The views expressed here are my own, and do not represent official positions or policy viewpoints of any organizations with which I work or affiliate. For the past 15 years, I have conducted research on economic instability, intergenerational mobility, poverty policy, racial economic inequality, and socioeconomic outcomes. My work has documented trends and sources of income volatility and intergenerational mobility within the United States, with a focus on socio-economically disadvantaged families, neighborhoods, and regions. This work includes research on the role of anti-poverty transfer programs such as SNAP, the earned income tax credit, and TANF for improving economic well-being among low-income individuals and families.

I have written twenty-five sole-authored or co-authored research studies, fifteen of which are published or forthcoming in peer-reviewed journals. I apply and share my expertise with a range of organizations concerned with poverty and economic well-being. I currently serve as a panel member of a *National Academies of Sciences, Engineering, Medicine Panel on Evaluation and Improvements to the Supplemental Poverty Measure. I also serve as an advisory member for the Aspen Institute Financial Security Program Benefits21 initiative,* and recently completed work on a year-long panel studying economic security in the United States for the National Academy of Social Insurance. I also serve as a co-editor at the *Journal of Policy Analysis and Management and Contemporary Economic Policy.*

My testimony is drawn primarily from my work on the interaction of SNAP with other social safety net programs, as well as on income volatility and the protective role of social safety net programs such as SNAP. I also draw upon my assessment of the broader research base surrounding these issues. There are several points I will highlight, and I expand upon these points in greater detail. To summarize:

- Conceptually, benefit cliffs are of concern for program participants who find themselves to be worse off "on the margin" when their earnings increase. SNAP benefit cliffs affect a relatively small number of participants, particularly once other social safety net programs are accounted for. In this way, these programs can combine to create a "net" marginal tax on earnings. In practice, these benefit cliffs are rare, and can be remedied. One important offset of the SNAP benefit cliff for working families are generous tax credits received via the earned income tax credit (EITC) and the child tax credit (CTC).
- SNAP and work participation are complementary. Many studies find that changes in the propensity to work—so-called labor supply elasticities—are fairly small. Most nondisabled adults on SNAP work. The decision to work is largely determined by inflexible forces, including involuntary job loss, disability status, age, and childcare coverage. Relatedly, preliminary research on the effect of pandemic unemployment insurance suggests that UI generosity did not reduce employment.[1]
- Families and children receiving SNAP face difficult labor market conditions. SNAP plays a critical role in supporting work at low-wages and providing a buffer against income volatility and joblessness.
- Further reducing any remaining SNAP benefit cliffs, many families receiving SNAP also benefit from generous child allowances enacted via tax credits within the American Rescue Plan, which could be made permanent via the American Families Plan. These credits could reduce child poverty by ½.
- States have tools to reduce SNAP benefit cliffs. Many states have expanded SNAP benefits via broad based categorical eligibility, which extends benefits for low-income families who may otherwise lose benefits.

[1] Altonji, J., Contractor, Z., Finamor, L., Haygood, R., Lindenlaub, I., Meghir, C., O'Dea, C., Scott, D., Wang, L. and Washington, E., (2020). *Employment effects of unemployment insurance generosity during the pandemic.*

Low-Income Families and the Safety Net: SNAP and the EITC

Assessments of changes in worker well-being due to SNAP benefit cliffs should incorporate the full package of earnings and social safety net benefits that families on SNAP typically receive. In the instances where family incomes rise—leading to a reduction and/or subsequent loss in SNAP benefits, increased earnings and refundable tax credit payments represent a net-gain for most families. In my own co-authored work, I find that simultaneous participation in SNAP and the EITC doubled throughout the 2000s.[2] A similar relationship holds for many individuals who receive higher earnings via higher state minimum wages—the net effects of higher minimum wages alongside EITC benefits typically represent a net-gain for these individuals and their families.[3] These benefits, along with higher earnings, will leave most families better off as earnings rise. This is especially so for families at very low earnings and low labor force attachment: in these instances, the EITC provides incentives for these families to enter into work. So, as it balances out, many households experience a negative marginal tax rate; the opposite of losing resources, they receive additional resources via tax credits that supplement their higher earned income.

It is also worth noting that the basic structure of SNAP reduces benefits less than dollar-for-dollar, another feature that helps to blunt the potential harm from a benefit cliff. In this sense, the SNAP benefit cliff is smooth, more akin to a hill. There are aspects of the safety net where benefit cliffs are starker—some state-level childcare subsidies loom large as an example. Other well-known safety programs that could ostensibly exacerbate benefit cliffs generally fail to do so, though for the unfortunate reason that relatively few poor families who qualify for benefits such as TANF and housing assistance actually receive these benefits. Over calendar year 2019, for every 100 poor families nationwide, roughly 23 received TANF cash assistance. Coverage varies greatly across states—8 out of 100 poor families receive TANF cash assistance in Alabama, while 34 out of 100 receive TANF cash assistance in Washington state.[4] Similarly, only one in five families who qualify for housing assistance receive it.[5] For example, a recent news account out of Miami-Dade County reported that roughly 90,000 applicants are vying to be one of 5,000 that will be placed on a list to receive housing vouchers.[6]

Work and Safety Net Participation Go Together

Most SNAP recipients are children, elderly, or disabled. Among the subset of adults receiving SNAP who can work, most elect to do so. Empirical evidence shows that SNAP is not a major determinant of decisions surrounding work participation and hours worked. Several studies find that these responses or "elasticities" of work to either higher earnings or safety net benefits are generally low.[7] There are several reasons for this. First, the power to dictate scheduling tends to skew heavily towards firms and away from workers, especially within frontline and lower-wage employment opportunities. Thus, to the degree that the discussion of SNAP benefit cliffs is at all connected to concerns over work disincentives, there is not consistent empirical evidence to support this concern. Moreover, work decisions tend to be determined by other factors, including job mismatch, access to reliable transportation, disability status, and access to affordable childcare. A large proportion of non-disabled adult SNAP recipients work, and via work participation they receive a combination of Federal and state EITC benefits, as well as CTCs. Empirical evidence demonstrates that features of the EITC create positive work incentives.[8]

Many families struggle to find pathways out of lower wage employment and, as a result, they persist on a combination of earnings alongside SNAP and EITC bene-

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[2] Hardy B., Smeeding T., Ziliak J.P. (2018). *The changing safety net for low-income parents and their children: Structural or cyclical changes in income support policy?* DEMOGRAPHY. 55(1): 189–221.

[3] Fahimullah, F., Geng, Y., Hardy, B., Muhammad, D. and Wilkins, J., (2019). *Earnings, EITC, and Employment Responses to a $15 Minimum Wage: Will Low-Income Workers Be Better Off?* ECONOMIC DEVELOPMENT QUARTERLY, 33(4), pp. 331–350.

[4] *https://www.cbpp.org/research/family-income-support/state-fact-sheets-trends-in-state-tanf-to-poverty-ratios*.

[5] *https://housingmatters.urban.org/research-summary/housing-choice-voucher-waiting-lists-disadvantage-households-facing-most*.

[6] *https://www.local10.com/news/local/2021/07/01/90000-applicants-only-5000-spaces-for-miami-dades-section-8-housing-and-no-guarantee/*.

[7] Keane, M.P., 2011. *Labor supply and taxes: A survey.* JOURNAL OF ECONOMIC LITERATURE, 49(4), pp. 961–1075.

[8] Nichols, A., & Rothstein, J. (2016). "The earned income tax credit" In R.A. Moffitt (Ed.), *Economics of mean-stested transfer programs in the United States* (Vol. 1, pp. 137–218). Chicago, IL: University of Chicago Press.

fits.[9] EITC receipt is conditioned on work participation, and in the absence of market employment, neither EITC nor SNAP—alone or together—would adequately cover food, clothing, shelter, transportation, and utility expenses that families typically face. Increased pandemic SNAP benefits, roughly an additional $100 for a family of four,[10] will help to reduce food hardship, but are inadequate to make up for lost employment. Relatedly, preliminary research suggests that UI generosity during the pandemic did not reduce employment.[11]

Work Conditions Among Low-Income Families

The nature of work among low-income families typically yields income streams that are both low and volatile. Unstable, low-wage employment is strongly associated with higher income volatility and, accordingly, many socioeconomic groups that typically experience higher levels of joblessness report higher levels of income volatility. For example, families with lower incomes and Black families of all incomes generally experience higher levels of income volatility as well as those with fewer formal educational credentials and those headed by one unmarried parent.[12] Such families appear to be saddled with an undesirable portfolio—economic resources and incomes that are both qualitatively low and unpredictable. This is largely a feature of the low-wage labor market, where workers change jobs more frequently and firms adjust work schedules frequently.[13]

SNAP, along with programs such as the EITC and unemployment insurance, combine to lower income volatility for low-income families. SNAP recipient families are more likely to transition in and out of work, and SNAP provides important nutritional support and near-cash benefits for these families and children. This support is linked to improved long-term socioeconomic outcomes for children within these households.[14]

The American Rescue Plan Further Reduces Existing Benefit Cliffs For Families

Many low-income families that benefit from SNAP will also receive child allowances from the American Rescue Plan (ARP). This plan will substantially reduce overall poverty, including significant reductions in child poverty across racial and ethnic minority groups. Poverty reducing policies in the ARP, including child tax credits from $3,000 to $3,600, alongside enhanced SNAP benefits and pandemic unemployment insurance, are forecasted to reduce poverty by 31 percent nationwide. This universal policy reduces racial economic inequality as well; Black poverty is forecasted to fall by 37 percent while Hispanic poverty is forecasted to fall by 40 percent. Poverty among Whites and Asians is forecasted to fall by roughly 24 percent. Poverty for White children could fall by 63 percent, followed by forecasted child poverty reductions for Black, Hispanic, and Asian children of 55, 53, and 46 percent, respectively.[15] This expansion of the safety net further offsets the impacts of SNAP benefit cliffs. SNAP households should qualify for some, if not all, of the benefits of the ARP, especially refundable child tax credit payments.

Solutions to Assist Families Include Expansions of Safety Net Benefits Via Broad-Based Categorical Eligibility

Broad-based categorical eligibility (BBCE) can reduce rarely occurring benefit cliffs within SNAP. Such policy tools expand benefits to low-income families that experience modest income growth. BBCE extends benefits to families at the margin of qualifying for benefits. For households with incomes rising above 130 percent of the poverty line—$2,353—BBCE enables states to raise SNAP's income limit to up to 200 percent of the poverty line. Unfortunately, only about 35 states take advantage of the option.

For example, a parent with two children working full time at $13.50 an hour would have income at 129 percent of the poverty level, receiving roughly $123 a month from SNAP. If her hourly wage increased by 50¢—$87 a month—raising her income slightly above 130 percent of poverty, the family becomes ineligible for

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[9] Hardy, Smeeding, and Ziliak (2018).

[10] *https://www.usda.gov/sites/default/files/documents/arp-national-factsheet.pdf.*

[11] Altonji, *et al.* (2020).

[12] Hardy, B.L., (2017). *Income instability and the response of the safety net.* CONTEMPORARY ECONOMIC POLICY, 35(2), pp. 312–330.

[13] Schneider, D. and Harknett, K., (2019). *Consequences of routine work-schedule instability for worker health and well-being.* AMERICAN SOCIOLOGICAL REVIEW, 84(1), pp. 82–114.

[14] Hoynes, H., Schanzenbach, D.W. and Almond, D., (2016). *Long-run impacts of childhood access to the safety net.* AMERICAN ECONOMIC REVIEW, 106(4), pp. 903–34.

[15] Parolin, Z., Collyer, S., Curran, M. and Wimer, C., (2021). *The Potential Poverty Reduction Effect of the American Rescue Plan* (No. 20411). Center on Poverty and Social Policy, Columbia University.

SNAP. The loss of benefits would more than cancel out the increased earnings, and they lose approximately $36 in total resources. In a state that raises the income cut-off via BBCE, this 50¢ raise would reduce the family's SNAP benefit by only $31 per month, resulting in a monthly *net-increase* of about $56 per month.

Overall, The Safety-Net is Largely Centered Around Work

No consistent body of empirical evidence shows that these programs reduce work. The safety net, including SNAP, provides crucial assistance for America's families. Over past several decades, many middle-skill jobs have been replaced by lower-paying employment opportunities.[16] As such, many families benefit from a combination of SNAP and refundable tax credits,[17] and most cannot realistically make ends meet without combining work with these safety net benefits. Given the weight of the social science evidence surrounding the long-term socioeconomic benefits of income receipt and poverty reduction for families and children, there are clear economic benefits associated with making the refundable child tax credit payments within the ARP permanent.[18] These child allowances would help to support families and children that experience low, volatile incomes from job fluctuations, as well as expense volatility related to everyday household expenses, including medical expenses and car repairs.[19] Still, even with the relatively generous tax credits within the ARP, families are forecasted to package work with these tax credits, using the additional income to pay down household expenses and meet day-to-day household needs.[20]

The CHAIRWOMAN. Thank you so much, Dr. Hardy, for your opening statement.

We will now move on to Dr. Gourrier. Please unmute and begin with your opening statement when you are ready.

STATEMENT OF AL G. GOURRIER, PH.D., ASSISTANT PROFESSOR, SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS, UNIVERSITY OF BALTIMORE; FACULTY FELLOW, SCHAEFER CENTER FOR PUBLIC POLICY, BALTIMORE, MD

Dr. GOURRIER. Good afternoon, ladies and gentlemen of the Committee. In 2018, in my capacity as professor at the university and faculty fellow with the Schaefer Center, we began to explore existing research in terms of the benefit cliff and its effects on working class population across the country.

At that point, a number of other states had recently produced reports highlighting the challenges of the benefit cliff on their residents as well as addressing some of the measures that prospective state legislatures were exploring.

We commenced on a 2 year research project to better understand the impact of the cliff effects and the benefit cliff phenomenon on Maryland residents, using the basis of the United Way's universally accepted biannually produced ALICE report, which stands for Asset Limited, Income Constrained, Employed, which highlighted some of the overall economic challenges and socioeconomic conditions of working class families throughout the state.

Within the ALICE report, we were able to identify the standards of a household survival budget, which establishes a minimum basic need, budget adjusted, both geographically and with inflation.

From there, we were able to create a three-family static model consisting of a single individual household, a single parent with

[16] Jaimovich, N. and Siu, H.E., (2020). *Job polarization and jobless recoveries.* REVIEW OF ECONOMICS AND STATISTICS 102(1): 129–147.

[17] Hardy, Smeeding, and Ziliak (2018).

[18] Hardy, B., Hill, H.D. and Romich, J., (2019). *Strengthening social programs to promote economic stability during childhood.* SOCIAL POLICY REPORT, 32(2), pp. 1–36.

[19] Morduch, J. and Schneider, R., 2017. *The financial diaries.* Princeton University Press.

[20] Tach, L., and Halpern-Meekin, S. (2014). *Tax code knowledge and behavioral responses among EITC recipients: Policy insights from qualitative data.* JOURNAL OF POLICY ANALYSIS & MANAGEMENT 33: 413–439.

two children, and a two-parent, two-children household. We used an inventory of traditional state-supported social service programs, of which SNAP has the largest share of participation among the states' social programs.

The results of our study indicate that two-parent households are penalized by the benefit cliff even if they receive housing assistance, which is oftentimes unlikely, and the maximum health insurance tax credit.

Two-parent families with one person working full time at the minimum wage do not have enough resources to cover their basic survival budget expenses. When both parents work minimum wage jobs, the two-adult, two-children household is only marginally better off.

Although the household earns an extra income when the second adult works full time, the family only experiences a marginal increase in net resources, because as the earned income increases the eligibility for benefits such as SNAP decreases.

However, our two-parent families were not the only group negatively affected by the benefit cliff. Even with recent increases in the minimum wage from $10.10 to $11 in Maryland as of January 2020, single adults and single parents with two children could not meet their basic survival budget needs if they received housing assistance and health insurance tax credits.

In analyzing our three constructed family types, we found major disincentives built into the social service structures which prevent the pursuit of upward mobility through work for a large number of American families.

The challenges presented by cliff effects and the lack of appropriate and/or accommodating eligibility requirements without modifications proved to serve as a disadvantage for many working families at or near the Federal poverty line.

In Maryland, SNAP provides benefits to more than 884,000 residents, or approximately 15 percent of the state population. At the time of our study, one in three working households in the state could not afford basic household expenses. Minimum wage jobs, even combined with government assistance such as SNAP, are often insufficient to meet their basic needs.

Female-headed households are overrepresented among the states' impoverished population. The largest share of households with incomes below the Federal poverty line are African Americans, at 43 percent, who only make up 30 percent of the state's population but make up 52 percent of SNAP participants and are especially susceptible to the benefit cliff, given their disproportionate representation.

Over the last year since the production of our study, the country and our economy have experienced an unprecedented level of social and economic challenges. The surge in unemployment insurance claims, the demand for small businesses, the disruption in our education system and the social impact on struggling families is unparalleled.

However, our pre-pandemic data represents problematic results and a longstanding impact created by the benefit cliff phenomenon. Although the current economic data represents a very unique paradox as a result of short-term macro-governmental infusion with a

predetermined expiration, it is my opinion that post pandemic, the benefit cliff challenges present pre-pandemic are still relevant and will continue to remain a consistent challenge among American working class families.

I thank you for the opportunity to speak with you this afternoon to present our data, and I look forward to your questions.

[The prepared statement of Dr. Gourrier follows:]

PREPARED STATEMENT OF AL G. GOURRIER, PH.D., ASSISTANT PROFESSOR, SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS, UNIVERSITY OF BALTIMORE; FACULTY FELLOW, SCHAEFER CENTER FOR PUBLIC POLICY, BALTIMORE, MD

Good afternoon, ladies and gentlemen of the Committee. My name is Al Gourrier and I am an Assistant Professor of Public Finance at the University of Baltimore and I am a Faculty Fellow with the Schaefer Center for Public Policy in Baltimore. In 2018, in my capacity as Professor at the University and Faculty Fellow with the Schaefer Center we began to the explore existing research in terms of the benefit cliff and its effects on the working-class population across the country. At that point, a number of other states, such as Washington, Ohio, Vermont, Massachusetts, and New Jersey to name a few, had recently produced reports highlighting the challenges of the benefit cliff on their residents, as well as addressing some of the measures their perspective state legislatures were exploring to address the problem.

We commenced on a 2 year research project to better understand the impact of cliff effects and the Benefit Cliff phenomenon on Maryland residents. At the time, Maryland's Governor Larry Hogan's Two-Generation (2Gen) Family Economic Security Commission and Pilot Programs, which was charged with the responsibility of exploring multigenerational poverty, and designed to improve the economic well-being of Maryland Families, was producing its final report that set some of the ground work for the need of a more comprehensive benefit cliff study. Using the basis of the United Way's universally accepted and highly respected biennial produced ALICE Report, which stands for Asset Limited Income Constrained Employed, highlighted some of the overall economic challenges and socioeconomic conditions of working family throughout the state. Within the ALICE Report we were able to identify a standard Household Survival Budget, which establishes a minimal basic needs budget adjusted both geographically and with inflation. From there we were able to create a three-family static model consisting of a single individual household, a single parent with two children household, and a two-parent with two children household. We used an inventory of the traditional state supported social-service programs of which the [SNAP] benefit has the largest share of participation among the states social programs.

The results of our study indicate that two-parent households are penalized by the benefit cliff—even if they received housing assistance (which is oftentimes unlikely) and the maximum health insurance tax credit. Two-parent families with one-person working full time at the minimum wage do not have enough resources to cover their basic survival budget expenses.

When both parents work minimum wage jobs, the two-adult two-children household is only marginally better off. Although the household earns an extra income when the second adult works full-time, the family only experiences a marginal increase in net resources because as the earned income increases, the eligibility for benefits such as SNAP decreases.

However, our two-parent families were not the only group negatively impacted by the benefit cliff. Even with recent increases in the minimum wage from $10.10 to $11.00 in Maryland in January of 2020, single adults (often referred to as ABAWD) and single parents with two-children could only meet their basic survival budget needs if the received housing assistance and health insurance tax credits.

In analyzing our three constructed family types, we found major disincentives built into the social service structures as they currently exist, which prevent the pursuit of upward mobility through work for a large number of American families. The challenges presented by the cliff effect and the lack of appropriate and/or accommodating eligibility requirements, can prove to serve as a disincentive to many working families at or near the Federal Poverty Line.

In our state, the Supplemental Nutrition Assistance Program (SNAP) provides benefits to more that 884,000 residents or 14.7% of the state population in 2018. At the time of our study, more than one in three working households in the state could not afford basic household expenses. Minimum wage jobs, even when combined with government assistance such as SNAP are often insufficient to meet their

basic survival needs. Female-headed household are over-represented among the state's impoverished. The largest share of households with incomes below the Federal Poverty Line are African Americans at 43%, who only make up 30% of the state's population, and make up 52% of SNAP participants, are especially susceptible to the benefit cliff given their disproportionate representation.

Over the last year, since the production of our study, the country and our economy have experienced an unprecedented level of social and economic challenges. The surge in unemployment insurance claims, the demand on small businesses, the disruption to our education system and the social impact on struggling families is unparalleled. However, our pre-pandemic data represents problematic results and the long-standing impact created by the by the benefit cliff phenomenon. Although, the current economic data represents a very unique paradox as result of the short-term macro-governmental infusion with a predetermined expiration. It is my opinion that post-pandemic, the Benefit Cliff challenges present pre-pandemic will still remain consistent among working class families.

Benefit Cliff Phenomenon

The benefit cliff mostly impacts individuals and households at or near the poverty level who are eligible for—but may not be receiving—multiple government programs. Recent research indicates that families with children often require an income up to 3½ times the Federal Poverty Level in order to adequately cover the basic needs and living expenses for a family. These households are often called the working poor, referring to the fact that people in these households have jobs but still remain at or near the poverty level. They are also known as ALICE® households or families—they are Asset Limited, Income Constrained, Employed. As discussed further below, ALICE is based on cost of living in a specific jurisdiction, and households with incomes under an ALICE Household Survival Budget are working but unable to meet their basic needs.

For these individuals and families, government programs can be essential for daily survival. However, many of these programs are designed so that additional earnings, usually in the form of wages or salaries, result in a decrease in benefits. This loss of benefits can lead to individuals making decisions that are not always best for the family or society, resulting in the Benefit Cliff phenomenon.

Principal Analytical Findings

- In Maryland, 9.4 percent of the population lives on incomes below 100 percent of the Federal Poverty Level (FPL) and another 12.3 percent have incomes below 125 percent of the FPL.
- While a majority of the state's overall population is White, the largest share of those with incomes below FPL are African American. There are an estimated 236,497 state residents who are Black or African American with incomes below FPL.
- Female-headed households are over-represented among impoverished and ALICE households.
- Two-parent households are penalized by the benefit cliff—even if they receive housing assistance (unlikely) and the maximum health insurance tax credit, two-parent families with one-person working full time at the minimum wage do not have enough resources to cover their basic survival budget expenses.
- Even with the increase in the minimum wage to $11.00 per hour on January 1, 2020, single adults and single parents with two children could only meet their basic survival budget needs if they received housing assistance and health insurance tax credits.
- When both parents work minimum wage jobs, the two-adult, two-child household is only marginally better off. The household earns an extra $1,760 when the second adult works full-time, but the family actually only experiences an increase in net resources of $320. This is because as earned income increases, eligibility for benefits—specifically for food stamps and medical assistance for the adults—decreases.

AL G. GOURRIER, PH.D., MBA,
University of Baltimore.

The CHAIRWOMAN. Thank you so much, Dr. Gourrier, for that testimony.

I will now move to Ms. Brown for your testimony. When you are ready, please unmute and begin.

STATEMENT OF TIKKI BROWN, ASSISTANT COMMISSIONER, MINNESOTA DEPARTMENT OF HUMAN SERVICES, CHILDREN AND FAMILY SERVICES ADMINISTRATION, MINNEAPOLIS, MN

Ms. BROWN. Thank you for the opportunity to share Minnesota's experience. I first want to share with you the words of Minnesotans who have turned to SNAP. In the words of Zoe, "I get up every morning and provide for my daughter . . . the more that you work, the more everything goes up . . . 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, "it is like the government handicaps you so [you're] stuck in that part-time job."

Their words underscore some important points. First, Zoe and JoJo work. That makes them very typical working-age SNAP recipients. Almost 75 percent of the nondisabled working-age adults turning to SNAP in Minnesota are employed or just recently lost a job.

The majority of workers who rely on SNAP to supplement low wages or to get them through a spell of unemployment are concentrated in four industries: Retail, hotel and restaurants, healthcare and social services, and temporary agencies. Workers in these occupations are also the least likely to receive unemployment benefits. In fact, even though low-wage workers are 2½ times more likely to lose a job, they are only half as likely as higher paid workers to receive unemployment compensation.

The 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: Number one, increase the earned income disregard; number two, raise the gross income limit; and number three, increase SNAP benefits. I am going to walk you through a PowerPoint slide to illustrate the impact of these combined policies and, hopefully, that should pop right up.*

All right. This sample is for a family of three. In the 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.

Next. The first line shows what happens in Minnesota as earnings increase under the current SNAP household benefit amount without any COVID–19 enhancements and includes Minnesota's current 20 percent earnings disregard and our 165 gross income test.

Next. The second line shows a 15 percent increase to SNAP benefits. Next, please. With the 165 percent gross income test that Minnesota has adopted under broad-based categorical eligibility and SNAP's 20 percent earned income disregard. The 15 percent in-

*__Editor's note:__ the PowerPoint presentation referred to is an animation of the graph entitled, *SNAP allotments by earned income*. The animation is retained in Committee file.

crease to benefits has pushed the cliff out further, but the 20 percent earned income disregard has still allowed a significant reduction in SNAP benefits while the family is still below the poverty line.

Next. The third line shows how the cliff would move further out if SNAP no longer used the 15 percent increase—that is the COVID benefit—but used the same earned income disregard that is applied in Minnesota's TANF program. Minnesota took this disregard formula from the Federal Supplemental Security Income Program. That sort of uniformity across Federal programs would make sense. It pushes the cliff out further, but it is still a sharp cliff.

Next. The fourth line shows the Social Security income disregard, but also applies the 200 percent gross income limit, the maximum allowed under broad-based categorical eligibility. Now the cliff starts to soften to a slope.

Next. The fifth line shows what it would mean to continue with the SNAP 15 percent increase, coupled with the Social Security income disregard. Without the higher gross income limit, the cliff is still steep.

Next. This final line shows the full combination of the 15 percent increase in SNAP benefits, the higher earned income disregard, and the 200 percent gross income limit. We see the greatest graduation in the cliff with this combination.

End PowerPoint, please.

There is one other 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. SNAP helps us buy groceries. Cash assistance pays the rent.

Both are necessary to get out of the crisis, but SNAP counts every dollar of cash assistance against the food benefits. SNAP should disregard cash assistance payments until a household is above the poverty line. Broad-based categorical eligibility has allowed states to demonstrate improved SNAP policies, such as implementing the higher gross income limits and waiving the asset limits.

The success of these efforts should be coupled with federally initiated improvements, including increased benefits, a more effective earned income disregard, and not offsetting benefits against below poverty level cash benefits. Thank you very much.

[The prepared statement of Ms. Brown follows:]

PREPARED STATEMENT OF TIKKI BROWN, ASSISTANT COMMISSIONER, MINNESOTA DEPARTMENT OF HUMAN SERVICES, CHILDREN AND FAMILY SERVICES ADMINISTRATION, MINNEAPOLIS, MN

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.[1]

In the words of Zoe:

[1] *The Intersection of Low-Wage work and Public Assistance: Workers' Experiences in Minnesota,* Amelia Coffey, *et. al.,* The Urban Institute, July 2019.

> *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.[2] 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.[3] So, almost 75% of the non-disabled working-age adults turning to SNAP in Minnesota are employed or just recently lost a job.

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 2½ times more likely to lose a job, they are only half as likely as higher paid workers to receive Unemployment Compensation.[4]

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.[5] This is consistent with 2012

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[2] *Characteristics of People and Cases on the Supplemental Nutrition Assistance Program,* Minnesota Department of Human Services, December 2018.

[3] 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.

[4] "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.*

[5] *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://edocs.dhs.state.mn.us/lfserver/Public/DHS-4064Y-ENG).*

analysis by the Congressional Budget Office and a 2010 analysis of Maryland's experience,[6] 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 (that almost always did not affect eligibility).[7] 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.[8]

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.

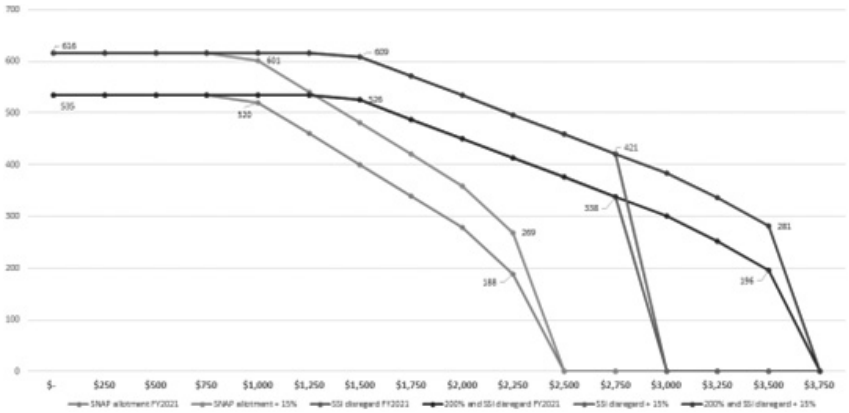
Three important changes could make SNAP more effective at increasing the number of people who sustain work, and at making it more possible for those workers to realize economic stability. The power of these three changes is in their combination—not as a menu of options.

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.

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

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[6] 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.*

[7] *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.*

[8] 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.*

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.

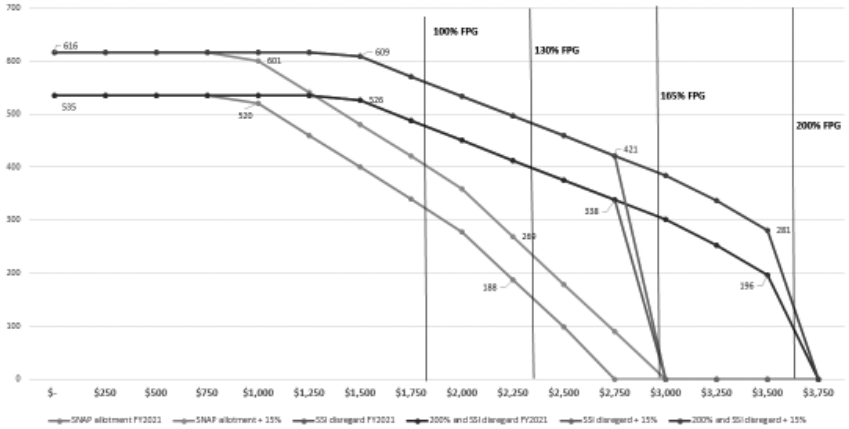
The fourth (navy blue) line shows using the SSI disregard but also applies the 200% gross income limit, the maximum allowed under Broad-Based Categorical Eligibility. Now the cliff starts to soften to a slope.

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.

SNAP allotments by earned income



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 3 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.

The CHAIRWOMAN. Thank you so much for your testimony, Ms. Brown.

And I would now like to welcome our fourth and final witness, Mr. Randolph. Thank you for being here. Welcome to the Com-

mittee. When you are ready, you can unmute and begin your opening statement.

STATEMENT OF ERIK RANDOLPH, DIRECTOR OF RESEARCH, GEORGIA CENTER FOR OPPORTUNITY, PEACHTREE CORNERS, GA

Mr. RANDOLPH. Madam Chair, may I share my screen at this time for a PowerPoint?

The CHAIRWOMAN. Committee, can we stop the clock just until he figures out what he is going to do. Okay. Thank you.

Mr. RANDOLPH. All right, thank you.

Thank you, Madam Chairwoman and Ranking Member Bacon, for your comments. I really liked your comments to begin. And also, I would like to thank the other witnesses—I was listening to what you were saying—and all the Committee Members for this opportunity to present testimony today.

My name is Erik Randolph, and I am the Director of Research for the Georgia Center for Opportunity, GCO for short. We are a nonpartisan, nonprofit organization that works to remove barriers to ensure that every person, no matter their race, past mistakes, or circumstances of their birth, have access to quality education, fulfilling work, and a healthy family life.

Our work in the local communities—sorry, I have to keep up with my slides. Our work in the local communities and with other nonprofit organizations who serve underserved communities teach us how to define our work and our research.

One such area where we have heard from clients, other nonprofits, and employers is that of the unintended consequences of safety net services. These include stories about honest, hardworking individuals giving up higher pay in fear of losing benefits, known, of course, as the benefit cliff.

We, like many of you on the Subcommittee, understand the need and value of safety net services, and, of course, SNAP is among the most important ones, if not the most important one. Many people whom we work with each day rely on these services to meet their nutritional needs and to help make ends meet. We would like to make sure that such services help as intended and do not hinder a person's effort to improve their situation so they can have better opportunities to thrive and flourish.

That is why we created and are continuously improving our benefits model. Our benefits model is not a statistical model. It is a computational model that converts program rules into algorithms, tells us how much a family, based on its characteristics, can receive in benefits from 14 major means-tested assistance programs. These 14 programs represent 80 percent of all Federal funding for means [inaudible]. Which anyone can access at *benefitscliffs.org*.

Here on this slide is one scenario that shows a SNAP benefit cliff as well as a subsidized childcare cliff. In this specific scenario, a single mom with two children would need at least an additional 9.6 percent pay raise to overcome this SNAP benefit cliff.

Safety net programs interact in unanticipated ways, which makes it complicated. The more safety net programs we feed into the model the more cliffs emerge over a range of earnings, and some of the cliffs can be quite severe.

I had mentioned we have been receiving comments from clients, other nonprofits, and employers about benefit cliffs. Here is a story we feature on our website. It is of a single mom unable to accept a pay raise, simply because it means she wouldn't be able to maintain housing support for her and her young son.

We believe that when the design of a program violates the intent of the program itself, it needs to be fixed. And we believe that when it interferes with the ability of persons to get ahead, it is dehumanizing.

This slide gives another example. It shows the current circumstances with the SNAP program where a family of four faces a monthly loss of $782. This cliff is at least 27.5 percent of the family's earnings.

I have outlined in my written testimony a number of observations and recommendations for you to consider. I will now highlight two observations and two recommendations: One, I have outlined—one, obviously, benefits must always taper off consistently and gradually as income rises.

Two, not so obviously, starting benefit values when income is zero that are too high make it much more difficult to find solutions.

Three, you may want to consider reinforcing existing U.S. Code on demonstration projects to address the SNAP benefit cliff. Currently, GCO is collaborating with nonprofits in Texas and Louisiana on solutions where we could use more Federal flexibility, such as blending human services with workforce services.

Four, consider also to reinvigorate SNAP work requirements to help people improve their circumstances where they will no longer require assistance.

To wrap up my comments, I would like to say that solving benefit cliffs will not be easy, and I commend you for undertaking this topic today.

We believe our research and modeling can help you understand benefit cliffs and marriage penalties better and, importantly, help you find solutions to these problems.

I look forward to answering any questions you may have.

[The prepared statement of Mr. Randolph follows:]

PREPARED STATEMENT OF ERIK RANDOLPH, DIRECTOR OF RESEARCH, GEORGIA CENTER FOR OPPORTUNITY,[1] PEACHTREE CORNERS, GA

Thank you for inviting me to testify today on this important topic. My name is Erik Randolph, and I am the Director of Research for the Georgia Center for Opportunity (GCO).

Our non-partisan, nonprofit organization works to improve the lives of individuals and families by promoting quality education, fulfilling work, and healthy family life. We work directly with targeted populations, collaborate with other nonprofit organizations, provide research for public policy, and advocate for changes to improve people's lives, especially at the state level.

While our focus is mainly the State of Georgia, we have been working with similar nonprofit organizations to help people find jobs with career ladders and to find common solutions to problems that all states face, especially regarding Federal policies that impact the states.

GCO works in the community and collaborates with other nonprofit organizations. Our goal is to help people improve their circumstances, become successful in their lives, and flourish as fully-alive human beings. We hear from clients, other commu-

[1] Opinions stated within belong to the witness and are not necessarily those of the Georgia Center for Opportunity

nity-based nonprofits, and employers. Their input influences our programs and activities, especially on what barriers we address to help people. Benefit cliffs are one of the barriers we hear about all the time from clients, other nonprofits, and employers.

Today is the second time I am testifying before this Subcommittee on this topic. This first time was on June 25, 2015, when this Subcommittee was known simply as the Subcommittee on Nutrition, and the hearing was jointly held with the Subcommittee on Human Resources of the Committee on Ways and Means.

An Anecdote and an Overview

To begin, I would like to share a real story about the impact of benefit cliffs. We have made a video of her story that is available on our website.[2]

A young woman by the name of Joyelle moved to Georgia to escape a physically abusive partner. While looking for work, she received housing benefits to help her weather the transition. While she was elated when she received a job offer from a state agency, she was devastated to learn that taking this higher paying job would cause her to lose her housing assistance, pushing her into homelessness once again.

This anecdote is not an isolated story. We have heard many more. In fact, the Georgia State Legislature took testimony from business leaders who encountered similar situations.

From an analytical perspective, the story makes perfect sense given the manner by which our social safety net system has grown over the decades to include a vast web of more than 80 programs designed to help people struggling to make ends meet.

Without a doubt, the safety net system has helped and continues to help millions of people during times of need, as the programs were intended. Unfortunately, the very same system has the unintended consequences, known as benefit cliffs. Quite simply, a benefit cliff is when gains in earnings do not offset the loss in net income and benefits. When encountered, the benefit cliffs discourage and can prevent individuals from leaving the system—by punishing them for earning more money or deciding to marry, essentially imposing on them a life of lower income and making the climb up the income ladder to a higher standard of living more difficult.

Depending on the circumstances and where they are along the earnings ladder, many recipients of safety-net programs may not encounter a cliff. However, others do, and the cliffs can be severe. As a matter of legislative and regulatory design, the system itself allows for benefit cliffs, which can be encountered at several places along the earnings ladder. When they do happen, the severity and extent of these benefit cliffs vary from mild to severe, based on many factors, such as family size, where they are on the earnings scale, which programs they qualify for and receive, and even geography. When they are mild, they can be overcome as individuals climb up the income ladder. When severe, they can be a hard and sobering stoppage to personal financial progress.

In general, the more programs a person qualifies for, the greater the likelihood they will encounter a cliff as they work up the earnings ladder.

On the other hand, marriage penalties are more pervasive and can be more severe.

Today, in response to the parameters of this hearing, I will focus my comments on the role of the Supplemental Nutrition Assistance Program (SNAP) in regard to benefit cliffs and marriage penalties, but keep in mind there is much interplay among the various programs that can alter what SNAP benefits a household will receive. In fact, SNAP is one of the more complicated programs to understand when it comes to benefit cliffs.

What is the Computational Safety-Net Program Benefits Cliff Model?

The GCO Safety-Net Program Benefits Cliff Model is a computational model that allows policy analysts and others to understand and visualize what benefits a family can receive from fourteen major safety-net programs and how earned income can impact benefit levels.

It is not a statistical model. Instead, it is a computational model that converts statutory and regulatory tax and safety net program rules into algorithms to tell us exactly what programs and how much in benefits a family can receive based on inputted characteristics of the family. It gives those results over a range of earnings that enable us to see where benefit cliffs might and do occur.

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[2] *https://georgiaopportunity.org/story-joyelle-got-an-education-a-job-and-a-promotion-she-never-expected-her-success-would-mean-this/.*

Geographical and Family Structure Inputs

The current model uses the following inputs:

- State and county.
- "Mom": age, pregnancy status, marital status.
- "Dad" or husband (when present): age, marital status.
- Children (up to four children can be modeled): age, sex, disability status, in school, childcare setting, and childcare rating category.

The eight states and their counties—totaling 888—currently modeled are:

- Alabama.
- Florida.
- Georgia.
- Louisiana.
- Mississippi.
- North Carolina.
- Tennessee.
- Texas.

Tax and Welfare Programs Modeled

Based on our calculation, the modeled programs account for 95% of all Federal spending in the assistance areas of cash, nutrition, health, childcare subsidies, and rental housing, or 80% of all Federal welfare spending. Education assistance programs are not included in the model.

Nine Federal agencies oversee the modeled programs, but four of those agencies are under the U.S. Department of Health and Human Services. The number of state agencies varies by state. In Georgia, it involves seven state agencies plus public housing authorities and schools.

The following taxes and programs are modeled:

- FICA payroll taxes (social security & Medicare).
- Federal income taxes (other than refundable tax credits).
- state income taxes, Earned Income Tax Credit.
- state matches to the Earned Income Tax Credit.
- Additional Child Tax Credit (*i.e.,* the refundable portion of the Child Tax Credit).
- Temporary Assistance for Needy Families (TANF) cash grants.
- Supplemental Security Income (SSI).
- Supplemental Nutrition Assistance Program (SNAP, a.k.a. food stamps).
- National School Lunch Program.
- School Breakfast Program.
- Special Supplemental Nutrition Program of the Women, Infants, and Children (WIC) program.
- Medicaid.
- Children's Health Insurance Program.
- Premium Tax Credit of the Affordable Care Act.
- Childcare program subsidies.
- Section 8 rental assistance.

Range of Earnings Modeled

For each inputted family structure, the model calculates the taxes and benefits for 201 earning levels, starting with no earnings and increasing in annual increments of $500 up to $100,000. An annual $500 increase is roughly a 24¢ increase in an hourly wage

Output Matrix and Flexibility for Analyst

The output of the model is flexible. The model gives a matrix of net earnings and benefits for the inputted family structure for the range of earnings from $0 to $100,000 for each program. The model also simplifies the output by categorizing the assistance programs, such as combining all the nutrition assistance programs into a single category. The results can be viewed as charts or tables.

Additionally, the model allows researchers to view the outputs by any combination of the tax and benefit programs. For example, the user might want to see the im-

pact of just the food stamp program, or the food stamp program in combination with Medicaid. There are 17 categories currently available that the user can toggle on or off. The total combinations that can be studied calculate to 131,017.

Structure of the Model

The model stores each program's factors and coefficients separately in structured tables as databases. For example, the phase-in thresholds for the Earned Income Tax Credits, which are revised every year, are stored in a database table. In almost every case, the coefficients and factors are precisely the same ones used by the agencies administering the programs. In a few cases when the coefficients are not yet available, they are extrapolated based on historical values using standard statistical or other widely acceptable methods.

The calculation of eligibility and benefit amounts are performed separately from the storage of the database values. The calculation engine pulls up the proper coefficients and factors from the databases for each program based on the inputs, *e.g.,* the characteristics of family structure, running them through an algorithm to determine eligibility and, if eligible, the precise benefit amount.

Defaults

In some cases, the model must use default values for the calculation to be completed. For example, the food stamp rules allow for an excess shelter deduction in determining the amount of the food stamp benefit. The model assumes the fair market rent as published by the U.S. Department of Housing and Urban Affairs. The size of the apartment is based on established rules for the Section 8 rental assistance program. In a few cases, the default value can be overridden. For example, it is assumed that a child starts school at age 5. However, this default can be overridden by inputting a different value.

Current Enhancements and Upgrades

Currently, GCO is upgrading the model to enhance performance and flexibility. The model will allow more flexibility with the family structure, such as adding a grandparent, a benefits calculator to compare a precise wage with another wage, the outputs to include time frames other than calendar year, and greater flexibility to override default values. For example, it will allow inputting actual rental costs as opposed to assuming the fair market rent for SNAP. Additionally, we will be adding more states to the eight states we currently have modeled. In fact, we are halfway through adding South Carolina.

Website and Workbook

Currently, the model is available on our website *https://www.benefitscliffs.org/*, which has 2020 data. In about 1 month, the website will be updated with 2021 data. Anyone can access this website to explore or perform analysis. The website allows users to download the data into CSV files for further analysis and to create their own tables and charts.

We also have made an Excel workbook available for academic researchers who want greater granularity and analytical flexibility, provided they sign a non-disclosure agreement.

Collaboration with Researchers

Currently, we are aware of two academic researchers using our model for analysis. We are actively looking for ways to collaborate with others.

Observations on General Causes of the Cliffs

In general, below are some general causes of benefit cliffs. Some of these are technical.

1. Hard Cut-offs that Do Not Taper—Primary Cause

The most common cause of benefit cliffs is when the benefit program fails to adequately taper benefit levels before the recipient is cut off from the program. This causes the situation where the loss in benefits exceeds any reasonable increase in earnings.

2. Stacking of Benefits One on Top of the Other—Primary Cause

Sometimes the amount of the loss from a program is not sufficient to disincentivize a recipient from accepting higher earnings. However, when programs are stacked upon each other and the recipients stand to lose benefits from more than one program, this combination can cause a cliff.

3. Benefit Levels that Start Too High—Secondary Cause

When benefit levels start too high, it can cause cliffs in two ways. First, high levels of benefits make it difficult to taper the program adequately without breaking the bank. The required slope for these programs to properly taper would reach into high income brackets. This is called a secondary cause because it enables the primary cause of hard cut-offs that do not taper.

Second, when benefit levels start high, it exacerbates the stacking of benefits problem.

4. Exceptions to Eligibility Rules, ***e.g.,*** *Income Disregards—Secondary Cause*

When too many exceptions are made with income disregards, it can allow recipients to receive higher benefits that can create a hard cut off.

5. Unfavorable Factors for Married Couples

Program factors, especially in the U.S. Tax Code, treat married couples differently than non-married couples in a way that can skew the benefits in favor of non-married couples.

6. Program Disincentives to be Married

Conversely, programs can disincentivize couples from marrying because they do the opposite of the U.S. Tax Code by not accounting for marriage adequately.

SNAP Benefit Cliffs

Pre-Pandemic Program

Prior to the [COVID]–19 pandemic, the question of whether SNAP had benefit cliffs depended on three basic factors.

- If the household had no member who was disabled.
- If the household could claim a deduction for housing.
- If the household had childcare expenditures.

For example, if there is a disabled member in the household, there is no SNAP benefit cliff due to earning more money. The reason is that the gross income limit does not apply, allowing the household income to taper off slowly without hitting a hard cut-off limit.

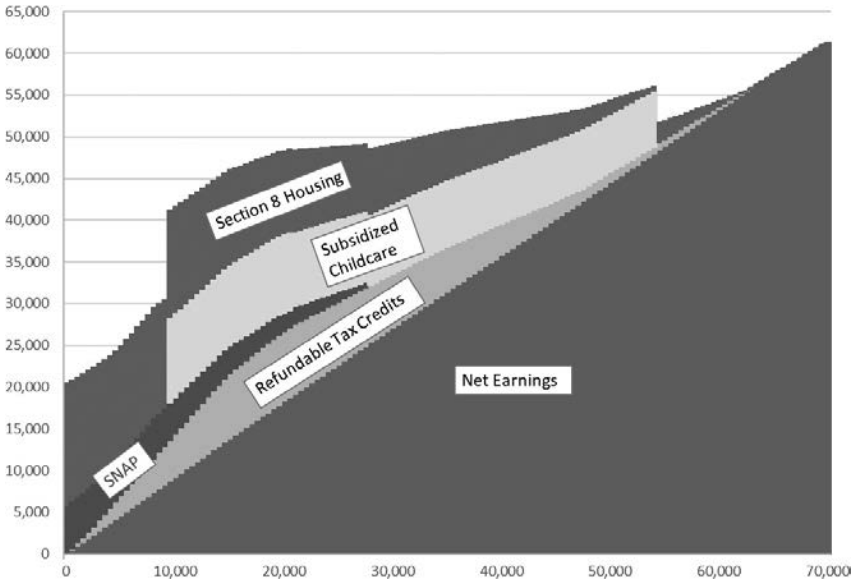
However, for all other households, there can be a cliff, but not always.

If the non-disabled household receives Section 8 housing and childcare services, then the SNAP benefit cliff is negligible and easily made up with extra earnings. See *chart 1* for an illustration.

Chart 1

Pre-Pandemic Stacked Earnings and Benefits in Georgia

Single Mom with an 8 Year Old Girl and a 2 Year Old Boy



However, if the person does not receive Section 8 Housing and must rent their own apartment assuming the fair market rent per the U.S. Department of Housing and Development, then there will be a cliff. In the scenario used in *Chart 2,* the monthly loss would be $219, requiring at least a pay raise of 9.6% to make up for the loss.

Most single moms do not have Section 8 housing vouchers. Therefore, this scenario is more likely.

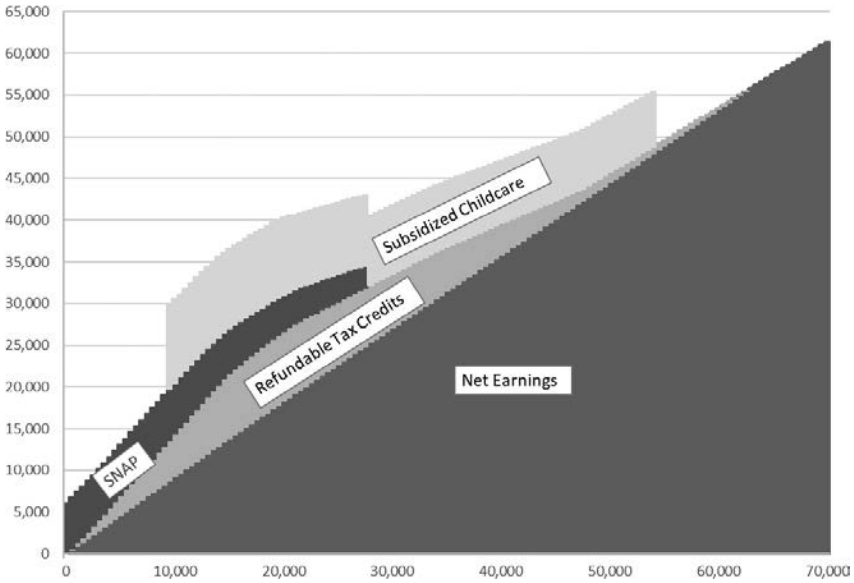
This benefit cliff can disincentivize someone, but it is not as formidable as the benefit cliffs due to Medicaid or subsidized childcare. However, it is unnecessary for the SNAP program also to create such a cliff.

However, if we add the National School Lunch Program into the mix, her 8 year old in this scenario would no longer qualify for a free school lunch but would qualify for a reduced-price lunch, compounding the SNAP benefit cliff.

Chart 2

Pre-Pandemic Stacked Earnings and Benefits in Georgia

Single Mom with an 8 Year Old Girl and a 2 Year Old Boy



Finally, if the single mom pays for childcare, then the benefit cliff could double. However, it is not clear how often this would happen due to the high cost of childcare.

P–SNAP Waivers

The Families First Coronavirus Response Act (P.L. 116–127) has a provision allowing states to request waivers to give recipients the maximum allotment for SNAP. Extended by the Continuing Appropriations Act for 2021 (P.L. 116–159), the pandemic-SNAP waiver—P–SNAP for short—means all households of the same size receive the exact same food stamp allotment.

For example, an eligible single mom with one child who lives in one of the 48 contiguous states or the District of Columbia currently receives $430 a month in food stamp benefits. It does not matter if the single mom has no income or makes $22,400 annually, which is below the gross income limit. She will receive $430 each month.

Clearly, the single mom with $22,400 annual income is benefiting more than the single mom with no income. It seems unfair to the much poorer family that the family earning much greater income is drawing the same benefits.

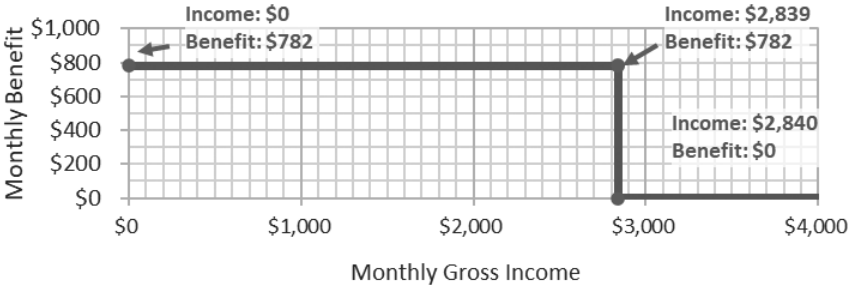
We can do the same comparison for the other families, such as the eligible four-person household who currently receives $782 each month no matter if the household has no income or $34,000 in income.

At some point, families just under the gross income limit will have opportunities to earn more money, and they will face the potential cliff. Even where state agencies are reluctant to terminate benefits because the Food and Nutrition Service waived the states' agencies responsibility to do so under pandemic rules, the decision is essentially the same. Accepting the opportunity will eventually cause a significant loss of benefits.

For example, consider the size of the potential benefit cliff in *Chart 3.* A family of four just under the income threshold is getting $782 a month, which equals $9,384 on an annual basis. The breadwinner would need to receive a pay raise of more than 27.5% to avoid a SNAP benefit cliff.

Chart 3

Four Person Household Monthly Food Stamp Benefit



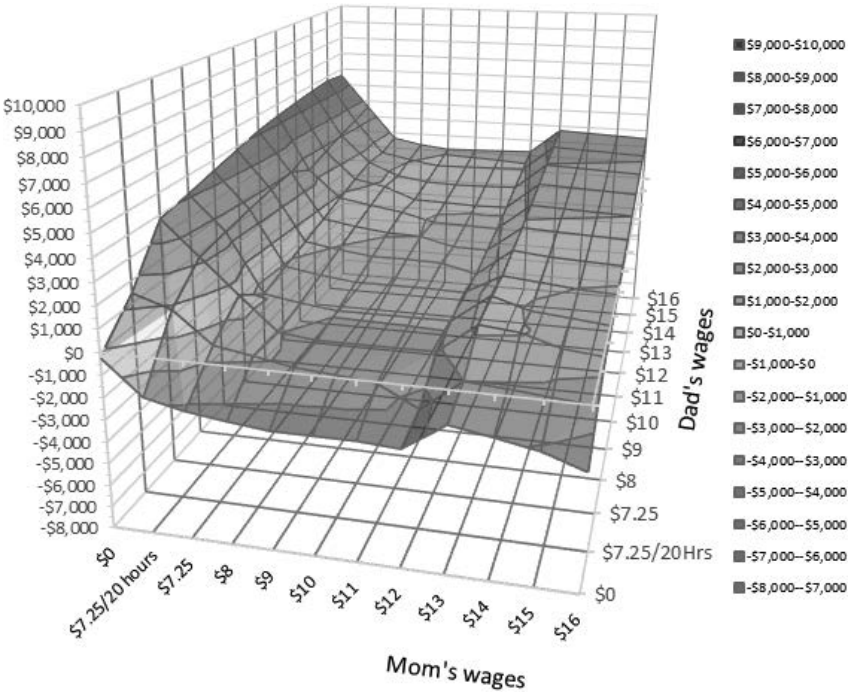
Marriage Penalties

We developed a computational model to test for marriage penalties. Overall, the tax and welfare system has severe marriage penalties, and they were far worse than we expected. The fundamental rule is that the more safety net programs a person receives, the greater the extent and more severe are the marriage penalties.

We did not test specifically for the SNAP by itself, but we included SNAP in with safety net programs commonly received by SNAP recipients, which include refundable tax credits and the school lunch and breakfast program.

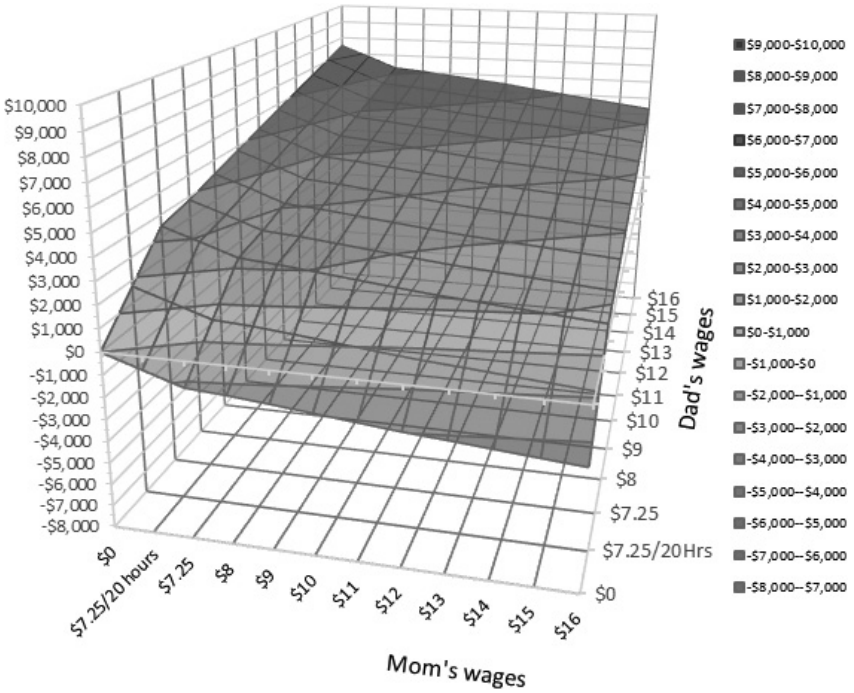
Chart 4 was produced by our computational model. It is a three dimensional chart using 2016 data that shows the combination of those basic benefits with SNAP on a matrix of earning levels of a mom and a dad with two children. The areas in red show marriage penalties, and the areas in blue are marriage bonuses.

Chart 4



Absent taxes and this small set of safety-net programs, the chart would be mostly blue as shown in *Chart 5.* In other words, there is naturally a financial incentive for marriage, which is undermined by tax and safety net programs.

Chart 5



Although we did not isolate the SNAP program when we ran the analysis, we do know that the structure of the maximum allotment tables allows for a penalty. *Table 1* gives the maximum monthly allotments along with the marginal benefit by adding each person to the household.

With the exception of the sixth person, note that as the household size expands, the marginal benefit decreases. The first person in the household is worth an allotment of $234 per month, the second $196, the third person $186, and so on.

This provides a disincentive for marriage that adds to the effect we see in *Chart 4.* A married couple with two children has a maximum allotment of $782. However, the couple is incentivized to be unmarried and claim separate SNAP households where their allotment would be $850.

While this amount by itself may not be significant enough to disincentivize marriage, in combination with the many other disincentives in the tax and welfare system, it adds to the problem. The goal should be to make it neutral or even incentivize marriage.

Although this is an unrelated issue, note that the marginal benefit for the sixth person in the household increases to $185 instead of decreasing. This is clearly a mathematical error, and it is being carried over year to year, that should be corrected.

Table 1

Household size	Maximum Monthly Allotment	Marginal Benefit Per Additional Member
1	$234	$234
2	$430	$196
3	$616	$186
4	$782	$166
5	$929	$147

Table 1—Continued

Household size	Maximum Monthly Allotment	Marginal Benefit Per Additional Member
6	$1,114	$185

Specific SNAP Recommendations and Conclusions

As a matter of general policy, I recommend adopting the goal of making sure SNAP does not contribute to benefit cliffs or marriage penalties—either as a standalone program or in combination with other programs. This goal recognizes that safety net programs do not operate in isolation but interact with each other where the combination of these programs can create more severe disincentives and penalties, although some individual programs, such as Medicaid and subsidized childcare, have severe disincentives all by themselves.

An important step forward would be to work on consolidating and simplifying safety net programs. The more exceptions there are to the rules, the more difficult the analysis is for legislators, their staff, and policy wonks, like me. Similarly, the more complex the rules are, the greater the likelihood that states will mismanage the program. Additionally, higher complexity is associated with loopholes for individuals to abuse the system.

The simplification of safety net programs will help with the coordination with other programs. This is not only important for the agencies administering the program, but, more importantly, it will make life easier for people who need to negotiate the complex systems to obtain benefits.

In this regard, SNAP should not be used as a tool to subsidize childcare costs or housing. These needs should be addressed by programs specifically designed for assistance in those areas. Therefore, the SNAP income disregards for housing and childcare should be eliminated. This simplification will go a long way to restoring the tapering of benefits to avoid cliffs.

Giving everyone the same allotment regardless of income should not be attempted again. Benefit amounts should be based on need, and those on the bottom need the most help. Clearly, it is unfair to those families on the bottom to get the same amount that a family just under the income threshold receives. We need to use our limited resources wisely, and by overcompensating, we expend more public resources, make the benefit cliffs more severe and difficult to be overcome by the families, and make it more difficult for legislators to roll benefit levels. The sooner this can be restored, the sooner it will be fairer, fiscally more prudent, and SNAP benefit cliffs eliminated.

As far as adopting a thrifty food plan, it is important to realize that benefit amounts that start out too high pose difficulties in preventing benefit cliffs. If this Subcommittee wants to increase the level of the basic food plan, I suggest first consolidating other food benefit programs into SNAP. This consolidation would be a great benefit, and we have some ideas on how to do it.

I recommend reworking the SNAP allotment tables to eliminate marriage penalties. A good way to approach this would be to create two tables: one for married couples, and another for other households, making sure that there is no marriage penalty because of SNAP. While this may break new ground for SNAP, it is common with tax law.

As an alternative approach, or perhaps in conjunction with making the changes outlined above, I recommend that Congress reinforces 7 U.S. Code § 2026 (Research, demonstration, and evaluations) to make it clear to the Secretary of Agriculture that demonstration projects to test innovative welfare reform strategies include projects to address the SNAP benefit cliff. Making it easier for states to test solutions to the benefit cliff in demonstration projections, and even requiring the Secretary to solicit such demonstration projects, would provide experience-based evidence to know what policies and practices would work best.

I have one final observation on SNAP I would like to share. GCO works directly with unemployed workers to help them connect with employers for well-paying jobs that put these workers on a career ladder for financial stability and growth. We collaborate with other nonprofits and work with employers to engage individuals in this effort and work to remove barriers to employment. Related to identifying those barriers, we have spent time researching why the labor participation rate has been declining among prime-working age individuals, which was a major concern of the Council of Economic Advisors to President Barack Obama as well as leaders of the Administration of President Donald Trump. This is clearly an area where we can have bipartisan cooperation. SNAP is one of the big three safety-net programs that reaches a significant proportion of the U.S. population. We believe it would make

good public policy and be in the public interest to reinvigorate the SNAP work requirements and education/training components. Not only will SNAP enrollees and their families benefit, but the more individuals reengage in the workforce, the stronger and more productive the U.S. economy will become. It grows the pie bigger, making everyone and society wealthier.

General Conclusions

Benefit cliffs and marriage penalties are real. Our computational models demonstrate that this is so, which complements anecdotal evidence.

Economic incentives matter. This is backed up with economic reasoning and empirical evidence. Therefore, safety-net programs need to be designed in ways that do not disincentivize individuals from self-improvement. Economic incentives need to be aligned with safety-net policy.

The anticipated benefits are many. These include greater participation in the labor force, an expanded economy making society wealthier, less poverty, more potential tax revenue for state and local governments without raising rates, more economic opportunities for individuals, and happier citizens.

Thank you for allowing me the opportunity to share our modeling work, observations, and recommendations. I will do my best to answer any of your questions, and I will be happy to provide you with any additional information you may need or get back to you on any questions I cannot answer.

POWERPOINT PRESENTATION

GEORGIA CENTER *for* OPPORTUNITY

Examining the SNAP Benefit Cliff

Subcommittee on Nutrition, Oversight, and Department Operations
U.S. House Committee on Agriculture

Erik Randolph, Director of Research / July 12, 2021
Virtual Hearing

333 Research Court, Suite 210 – Peachtree Corners, GA 30092 – P 770.242.0001 – F 770.242.0501 – georgiaopportunity.org

GEORGIA CENTER *for* OPPORTUNITY

Introduction

The Georgia Center for Opportunity (GCO) is a non-partisan, non-profit organization working to improve the lives of individuals and families by promoting quality education, fulfilling work, and healthy family life.

GCO has developed computational models to show safety net benefit cliffs and marriage penalties.

Our presentation today will review results and observations from those models, especially regarding the Supplemental Nutrition Assistance Program (SNAP).

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Introduction

GCO works in the community and collaborates with other non-profits.

- Our goal is to help people improve their circumstances, become successful in their lives, and flourish as fully-alive human beings.
- We hear from clients, other community-based non-profits, and employers.
- Their input influences our programs and activities, especially on what barriers we address to help people.
- Benefit cliffs are one of the barriers we hear about all the time from clients, other non-profits, and employers.

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Overview

Overview of Testimony

1. Background on GCO's modeling to study benefit cliffs and marriage bonuses and penalties
2. Complexity of SNAP Benefit Cliffs
   - Yes, there are SNAP benefit cliffs, but it is complex: where and when they occur: non-disabled households with housing or childcare costs
3. SNAP Marriage Penalty
   - How SNAP contributes to marriage penalties: problem with maximum allotment table
4. Observations, Recommendations, Conclusions
   - General observations on the causes of cliffs and penalties: hard cut offs, stacking, high starting points, exceptions to rules, unfavorable factors
   - SNAP specific recommendations: policy goal adoption, consolidation & simplification, income disregard elimination, no high starting points, rework maximum allotment tables, reinforce 7 U.S. Code § 2026 demonstration projects to include addressing benefit cliffs, reinvigorate work requirements & E/T
   - General comments: benefit cliffs & marriage penalties are real, economic incentives matter, align safety-net programs with economic incentives, anticipated benefits to society: greater labor force participation, expanded economy, more tax revenue, more economic opportunity, happier citizens

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Background on Modeling

The **GCO Safety-Net Program Benefit Cliff** model is a computational model that converts tax and welfare program rules into algorithms that enable us to see the impact of income taxation and safety-net program benefits on families due to changes in earnings. It is a public policy tool that enables us to analyze the systemic impact of income taxes and assistance programs and to develop solutions of unwanted cliff effects.

It is named the cliff model because it can show those changes in earnings where the gain in earnings cannot offset the loss in net income and benefits.

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Background on Modeling

The Cliff Model is available:

- On our website at https://www.benefitscliffs.org
- As an Excel workbook for academic researchers, provided they sign a non-disclosure agreement

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Background on Modeling

Marriage Bonus/Penalty Model

The Marriage Bonus/Penalty model works off the Safety-Net Program Benefit Cliffs Model by running computer programming to create three dimensional matrixes that show marriage bonuses and penalties.

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Background on Modeling

Variables

- Independent variable is earnings
- Dependent variables are tax liabilities and welfare program benefits

Some Basic Assumptions

- Standard deductions on taxes and nothing unusual
- No income other than earnings and welfare benefits
- No excess resources that would disqualify the family for benefits due to welfare program excess asset tests

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Background on Modeling

Input Variables

- Year (2020 or 2021)
- State (AL, FL, GA, LA, MS, NC, TN, TX)
- Political Subdivision (All counties or parishes with those states)
- One or two parents
- Parents' ages
- Whether mom is pregnant
- Number of children (1 to 4)
- Ages of children
- Sex of children
- Whether child is disabled
- In school
- Subsidized childcare setting
- Rate category of childcare

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Background on Modeling

Major means-tested programs modelled

- Earned Income Tax Credit (EITC)
- Additional Child Tax Credit (ACTC)
- Temporary Assistance for Needy Families (TANF) Cash
- Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP), aka food stamps
- National School Lunch and Breakfast programs (NSLP)
- Women, Infants and Children (WIC) food packages
- Section 8 Housing Choice Vouchers (HCV)
- Childcare Services
- Medicaid
- Children's Health Insurance Program
- Affordable Care Act Premium Tax Credit

{refundable tax credits}

{cash}

{food assistance}

{housing assistance}

{subsidized childcare}

{medical assistance}

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Background on Modeling

Major programs modeled are 95% of spending

Welfare Programs Modeled: EITC, ACTC, TANF, SSI, SNAP, NSLP, NBP, WIC, HCVs, Subsidized Childcare, Medicaid, CHIP, and ACA HIX subsidies.

These programs constitute **95% of federal welfare spending** in the areas of cash, food, housing (including public housing), childcare, and health.

Program Area or Earmark	Federal Expenditures (Millions)				Number of Programs		
	Total	Covered	Percent Covered	Not covered	Total	Covered	Not covered
Health	$362,085	$333,411	92.1%	$28,674	9	3	6
Cash	$152,941	$152,941	100.0%	$0	5	4	1
Food	$105,782	$101,119	95.6%	$4,663	10	4	6
Housing	$33,490	$32,551	97.2%	$939	5	3	2
Childcare	$5,123	$5,123	100.0%	$0	1	1	0
Subtotal	$659,421	$625,145	94.8%	$34,276	30	15	15

Sources: U.S. Government Accountability Office (GAO-15-516) and author's calculations. 2015 data

Welfare areas not considered: education, social services, veteran benefits, Indian programs, community development, job training, energy , homelessness, Puerto Rico, Refugees. If we include these, then the model covers 80% of federal spending out of the 83 programs identified by the U.S. GAO.

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Background on Modeling

Default setting for welfare family with children

- Statistically, single mom household with two children
- Most households with children are single mom households: 50.3% compared to 39.5% of married couples and 10.2% of single dad households.
- Nationally, 50% of single mom households participated in means-tested programs, compared to 29.5% of male households and 14.7% of married couples.
- 43.2% of single moms were in poverty in Georgia in 2014, compared to 9.8% of married couples.

Georgia Families with Children 2014

Income relative to Federal Poverty Level	Percent of Families				Average Number of Children			
	Married	Widowed or divorced	Never married	All Families	Married	Widowed or divorced	Never married	All Families
≤ 100%	40.1%	22.9%	36.9%	100.0%	2.3	1.7	2.2	2.1
>100% and ≤ 200%	58.2%	26.3%	15.5%	100.0%	2.0	1.5	1.7	1.9

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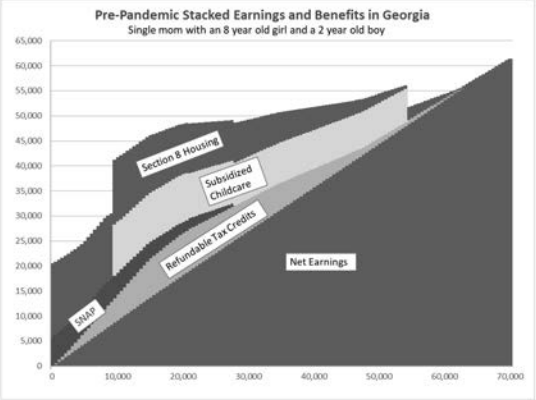
SNAP Benefit Cliff



Pre-Pandemic SNAP: When a SNAP household has a disabled member, or when the household receives Section 8 housing and subsidized childcare, there is no SNAP benefit cliff. **Note:** this scenario does not include other programs than what is listed.

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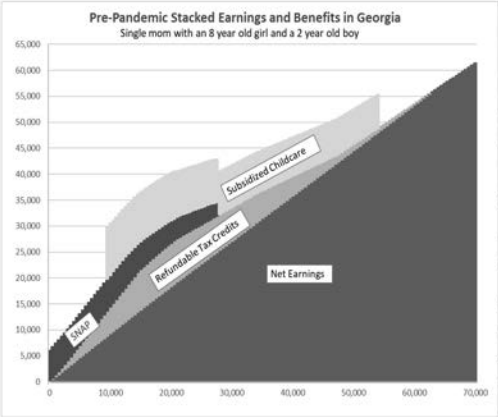
SNAP Benefit Cliff



Pre-Pandemic SNAP: Let no member of the household be disabled, and take away Section 8 housing, which most people cannot get, then there is a SNAP benefit cliff. For the scenario to the left, the cliff requires a 9.6% pay raise to overcome. **Note:** this scenario does not include other programs than what is listed.

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SNAP Benefit Cliff

Pandemic SNAP: There is a severe SNAP benefit cliff requiring at least a 27.5% pay raise to overcome for this scenario.

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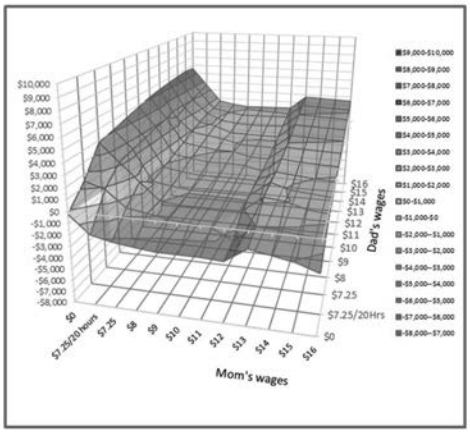
SNAP Marriage Penalty



SNAP Marriage Penalty: In combination with the most common safety-net programs, i.e., refundable tax credits and subsidized school meals, there is a severe marriage penalty for a wide range of income ranges.

Code

Blue: marriage bonus

Red: marriage penalty

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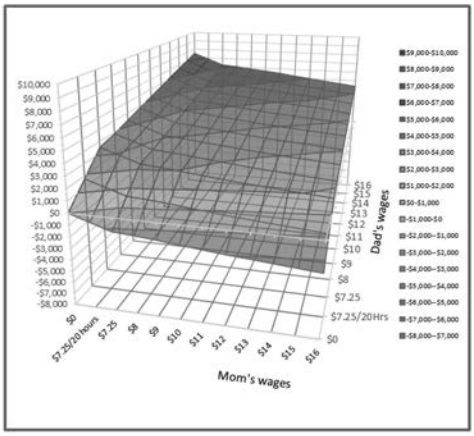
SNAP Marriage Penalty



For Comparison: What marriage bonuses and penalties look like absent taxes and any safety-net program.

Code

Blue: marriage bonus

Red: marriage penalty

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SNAP Marriage Penalty

Household size	Maximum Monthly Allotment	Marginal Benefit Per Additional Member
1	$234	$234
2	$430	$196
3	$616	$186
4	$782	$166
5	$929	$147
6	$1,114	$185

Parents with 2 Children	
Married couple	Living together
$782	$850

$616 + $234 =

The design of the SNAP Maximum Allotment table leads to a marriage penalty.

One Solution: Create two tables, one for married-couple households and another for non-married households, where there is no disadvantage. This can be accomplished by adjusting the marginal benefit to be equal for the spouses.

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Recommendations and Conclusions

Observations on General Causes of Safety-Net Cliffs

1. Hard Cut-offs that Do Not Taper—Primary Cause
2. Stacking of Benefits One on Top of the Other—Primary Cause
3. Benefit Levels that Start Too High—Secondary Cause
4. Exceptions to Eligibility Rules, e.g. Income Disregards—Secondary Cause
5. Unfavorable Factors for Married Couples
6. Program Disincentives to be Married

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Recommendations and Conclusions

Recommendations specific to SNAP

1. Adopt a policy goal making sure SNAP—whether a stand-alone program or in combination with other programs—does not contribute to benefit cliffs or marriage penalties.

2. Work on consolidating and simplifying safety net programs.

3. Eliminate income disregards for SNAP so it does not cross-subsidize other needs that are the purview of other programs.

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Recommendations and Conclusions

Recommendations specific to SNAP—Continued

4. Base SNAP benefits on need favoring those households on the bottom. That is, do not give all households of the same size the same benefit, such as the P-SNAP waiver program.

5. Do not adopt too high of a value for the thrifty food plan.

6. Rework SNAP maximum allotment tables to eliminate marriage penalties.

7. Reinvigorate SNAP work requirements and E/T Programs.

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Recommendations and Conclusions

Recommendations specific to SNAP—Continued

8. Reinforce 7 U.S. Code § 2026 (Research, demonstration, and evaluations)

- Make clear demonstration projects to test innovative welfare reform strategies include projects to address the SNAP benefit cliff.
- Require the Secretary of Agriculture to solicit such demonstration projects.
- This approach would provide experience-based evidence to know what policies and practices would work best.

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Recommendations and Conclusions

General Conclusions

1. Cliffs and penalties of the safety-net system are real
2. Economic incentives matter
3. Therefore, align economic incentives with safety-net policy
4. Anticipated benefits from the redesign
   a. Greater participation in labor force
   b. Expanded economy
   c. Less poverty
   d. More potential tax revenue for state and local government
   e. More economic opportunities for individuals
   f. Happier citizens

The Georgia Center of Opportunity

focuses on creating opportunities for:

a **quality education**,
fulfilling work, and
a **healthy family life**

for *all* Georgians.

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Recent Research on Increasing Work Incentives

Reference Guide:
Georgia's Welfare System Reference Guide Program Bases and Flexibility for Reform Assessment
September 2016, revised March 2017

On Health Insurance:
A Real Solution for Health Insurance and Medical Assistance Reform
January 2018

The welfare cliff:
Disincentives for Work and Marriage in Georgia's Welfare System,
September 2016, revised March 2017

Marriage penalties:
Deep Red Valleys
February 2017

Systemic Welfare Reform:
Three part series: (1) The Case for Reform, (2) Principles and Framework for Reform, and (3) How the New System Will Work
January 2018

These reports are available online:
https://georgiaopportunity.org/resources/

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The CHAIRWOMAN. Thank you. Thank you for your testimony.

Before we move on, I just want to make sure that Chairman Scott and Ranking Member Thompson are not here and do not want to be recognized at this time. I don't see them, so at this time Members will be recognized for questions in order of seniority, al-

ternating between Majority and Minority Members. You will be recognized for 5 minutes each in order to allow us to get as many questions as possible. Please keep your microphones muted until you are recognized, in order to minimize background noises.

At this time, I will recognize the gentleman from Massachusetts, Mr. McGovern, for your questions.

Mr. MCGOVERN. Well, thank you, Chairwoman Hayes, for calling today's hearing.

I want to thank the witnesses. As some of you know, at the House Rules Committee we have launched a series of hearings and roundtables focused on hunger, looking across Federal departments and programs at ways safety net programs work together to address hunger. And, as part of that effort, I spent a lot of time during these last several months talking to people living in poverty, people with lived experiences, talking to people who rely on modest SNAP benefits to put food on the table for their families.

And what I have learned is that people's lives are very complicated. And do you know what I have not heard once? I have not had a single person who has told me that they would rather rely on SNAP and other government assistance programs instead of a good-paying job. In fact, it is important to remind everybody that we do know that the majority of people who are able to work who are on SNAP right now actually do work.

We have heard some talk about a culture of dependency here today resulting from SNAP, but the fact of the matter is it is simply not true. The average person is on SNAP less than a year, and ¾ of recipients work within a year of receiving a SNAP benefit.

I think we can all agree that a good-paying job is one of the surest ways out of poverty, but let's be clear here. There isn't a shortage of Americans looking for work. There is a shortage of Americans willing to work for low wages with no benefits, no healthcare, no childcare and no protections, especially during a pandemic. And for decades, America's working families have been getting clocked by stagnant wages, disappearing benefits, and shrinking savings.

If some workers are demanding jobs that treat them with dignity and respect, jobs that actually allow them to get off of government benefits for good, all I can say is, it is about damn time.

In fact, what we have heard from the witnesses today is that SNAP supports work. Broad-based categorical eligibility helps to mitigate the SNAP cliff. And yes, we have heard that while SNAP is well-designed, there can be further improvements made, like increasing benefit levels and increasing income limits to make the program even more effective.

So, one of the challenges we have is we need to look at this issue holistically. And that is why I am calling for a White House conference on food, nutrition, hunger, and health. Because ending hunger will be a whole-of-government approach, will require a whole-of-government approach, and a White House conference will help us look beyond the jurisdiction of this Committee and really help us explore the interplay between Federal programs that Dr. Hardy spoke about.

So, I am hopeful that such a conference will be able to help Congress get out of this mind-set where struggling people and their struggles are disparaged and diminished. People with lived experi-

ences of hunger need to have a seat at the table in developing a plan to end hunger once and for all.

Dr. Hardy, let me begin with you. Thanks for making the strong connection between SNAP and work. Could you please elaborate on your findings that support the complementary nature of SNAP and work?

Dr. HARDY. Sure, two points: First of all, we do have broader structural labor market issues where, as you said, our economy has unfortunately produced a high share of very low-paying jobs over the past several decades. So, it has become increasingly polarized. Fewer are in the middle.

And so, I think that many of these households and families rightly want to move up the economic ladder. There are promising programs. WorkAdvance is one example that can try to connect anchor employers with workers so that they can move up that economic ladder.

But put simply, in the labor economics literature, when we think about the whole host of factors that contribute to work or labor supply or disincentivizing, we just simply don't find that food assistance programs are a major contributor. It is tiny, if not zero.

So, there are other things to look at. If we are thinking about this as a hypothetical patient, SNAP does its job. It provides economic assistance. And, again, Representative McGovern, there are these long-term benefits for children that show up in increased economic productivity.

Mr. MCGOVERN. And let me just say SNAP is not some generous benefit. The average benefit is about $1.40 per person per meal. It has been increased as a result of the American Rescue Plan.

But, Ms. Brown, can you please elaborate on your recommendation that we increase SNAP benefits. And how would a benefit increase plus an increase in the earned income disregard and an increase in gross income limit help people achieve greater financial stability?

Ms. BROWN. Thank you. Yes, as was stated previously, the SNAP benefit is a supplemental benefit. So, it isn't intended to cover the full month's worth of food, and that does cause families additional stress and strain.

And if we increase, as I mention in my recommendations, what we are really focusing on are people who are working, people that are on that verge, and it gives them just an increased stability and additional support so that they can make it long-term.

Mr. MCGOVERN. And I know my time is up. I just want to thank you. It is important that we dispel this narrative, this false narrative out there that somehow people who are on this benefit do not want to work. The bottom line is the majority who are able to work are actually working, but wages are so low and benefits are nonexistent that they have no choice. So, I appreciate your testimony.

I yield back.

The CHAIRWOMAN. Thank you, Mr. McGovern.

Ranking Member Bacon, I want to apologize. I am so sorry. When I decided I would go at the end, I think I just in my head put you at the end as well. So, if you would like to be recognized

for your questions right now, I will recognize—I am sorry—the gentleman from Nebraska. I apologize.

Mr. BACON. That is all right, Madam Chairwoman. That is all right. I have a very thick skin. I don't worry about those things. So, I appreciate it. No problem.

I would acknowledge with what Mr. McGovern is saying. We know people do want to work. But, yet every one of our witnesses here, three in particular, talked about that there is a real negative impact of the cliff effect. It has disincentivized some. And I think we heard from Mr. Randolph, a dollar, $1 earned more costs $700 in benefits. That is a real factor there that real people have to deal with.

Dr. Hardy, thank you for your comments too. And I agree with you, SNAP is a vital program. Do you see any value at all with sloping the benefits down, as other panelists here said, *versus* a direct cutoff? You talked a little about the EITC, but are there benefits to sloping the benefits down?

Dr. HARDY. It is a great question, Representative. And, one of the things I would point out is that, as we discuss this, certainly there is what we call a benefit reduction rate. Right now, statutorily, that is around 30 percent. And, you lose 30¢ for every dollar earned. But, in fact, that is an improvement. So, on the arithmetic, just looking at SNAP alone, that is kind of what we want.

Now, there are other alternatives you have. You can extend the program out. That would raise costs. I am, in fact, in favor of the sorts of interventions that Commissioner Brown recommends.

My view is that we already do have this sort of downward sloped hill. I think it is more of a hill, less than a cliff. And my view is that we are trying to fight structural labor market conditions, and so we see this adjustment occurring right now both in Nebraska, North Carolina where I grew up, Maryland where I currently am.

And so, the idea is that we do see this feature of the program, that the benefits do slope downward. And if you want to extend those benefits out, I think that is a promising direction.

Mr. BACON. Okay. Well, thank you. I know you focused on the EITC, but I appreciate just getting your thoughts there.

Dr. Gourrier, thank you for seeing what you are seeing in Maryland. It sort of validates the concern that we have, so I appreciate your comments.

And, Ms. Brown, also, I appreciate showing what you are seeing also in Minnesota, and you have said it really well about needing a slope and not a cliff.

Mr. Randolph, did I get that right, $1 added cost, was it over $700 in benefits? Did I catch that right in your slide?

Mr. RANDOLPH. For a family of four, that is correct.

Mr. BACON. I wanted to ask you too, in the last farm bill we had, we extended transitional benefits. We also had some increases to the earned income tax deduction. They were both struck down at conference.

Do you think that these measures would have helped with the cliff effect? Erik—or Mr. Randolph, excuse me.

Mr. RANDOLPH. So, would you tell me what those measures were again?

Mr. BACON. Yes. We extended transitional benefits, and we also increased some of the earned income tax deduction, but they were stripped out at conference. I am just curious if you thought those could have been value added to this discussion.

Mr. RANDOLPH. Right. Traditional benefits is a common thing we have had in programs for quite a while, and certainly it is a tool that the states can use to help. So, I would have to agree that is.

Now, you are referring to the earned deduction, the income disregard.

Mr. BACON. Right.

Mr. RANDOLPH. And that most likely would—now, I would actually personally like to test it, because there are some other complicating factors in there. So, I would like to like use our modeling and play with it and say, let's increase it from 20 percent to let's say 40 percent and see what it overall does. I think it is promising. It sounds like a good idea, but I haven't really specifically tested it.

Mr. BACON. Here is another one for you, Mr. Randolph: Do you think it is logical to eliminate asset tests for SNAP eligibility determinations? Why not incentivize earnings through a raised limit?

Mr. RANDOLPH. So, I like to actually call them excess resource tests, because that is actually what a number of the states call them. And when I worked at Pennsylvania's Department of Public Welfare, for example, that is what we called them, an excess resource test.

Because I think it kind of emphasizes it is not that you are trying to penalize people for having assets. It is that they are trying to find if you have excess assets beyond what is standard that you might be trying to hide so that you are not paying your thing.

Now, I believe that you are working on this, if I understand it, that you would like to update the asset test, because it hasn't been updated in a long time. But there is a fundamental issue where if you get rid of the asset test or the excess resource test, you still have to deal with the situation where people have a lot of resources.

And I know that there has been, for example—there has been some situations in the media highlighted where you have one individual win a very large lottery winning and they are still on food stamps. So that has happened.

But it actually occurs a lot more, because when I was at the Department of Public Welfare, every month we would get the winners for the lottery and we would run against the rolls of the SNAP program. And, sometimes these winners might only get $100,000, they might get tens of thousands, but we would always find that there would be individuals that were still receiving their food stamps. So, it was necessary for our department to kind of keep up with that, and we participated in a number of data exchanges to do that.

So, I mean, yes, the Subcommittee could decide to get rid of the asset test, but I am thinking you need to replace it with something, because not everybody out there lives just on income. Now, we are talking about a small minority of people, but you still have to be able to address that minority.

Mr. BACON. Thank you, Mr. Randolph.

I have to yield back my time. Our time is short. I appreciate your input and all the panelists' input. Thank you.

The CHAIRWOMAN. Thank you. Thank you for that, Ranking Member Bacon.

At this time, I will recognize the gentleman from the Northern Mariana Islands, Mr. Sablan. I don't know if you have a question or if you are going to yield, as you said before. If you do, I will take the time.

Mr. SABLAN. All right. I yield to the Chairwoman my time, although this is a very good hearing. Madam Chairwoman, I yield my time to you.

The CHAIRWOMAN. Thank you, Mr. Sablan. And, again, thank you so much for joining us. I am not sure what time of the night it is in the Northern Mariana Islands, but the fact that you are so invested in this work really speaks volumes. So thank you for joining us.

And thank you to all of the witnesses for your testimony.

My question today, many low-income families participating in SNAP are struggling to make ends meet and are unable to save for the future. According to the Urban Institute, only roughly half of SNAP households have a bank account at all, and for those that do the average amount held in their bank accounts is about $150.

My question is for Drs. Hardy and Gourrier. Can each of you speak more about how broad-based categorical eligibility eases the benefit cliff faced by SNAP recipients if they are able to secure more work-hours or higher wages? Specifically, how does raising the gross income limits and increasing or eliminating the asset test allow recipients to achieve greater financial stability?

We can start with Dr. Hardy and then go to Dr. Gourrier.

Dr. HARDY. Yes. And I will try to be relatively brief so Dr. Gourrier can respond as well. What I would simply say is that these sorts of policy interventions give these SNAP families more in the way of space in order to move up the economic ladder. These households are more likely to experience both low incomes and very volatile incomes. So, they operate in a part of the labor market where there is a lot of job instability.

And so, when you think about broad-based categorical eligibility and expanding the ability to have additional assets, you are talking about ways to give these households additional buffers. Those are buffers that can help them in their day-to-day expenses. These are buffers that help families provide the resources for their children to learn and ultimately move out of poverty.

And importantly, these are the sorts of findings that we have within the economic literature that programs like SNAP have been causally linked to improving long-term economic outcomes, precisely what we want in public policy interventions. And so, this, as you suggest, Representative Hayes, would be a boost.

Dr. GOURRIER. And, along those same lines, when we talk about broad-based categorical eligibility, Dr. Hardy talked about the benefits of the recipient and the ability to pursue greater employment opportunities, but it also provides greater flexibility for the states.

We have seen the ability to provide greater limits when the previous illustrations of the curves, the higher limits allow for smoother cliffs, allowing recipients to increase their benefits over a longer

period of time. That allows them to make greater transitions and pursue more work opportunities that might not otherwise be there.

The broad-based categorical eligibility allows for some degree of savings to be accumulated. That also creates a stability. In our research, when we talk about the ability to meet the sustainable or survival limit, that is a recipient that has no ability to deal with any unexpected expenses that occur.

So that broad-based categorical eligibility limit allows for some degree of accumulation of savings that allows an individual to transition some of those unexpected expenses as they pursue work opportunities in the future.

The CHAIRWOMAN. Thank you. Thank you both for that.

And I will just add to that, I like that Dr. Hardy talked about long-term economic outcomes, because for many families that are making this decision, their decision is not based solely on I don't want to work more hours because my benefits will be cut. It is on the long-term economic stability of their family and the fact that the analysis of having 2 or 3 more hours at work means now you don't have money to buy groceries for your children.

So, it is not as simple as, "I don't want to work so that I don't disrupt my benefits." So, this is about the long-term economic stability of families.

Mr. Sablan, thank you again for yielding your time.

And, with that, I will end and move on to our next Member on Minority side. Is Mr. Crawford with us?

Mr. CRAWFORD. Yes, ma'am.

The CHAIRWOMAN. I now recognize Mr. Crawford. Thank you. Please unmute and begin your questions.

Mr. CRAWFORD. Thank you, Madam Chairwoman, I appreciate that.

And to our panelists, thank you for being here. My colleagues and I believe there is an awful lot more we can do for those who are trapped in our social safety net programs, but we are simply limited by the level of discourse in Washington, which has essentially stymied any true reform on this and many other important issues of concern to Americans.

Let's be honest about it. Higher enrollment equates to higher program costs for both Federal and state governments, and no one should equate that with helping people. Why not preserve the program for those who need it and use those savings to invest in job training, childcare, and other necessary supports and services?

For any witness that wants to comment on this, why do we see so many differences in program administration costs across states? Can we assume that states are truly looking at their populations and providing solutions that meet their needs, or do we have any examples of where this may or may not be true?

Mr. RANDOLPH. Sure. I will take a stab at answering that question. So, thank you for that question. That is actually a difficult question to answer, I believe.

I think, as far as the issue of the level of the amount of funding, we leave that to the Members of Congress. I don't know if we want to get involved as an organization to answer that.

However, what we are really focused on is smoothing out the cliffs. And, as the Representative from Massachusetts has noted be-

fore, when we talk about an individual running into a benefit cliff, they are already working. And those individuals, they have a job.

But we know that this happens because, I mean, not only do we have the anecdotal stories, but we have the computational analysis that show that these cliffs do exist on the one hand. But on the other hand, we do know, as a minority, that there are some individuals, such as the ABAWD population, who could be working.

So, I mean, we are talking about millions of people on this program, and it is really difficult to make any one single statement that represents all of them. But we do know that there are individuals that could actually work that are not working.

So that's kind of why we have a recommendation to reinforce the work requirement, a recommendation to focus on the training. One of the things that we do at GCO is it is not just trying to get people a job the first time, but we also try to help them to move up the career ladder. So, if someone has a job to help them kind of advance. But I think that kind of sets kind of the perspective.

Of course, if you put more people on rolls, it is going to cost more money, but I am a little bit of an optimist here. I think that if we solve both the problems of the benefit cliff and then we solve the problem of the marriage penalty in combination, that we would actually see the rolls naturally come down. So, I think maybe in the long run, it would save us money, but I am optimistic. It is just speculation.

Mr. CRAWFORD. Anybody else want to weigh in on that?

Madam Chairwoman, I appreciate the time. And if somebody wants to comment, otherwise I will yield.

Ms. BROWN. I can weigh in very briefly here. Thank you very much.

I just wanted to make the point of, as was mentioned, right, the SNAP program exists to expand and contract. And so that flexibility is critically important so that when individual states or labor markets experience difficulties, the program is vital so that it is there for people during that time. And as was stated before as well, people are on the program for a short period of time. And so, we do want to preserve that ability for people to come to the program when they need it and then move off when they can be self-sufficient.

Thank you very much.

Mr. CRAWFORD. Thank you. Madam Chairwoman, I yield back.

The CHAIRWOMAN. Thank you. Thank you for your questions.

I now recognize—it looks like the gentlewoman from North Carolina has returned. We will recognize Ms. Adams for your questioning, if you want to unmute and begin.

Ms. ADAMS. Thank you, Madam Chairwoman, Ranking Member Bacon. Thank you both for hosting the hearing today. And to our witnesses, thank you for your testimony.

Right now, more than 42 million Americans are struggling with food insecurity, including an estimated 13 million children. Over 18 million Americans are receiving unemployment benefits, and up to 40 million cannot afford rent and fear eviction. In the richest nation in the world, this is unacceptable.

As the temporary 15 percent SNAP increase and emergency allotments come to an end, Congress must come up with a solution

to ease the COVID–19 relief cliff. The abrupt reduction or loss of benefits can be very disruptive for low-income Americans, which is why I introduced the Closing the Meal Gap (H.R. 4077), to permanently increase benefits by 30 percent and eliminate certain eligibility limits.

Dr. Hardy, we are approaching September 30, which will mark the end of the SNAP emergency allotments passed in the Families First Coronavirus Act in March. So based on your work, looking at the government's response to the pandemic via the Federal safety net, will the end of these additional benefits create a crisis for families, or will there be other programs that are able to ease the burden as they go back to work and as kids go back to school?

Dr. HARDY. Well, I appreciate the question. I admit that this is absolutely complex. And, economists and others are going to be monitoring this over the summer and the fall.

Now, you do have child allowances coming through the ARP that are going to be quite helpful for many families with children, $3,600 for younger kids, $3,000 otherwise. But that is not a permanent solution. It will help some of these issues of benefit cliffs.

I would just say, Representative Adams, that we have known for a while now in research that low-wage workers, families working the low-wage labor market have had increased expenses, transportation expenses, for example, increased housing expenses. And so, I do believe that proposals like those you have put forth are going to be really viable and important to think about whether it is time to consider a boost in those SNAP benefits. They do respond to the business cycle, as Commissioner Brown noted. And we do see folks who absolutely, if they have the job, if they are making sufficiently high earnings, they don't need the benefits in the first place. So, I do think you have a situation where multiple things can be true at once.

The programs can be helpful. People could prefer to not need them and, ultimately, some might—may move off. But I absolutely believe that in a time of a global pandemic, we were aggressive, and that was the right move, but we still need to make sure that families aren't left behind.

Ms. ADAMS. Thank you very much.

Ms. Brown, can you elaborate on your recommendation that Congress increase the earned income, disregard—raise the gross income and increase benefits?

Ms. BROWN. Certainly. Thank you, Representative. Our proposal is really looking to provide some stability to families and provide some opportunity before some amount of savings to occur, so that when unexpected expenses do occur with families and low-wage workers, which we know they do, that this would provide them some relief and some support.

And so, we know from speaking to our families and to our individuals and to our low-wage workers that transportation, for example, is always a strain, and you must maintain transportation options so that you can maintain that job. And so, having, for example, a little bit of savings in which you could pay for that car repair are critically important. And so, this combination is a really powerful solution, we think, to really help provide some stability.

Ms. ADAMS. Thank you very much.

Dr. Gourrier, I was interested to see that your research determines that the benefit cliff both before and after the pandemic will cause problems for families. So, can you explain that a little bit more? Are you saying that none of these will have a lasting effect on a family's well-being?

Dr. GOURRIER. No. What we are saying is that we expect that as we move post-pandemic that we'll see comparable trends in terms of the benefit cliff that we saw prior to pandemic era. I mean, we saw just more recently trends in the 10 year Treasury dipping, giving us speculation that we are kind of moving into a different economic forecast. But all of our research indicates that [inaudible] Cliff results that we saw pre-pandemic will still be existing once we move through this phase.

Ms. ADAMS. Thank you very much. Madam Chairwoman, I yield back. Thank you very much for your responses.

The CHAIRWOMAN. Thank you, Representative Adams.

I now would like to recognize the gentleman from Tennessee, Mr. DesJarlais. If you are—yes, I see you.

Mr. DESJARLAIS. I am. Thank you, Madam Chairwoman. Yes. Thank you, Madam Chairwoman and Ranking Member Bacon. I appreciate the witnesses being here.

I have a few questions for you, Mr. Randolph. In your testimony, you discuss the decline in the labor participation rate among prime working age individuals. This certainly is consistent with what I am hearing from employers in my district who are having increasingly difficult times staffing their businesses. Can you discuss, from your perspective, the importance of SNAP work requirements and education and training components?

Mr. RANDOLPH. Absolutely. Thank you for the question. This is an area where labor force participation rates—and we are talking primarily individuals who are the, what we call the prime working age, especially among males, where we see, over the decades, a fairly significant decline in the participation. And so, it has been quite a challenge, quite honestly, of trying to determine what all the causes are.

The Council of Economic Advisers to the Obama Administration, for example, they had produced a major paper on this, and there was quite a number of discussion. We have both think tanks on the left and the right that have kind of focused on this. We at GCO have actually done some work in this area because, of course, it is the clientele that we serve. And one of the things that these studies have pointed out is, the role of safety net programs. And, knowing that we do have certain kind of cliffs and that there may be certain things that we actually have with the food stamp program, I don't think we can eliminate that it is a possibility that the food stamp program, we can at least—let me say it this way: We can at least use it as a tool to try to help these individuals.

And, in fact, I believe that if we look at the experience of Maine, the State of Maine, and the experience of the State of Kansas, they had actually applied the ABAWD rules after the Great Recession. They were the first two states to do it. And there was measurable success. They actually kind of measured the number of individuals that they got to be employed that were the ABAWD population.

Mr. DESJARLAIS. And we tried, as you probably remember, to do this in the last farm bill. And unfortunately, there was a pretty good plan there that got stripped out. So maybe we can revisit that at some point.

You also bring up pandemic-SNAP waivers, which allows states to give recipients the maximum allotment for SNAP. In your opinion, how do these waivers lead to SNAP benefit cliffs?

Mr. RANDOLPH. Well, what the waiver allows is it allows the states to give the maximum benefit to anyone who qualifies for food stamps. And so that means that whoever loses it, loses that maximum benefit amount. And that is why the one slide showed that for a family of four, the monthly benefit is $782. So that is the amount that they would lose. And I believe all states actually sought waivers for this program, so it is pretty much across the board.

Mr. DESJARLAIS. Okay. And your testimony also included a series of recommendations specific to SNAP related to the penalties associated with employment. Thinking more broadly, what role do local and state governments play in moving families towards equitable mobility.

Mr. RANDOLPH. Yes. That is a great question. I would like to focus maybe just on the state. We actually have some work that we produced. We had a three-series report that talks about how states can actually better safety net programs in general. And one of the components is we recommend an integrated eligibility system. Georgia has the Georgia Gateway, so we are kind of halfway there. We are moving in that direction. A lot of other states are moving in that direction. And we can use more flexibility, quite frankly, from the Federal Government to help us succeed.

Mr. DESJARLAIS. Okay. Well, certainly, I appreciate your time, and I appreciate all the witnesses for being here today. Hopefully we can work on ending these cliffs, because I do think that that would be very beneficial. And I agree with our Ranking Member, and, Madam Chairwoman, you as well. So, I will yield back the balance of my time.

The CHAIRWOMAN. Thank you, Mr. DesJarlais, for your questions.

I now recognize the gentlewoman from New Hampshire, Ms. Kuster. If you want to unmute and begin your questioning.

Ms. KUSTER. Great. Thank you very much, Madam Chairwoman.

As we begin to slowly emerge from the depths of the pandemic, we have come away with a new appreciation for the vital role that SNAP plays in our country. Millions who suddenly lost their jobs or had their hours cut as our economy shut down had to rely on SNAP for the modest benefit it provides to help put food on the table for their families.

In 2019, the average SNAP benefit for recipients in my State of New Hampshire was about $1.22 per meal. And even with the 15 percent maximum increase allotted by the economic rescue package, this is still anything about luxurious. As our economy reopens and businesses are able to start hiring again, it is more important than ever to help families on SNAP avoid the so-called benefit cliff as their wages and hours rise. Abruptly losing SNAP benefits when your income reaches 130 percent of the poverty line can create a

very rough transition for families at a critical moment when they are trying to steady their finances.

Thankfully, New Hampshire and the vast majority of states have instituted broad-based categorical eligibility or BBCE, a policy that allows families just getting by to continue receiving SNAP benefits at a gradually reduced rate as their incomes rise and stabilize. This helps folks, prevents folks from falling off the benefit cliff at a critical tipping point. And this policy also streamlines the application process for those who qualify for help. In my mind, anything that helps cut through costly red tape is a clear win.

On that note, Ms. Brown, you mentioned in your testimony that Minnesota waived its SNAP asset test and this relieved some administrative burdens that weren't relevant for the vast majority of SNAP participants. Do you have a sense of how much time that decision saves your department? And do you see other opportunities to streamline administrative processes that will also benefit—also help those who are facing the benefit cliff?

Ms. BROWN. Thank you. Indeed, in 2010, Minnesota was able to implement broad-based categorical eligibility. And our department's analysis in 2011 determined that less than one percent of the households applying for SNAP or already receiving SNAP were affected by eliminating the asset test. So that saved our county and Tribal eligibility workers seven to ten percent of their time. It is an administrative burden that is unnecessary, in our mind. I would also like to point out that SNAP law does require people to report lottery and gambling income as well.

And so broad-based categorical eligibility has been a great flexibility for states to utilize and streamline the program and make the program work for their state and help impact our families.

We have approximately 50 percent of our population, our children, and, again, when we reviewed our data, if we did not have broad-based categorical eligibility, nearly 35,000 Minnesotans would not receive SNAP benefits, the majority of them would be children.

Thank you.

Ms. KUSTER. Thank you very much for the work that you do.

I also want to ask Dr. Gourrier about your research, which highlighted the benefit cliff that faces families in Maryland in which both parents work jobs at or near the minimum wage. Maryland's minimum wage is over $11 per hour. How would those difficulties be exacerbated in states with an even lower minimum wage like here in New Hampshire's $7.25?

Dr. GOURRIER. Yes. We would imagine that the benefit cliff would be even sharper in those states. I will say that our data does present cost-of-living adjustments for the State of Maryland. But we initially tested it at $10.10. As I said, in January 2020, that number moved from $10.10 to $11.00, and our families in Maryland still could not meet the minimum threshold to cover expenses, especially to two-adult two-children households.

So, we would expect in states with significantly less minimum wage levels that those impacts would be even greater and that the variants, along with the family's basic survival expenses *versus* income, would be even more significant, which would make the benefit cliff even more impactful in those households.

Ms. KUSTER. Well, Madam Chairwoman, I just want to thank you for this important hearing. Here in New Hampshire, I can tell you that the people who have lost their jobs during COVID, who are trying to make their way back into the workplace, this benefit cliff really has a devastating impact. And we want our children to grow up strong and healthy and to be learning and working hard in school and to be wonderful employees in the future to continue the comeback in our economy.

So, thank you. I appreciate this. And I yield back.

The CHAIRWOMAN. Thank you so much, Representative Kuster.

I now recognize the gentleman from Indiana, Mr. Baird.

Representative Baird, if you are ready, you can unmute and begin your questions.

Mr. BAIRD. Thank you, Madam Chairwoman and Ranking Member, for holding this hearing today. And I really appreciate all the witnesses' testimony and their background and experience.

As Americans, we all want to help individuals, especially the elderly and the children and the disabled, make sure that they have access to adequate food and nutritious food. And, we are talking about some 86 programs that are administered by nine or so different agencies, and the challenges of trying to meet all those requirements with that many different agencies involved is significant. And I can appreciate that.

But I also want to reiterate that, in my district, I see help wanted signs everywhere. And so, I want to know how we, as a Member of this Subcommittee, and this Subcommittee, and the witnesses and their testimony, how we do a better job of trying to bridge that gap for those individuals and make sure that we get our economy started back operating, and that takes employees. And so, we want to try to make sure that we encourage that kind of—and stimulate that kind of incentive for some of our constituents.

So, I guess with that, Mr. Randolph, I am going to start with you. Back in March of 2020, we had over $125 billion that was allocated for nutrition-related relief. Now, that excluded, according to my data, child nutrition programs like the schools and WIC. But it did include the Pandemic-EBT. And there is an ongoing discussion about continued increase in benefits, including here today.

So, your testimony appears to add some question against the outright increase in the benefits for reasons that make sense, particularly higher benefit amounts across any program will lead to more drastic penalties. So, can you share with me what your recommendations are to how we counteract that?

Mr. RANDOLPH. Absolutely. So, as far as the amount of the benefit, I don't know exactly what the amount of the benefits should be. I think what the best way to approach it is I would base it on the science, clearly. And then also on the ability of people to economically, with an economic budget to be able to put together the resources to acquire their nutritional needs. So, I mean, this is the way that the SNAP program has done it historically. And I think it has been good, generally, the way that they have come up with this with a Thrifty Food Plan.

So, what I would do probably, if I were in the Administration, is, I would have two panels. I would have one that consisted mostly of nutritional scientists and have them tell me, based on the most

recent science, how can people meet their nutritional needs. And then I would have a second panel made up of maybe—maybe have a social worker, have a number of individuals who lived on food stamps, and actually have them come up with a plan of how to obtain those nutritional values. And the Department provides guidelines.

The Department of Agriculture releases guidelines to help people to figure out how to live within the amount of the food stamps that they receive. So that is the one side of it.

The other side of it is, when we are talking about cliffs—and I can demonstrate this. I can even do it in a diagram on my screen. But the higher you have the starting value, the more difficult it is to solve the cliff. And we have just got to keep in mind the SNAP benefit cliff is just one piece of a bigger puzzle. So, we have the SNAP thing, but then we have like Earned Income Tax Credit, we have childcare services, we have Medicaid. So, there are a lot of other kind of programs that are out there.

So, as a general rule, each of the programs want to kind of provide what is sufficient but not much beyond that, because if you start building up higher starting values, you are going to make it much more difficult. I think the general goal is to—everybody seems to be in agreement we want to solve the cliff problem. And now what I am talking about is what do you have to do mathematically, in a sustainable way to do that.

Mr. BAIRD. Well, thank you, Mr. Randolph. And I see I am about out of time. And so, I appreciate the other witnesses being here as well.

So, with that, Madam Chairwoman, I guess I will let you—I yield back.

The CHAIRWOMAN. Thank you. Thank you for that.

I think we are on to the gentleman from Florida, Mr. Lawson.

Mr. LAWSON. Okay. Thank you very much, Madam Chairwoman and Ranking Member Bacon, for holding this hearing.

This is a very important hearing, and it is extremely important to me because I have both urban and rural communities in my district, quite a few that have SNAP benefits. It has been a major concern for them.

And this is for all of the witnesses. Can you explain how categorical eligibility can support households that are struggling to put food on the table? Throughout COVID–19 pandemic, SNAP has been a lifeline for many Americans having assured access to healthy food for many families.

But I will go back to the first part of the question again. Can you explain how categorical eligibility can support households that are struggling to put food on the table?

Dr. HARDY. Representative Lawson, I would like to take a stab, and I also want to try to conserve for others.

Briefly, I would just say that absolutely category eligibility is going to give families more flexibility financially. Frankly, the bandwidth issue where if they are thinking hard about being on that margin of benefits or no benefits, there is more slack in that overall income budget. So that is going to be hugely important for families that are trying to work and make ends meet. And so that

gives more space, raising that income limit up to as much as 200 percent of the poverty line.

I would just also add, however, that this is both a serious problem and, on the arithmetic, a problem that does not affect the typical SNAP families. So, both can be true, and you all are problem solvers. But, you have about 25 percent of these SNAP households that are somewhere between 100 and 130 percent poverty. And then, when you account for the states that are already doing broad-based categorical eligibility, that winnows the set of families for whom this is an issue down a bit more.

So, you have to solve it, but you also have to keep in mind, the program is doing a lot that works as it is. So, you have to be careful in this conversation.

Mr. LAWSON. Yes. Anyone else would like to say something in regard to this issue?

Ms. BROWN. Representative, if I may, just thinking about our senior population, categorical eligibility allows us to remove the asset limit. And in Minnesota, before we implemented broad-based categorical eligibility, only 28 percent of our low-income seniors received SNAP, and, today, almost 60 percent of our low-income seniors receive SNAP. So, there is a direct correlation with allowing people to have a little bit of savings. And it particularly also impacts our low-wage workers maybe who are recently unemployed and it allows them not to deplete their savings in order to receive SNAP benefits.

Thank you.

Mr. LAWSON. Okay.

Dr. GOURRIER. And just to follow up, kind of a combination of both of those, the two main benefits; one, the flexibility to the recipients to not be as pinpoint in terms of their benefit cliff, because it gives them a little bit more range in terms of when their benefits fall off. It gives the state greater flexibility to increase from that 130 percent to the 200 percent. And it gives flexibility in terms of the asset test and savings accumulations to allow recipients to be able to weather some of those unexpected expenses.

So those combinations that exist through the broad-based categorical program allows for greater flexibility, both from the recipient as well the states' administration perspective on those.

Mr. LAWSON. Okay. Thank you. And I would like to try to get in another question before my time runs outs. This is very important; I have a lot of students in the area. The question is—and this is following—moving forward, how can Congress increase SNAP eligibility for college students, veterans, and individuals with disabilities?

Anyone want to take a crack at it?

Ms. BROWN. I will take a first crack at it. When we look at students, we have known traditionally students have had a difficult time in accessing SNAP, in part because of the struggle between working and going to school. We also know that students have changed. There are less traditional students nowadays, and the program has not kept up to speed with thinking about students in different ways. And that is an important piece that needs to be considered.

Thank you.

Mr. LAWSON. Okay. So as was mentioned earlier, do you all agree with the fact we ought to have a White House conference on SNAP?

Dr. HARDY. I don't know if you are asking me, but I absolutely agree.

Mr. LAWSON. Okay. Because I know how people are struggling now.

Ms. Brown, in your testimony, you highlighted the importance allowing recipients to earn up to 200 percent of the Federal poverty guideline. If my home State of Florida was to move to 200 percent requirement, what would you expect to see with this change?

The CHAIRWOMAN. I am sorry, Ms. Brown, I am going to have to ask you if you would submit the answer to that question to the Committee. The gentleman's time has expired.

[The information referred to is located on p. 69.]

Mr. LAWSON. I yield back.

The CHAIRWOMAN. And the question, we will get it to you so that you can answer that.

But I support a White House conference on hunger, actually. My colleague, Mr. McGovern, and I are calling for one so that we can bring all of these voices to the table, much like we are doing today, to really come up with long-term solutions to this problem.

Thank you so much, Representative Lawson.

I now recognize the gentlelady from Louisiana, Representative Letlow. Yes, I see you. If you would unmute and begin your questions.

Ms. LETLOW. Thank you, Chairwoman Hayes.

To all the witnesses, thank you for your time and participation in this hearing today.

As I am sure many of my colleagues can share similar experiences in their home states, when traveling throughout the Fifth District of Louisiana, I come across numerous hiring signs and hear the concerns from small business owners of not being able to find enough individuals willing to go to work. These same small businesses are the backbone of our local economies, supplying essential goods and services to the surrounding communities and providing opportunities for gainful employment for the unemployed.

As our nation continues to recover and makes promising strides in moving past the pandemic, we should be doing all we can to encourage and help families return to work. Mr. Randolph said it best as part of his written testimony: The more individuals reengage in the workforce, the stronger and more productive the U.S. economy will become.

In turn, we in Congress, and on this Subcommittee, should look to provide the right balance of benefits, ensuring that Federal programs aren't designed to disincentivize self-prosperity and preserve the Supplemental Nutrition Assistance Program for those truly in need.

My question is for you, Mr. Randolph. Your testimony speaks to the Georgia Center for Opportunity's work with other nonprofit organizations to help people find well-paying jobs with the opportunity of career progression. Can you tell the Committee more about this work, including the career ladders individuals embark upon and your organization's rate of success?

Mr. RANDOLPH. Absolutely. And just to mention, the Pelican Institute in Louisiana is one of the organizations that we have been working with.

Ms. LETLOW. I know.

Mr. RANDOLPH. And so, you may be familiar with them.

What we are doing generally is we actually have—we work with an array of other nonprofits, including Goodwill in Georgia. We actually have two programs, one based out of Gwinnett County, Georgia, and another out of the City of Columbus, Georgia. And what we do is we develop mentors and then we work with mentors. We have a platform on a website that people can go to. We work directly with employers. It is actually a fantastic program to look at, it would be a great one some time in the future to get even individually or as a group that we can show you the platform. But basically, to help them find jobs. You know, it has an array of things. Like, it will tell them such things as, what kind of skills they need, *et cetera,* to do it. But, basically, that is what it is.

We have only been doing it for about 2 years. So we haven't had a whole lot of data yet on the success. But we are really encouraged about where we have gone so far over these past 2 years.

Ms. LETLOW. Awesome. Thank you.

As this Subcommittee moves forward in examining the SNAP program, one of the areas we should review and address is providing opportunities for individuals to pursue independence through meaningful employment and training programs.

Mr. Randolph, in relation to your work, can you further expand on what changing this policy would look like, and how we can address improving access to these programs?

Mr. RANDOLPH. Would you state again exactly which program of access to that you referred to? I am sorry.

Ms. LETLOW. Examining the Supplemental Nutrition Assistance Program.

Mr. RANDOLPH. Oh, you mean gaining additional access to the program?

Ms. LETLOW. Correct.

Mr. RANDOLPH. Maybe by a broad-based eligibility? Is that kind of what you are thinking?

Ms. LETLOW. Yes.

Mr. RANDOLPH. Okay. I actually have a suggestion that I believe is the better solution than broad-based categorical eligibility. And that is, in our recommendations, we really are promoting the idea of an integrated eligibility system across all programs. Georgia has developed the Georgia Gateway, for example. And if states move in this direction, it really would make, I believe, obsolete the idea of broad-based eligibility. So, I would encourage the Subcommittee to consider that as another option to it.

And just one other thing I would like to say. The way they are using broad-based eligibility appears to be different than what it was traditionally. And so I would like to find out more about the flexibility they built into the system. Originally, it was a system like, for example, if someone was on a TANF Program, then they would, we already vetted them for assets and income. And so, they would automatically qualify for SNAP, because there was no communications between the TANF Program and the SNAP program.

So, prior to integrated eligibility, it kind of made sense. But as you develop your systems, it really doesn't make as much sense. But it sounds like, from the other testimonies, that they are doing something different with it. And I would like to actually learn a little bit more about it and maybe analyze it a little bit more.

Ms. LETLOW. Thank you so much, Mr. Randolph, for sharing. It is encouraging to hear the great work you are all doing to help individuals get on a path of financial stability and growth.

I yield back my time. Thank you.

The CHAIRWOMAN. Thank you, Representative Letlow.

I now recognize the gentleman from Illinois, Mr. Rush.

Mr. RUSH. I want to thank you, Madam Chairwoman, for this very outstanding and provocative and informative hearing.

My question is directed to Ms. Brown.

Ms. Brown, I am working to reintroduce my bill to strengthen SNAP by increasing the daily allotment in allowing for hot and prepared foods to be purchased as part of the program. In your opinion, would these changes be helpful? And what other policies would you suggest that I include to strengthen SNAP and to ensure food security for the most vulnerable among us?

Ms. BROWN. Thank you. I agree that adding some additional flexibilities for the purchasing of hot foods with SNAP would be greatly beneficial. We know that in Minnesota our homeless population, 30 percent of which are working, I will note, they often have difficulties in finding food that they can prepare in homeless shelters or in other situations. So, having some flexibility with the types of hot foods that can be prepared will greatly support that population.

Mr. RUSH. Thank you.

Dr. Hardy, from your testimony, I believe that you will agree that SNAP is extremely important for workers in low-wage jobs who often lack benefits, such as paid sick leave, and lack stable hours, and are disproportionately people of color. Do you agree that SNAP work requirements just lead to families that are going to bed hungry? Can you expand upon how SNAP is a vital resource for supporting working families? And on the issue of work requirements in SNAP, how can Congress really effectively, proactively deal with this particular issue?

Dr. HARDY. Well, I appreciate the question. And what I would say is that my view of the program design and the evidence is that SNAP work requirements, in my view, undermine the functioning and the efficiency of the program. The program actually does ebb and flow with the business cycle. When we have high job loss, we see greater SNAP use. When the economy improves, we see SNAP use go down. And so, this is a really nice feature of the program.

So, I appreciate that question. I think work requirements in SNAP are the wrong way to go. But I also want to speak to the economic situation we face.

My colleagues and I think a lot about this. Everyone on this Committee is concerned about it. I think that is one uniform area of agreement. We see an adjustment occurring right now in the U.S. labor market, perhaps long overdue. There were quite flat relatively low wages for less educated workers, workers in certain retail and food services sectors. And, right now, even in my own con-

versations with business owners, actually in Georgia. Many moons ago, I was a student at Morehouse College, and I know business owners in Georgia. And, many of them have said it was a challenging situation. And at the same time, it is a market. And so, they have adjusted. They have raised wages. They are looking at automation. It is not to say that this is easy. We are coming out of a pandemic. We are going to be probably dropping some of these economic relief payments. Other things might persist.

But I think the broad point is that we are in the middle of an adjustment. Anchor employers are going to begin showing up in larger numbers. Our 4 year and 2 year universities are going to have more students on the ground. That will have a stimulative effect for the economy as well, more foot traffic. And so, I think that this is really a wait and see situation. So, absolutely, there are shortages, but we are also in a market, we are in an adjustment. And I think we are seeing adjustments that make quite a bit of sense.

Mr. RUSH. Thank you.

Dr. Gourrier, Congress is well on its way to approving what we call the Child Tax Credit. Is SNAP and the Child Tax Credit on a colliding course? How can they be used cooperatively to increase in the total well-being of American citizens who certainly would rely on both of these programs?

Dr. GOURRIER. Yes. Just to address briefly, because I know we are running out of time. A big part of our particular research talks about the coordination of benefits and resources, not just SNAP, but complementary resources that also exist.

I believe Mr. Randolph talked about the Gateway in Georgia. In Maryland, we have the 2Gen Program. And all of these programs are designed to coordinate eligibility and benefits for the greater benefit of the recipient.

Mr. RUSH. Thank you, Madam Chairwoman. I yield back.

The CHAIRWOMAN. Thank you so much, Congressman Rush.

And now I will recognize the gentlelady from Florida, Representative Cammack. If you are on, you can unmute and begin your questions.

Mr. BACON. Kat, are you on deck.

The CHAIRWOMAN. I heard that she was waiting and her camera was just off. So, Representative Cammack, if you are available to begin your questions.

Okay. So, with that, I will yield myself 5 minutes for my questions.

We have heard a lot today in this hearing—thank you so much to all of the witnesses on the panel for joining us—and it shows that flexibility is even more critical in the context of COVID. I hope that as a Congress we are not using traditional metrics, or doing things the way we have always done them, when we have seen how detrimental it has been for families and how life sustaining emergency pandemic benefits have been for so many people. We have a responsibility to legislate in the now, not in the same way that we have done for the last 50 years.

In the coming weeks, SNAP recipients are also preparing for another benefit cliff, the COVID cliff. At the end of September, recipients will potentially face an abrupt end to increased SNAP benefits

provided by Congress in our emergency relief efforts. This is particularly concerning for low-income Americans, who are among the hardest hit by COVID–19 and are still struggling to find high-wage employment and shield their families from food insecurity.

We have heard a lot about help wanted signs and jobs that have openings. But in many states, the minimum wage is less than $10, and these are low-income, entry level service jobs, many of those people were not even eligible for unemployment benefits. So, there is no money grab here. It is not a situation where people are choosing not to work to benefit themselves.

My question is for Ms. Brown. In Minnesota, you and Governor Walz have worked closely with USDA to ensure this important pandemic relief does not end for recipients before they are able to get back on their feet. Can you tell me more about why emergency allotments and the 15 percent increase to SNAP have been and continue to be so critical for people in Minnesota? And what are your concerns as we face a sudden end in September?

And I will just add, before I turn it over to you, that on this Committee we have been working on legislation that will support caregivers and foster parents so that—it is H.R. 3997, the CARE for Kids Act (Caregivers, Access, and Responsible Expansion for Kids Act of 2021) that the Ranking Member cosponsored with me—to make sure that families who are caring for children that are not their own will have automatic redetermination eligibility and that is not—and kids will eat in school. That is deeply personal for me, because hungry kids do not learn. So, I was happy that the Ranking Member joined me in this legislation. And we are working to make sure that we are identifying gaps and working to close them.

So, can you just tell us about how the 15 percent increase has helped people in your state?

Ms. BROWN. Certainly. Thank you very much. And thank you for your comments.

In Minnesota, we have seen just a great relief with the pandemic supports that have been provided to our citizens. Certainly, it required a lot of information. It is a little bit confusing when there are multiple programs coming out. But the majority of our recipients have been so grateful. With the pandemic, with the uncertainty that has been put in place with people, with the additional food needs that people have needed to do, with regards to their children not being in daycare, in school, with work being closed; just a lot of instability has occurred. And so, these benefits have been extremely critical. And we hear every day how grateful people are to be receiving them.

The CHAIRWOMAN. [inaudible.]

Mr. BACON. Madam Chairwoman, you are on mute.

The CHAIRWOMAN. Sorry about that. Yes.

Thank you for that, Ms. Brown.

Dr. Randolph, you mention in your testimony that you believe SNAP deductions for housing and childcare should be eliminated, and that those needs should be addressed by programs specifically designed for assistance in those areas. I am troubled by this recommendation because, as you know, unlike SNAP, many other Federal safety net programs are not guaranteed to low-income families and are notoriously difficult to access. The devastating year's

long waiting list for housing assistance across the country are well known. Last week, Miami Dade announced that they had 5,000 available spaces for housing and 90,000 applicants. Many localities have long waiting lists that have grown longer through this pandemic.

Why would you recommend that we expand or guarantee to access to Federal housing and other safety net programs—I am sorry. Would you recommend that we expand or guarantee Federal housing and other safety net programs to low-income Americans in need of assistance?

Mr. RANDOLPH. I thank you for your question. And I am not a doctor, so I just want to clarify that, so people don't think I have a Ph.D. I do not have one.

So, my point is that when we are looking at—we have a—we actually have a proposal out there for how to more or less transform the welfare system so it becomes more rational. And I think one of the principles that you want to adhere to is you want to kind of keep it simpler, as opposed to more complex. So, in a way, the SNAP program actually can subsidize other needs by having sort of income disregards.

So the idea is that, as we kind of go down this path of trying to make it a more rational system, we should in fact have—let's just have the SNAP program fund the needs of nutrition. And then on top of that, I mean, I would—just with the Pandemic-EBT program, for example, this is giving us an indication that we could actually probably consolidate other programs into SNAP, because now we are having some experience. And I think that would be a step forward so that we could actually have maybe a beefed up SNAP program, but by—through consolidation, not necessarily by increasing the amount of money that is needed for that.

And for the childcare and the housing, we actually have some proposals on how to reconfigure it. I would not recommend expanding the Section 8 Program as it is. I think there are a lot of problems with the Section 8 Program. It is probably beyond the scope of this hearing, and as well the childcare. There are certainly some issues with the childcare program as well.

The CHAIRWOMAN. Thank you for those remarks. I have so much to say, but my time has expired. And I yield back.

I will recognize the gentlelady from Florida. I think she is back.

Representative Cammack, if you would like to ask your questions, please unmute and ask your questions now.

Mrs. CAMMACK. Thank you, Madam Chairwoman. I appreciate it. Thank you so much for your patience. And it is very good to see my colleagues. It has been a while. I look forward to seeing you all next week.

I appreciate our witnesses and your testimony here today.

I am going to basically summarize my remarks quickly and jump right into questions.

Several of our small business owners across my district have come to me here recently with the same problem in the last few months: labor. Positions remain unfilled, job openings remain open, and the shortage of labor continues on. Now, I hazard a guess to say that many others in this hearing today have heard similar concerns from their constituents.

Now, we all know that changes made to SNAP amid the pandemic helped Americans through an unprecedented time and challenges in our country. However, I am very deeply concerned that unless a serious effort is made to return SNAP to its original intended purpose, we are moving into an era of lifelong dependence on Federal programs where it is accepted and even encouraged, and incentives to help people get back to work and on their feet are set aside.

Now, in the spirit of moving our economy forward and helping Americans get out of dependence and back to work, I submitted an amendment earlier this year as part of the budget reconciliation that would appropriate $3 billion to SNAP employment and training rather than to continue the increases in benefits. Now, sadly, the amendment failed to a wave of spirited noes from my colleagues in the Majority.

Now, I have heard it said by a number of my colleagues on both sides of the aisle that programs like SNAP are not a handout, they are a hand up. And to that, I wholeheartedly agree. Prolonged welfare dependency is no way to rebuild an economy. If any fixes to SNAP should be made, they should be made in the spirit of helping Americans get back to work, accrue savings, and exit the program as productive, successful members of society.

Now, Ms. Brown, I had a question for you here. And I want to thank you for your testimony here today. I was looking on the screen, in the grid, of where you are at. You are up in the upper right-hand corner. So, as I am sure you are aware, and I know you talk a little about this today, both through the state and this Committee's own conversation, a gentleman in Minnesota was able to receive a more than nominal SNAP benefit for many months due to Minnesota's use of broad-based categorical eligibility. Now, I say this not to garner personal attacks on the man but to further demonstrate how sometimes solutions cause more problems.

In Minnesota, any and all households within 165 percent of poverty level are provided with the Domestic Violence Brochure, regardless of what households that that household's circumstances are. And while we constantly hear of the necessity of services and support that meet the household needs, we have a patchwork of 44 state policies that provide 44 different funded pieces of paper that never truly meet or really strive to understand that particular family's needs. So, it appears that we may need an overhaul, at least across a handful of programs well beyond SNAP. I would like to hear your thoughts on that.

Ms. BROWN. Thank you. I would agree that the overwhelming paperwork can be difficult. Right? With the multiple, different reports that need to be turned in, different timing, that can be very burdensome, both for our eligibility workers for state offices and also for participants themselves. However, I stated before, only one percent of people were impacted in Minnesota by our asset test when we reviewed it in 2011, shortly after we implemented in 2010.

I would also agree that additional improvements need to be made on a continuous basis, and some of those have occurred, with the inclusion of states to review lottery winnings, for example. But I do believe that the overall impact of 35,000 Minnesotans being able to receive SNAP far outweighs the one percent or less of individ-

uals who perhaps are not being entirely truthful with all the information that they are sharing. But this is part of our program. And this is part of what we need to do, is just continuously look at what we are doing and how to improve and how to move forward to better serve.

Thank you.

Mrs. CAMMACK. And, Ms. Brown, I appreciate your response. Being in the position that you are, we mentioned multiple states have different programs. Is there a conversation that you have with your colleagues in other states about best practices and models that we can apply and adopt practices?

Ms. BROWN. Absolutely. That is in ongoing conversation. And I do think, after 10 years or 11 years of utilizing broad-based categorical eligibility, there is a time to look to see can we make some uniformity across all of the states. We have a lot of evidence and a lot of information from all of the states who have implemented, 40 states,* I believe, across the nation, that have taken this effort.

Mrs. CAMMACK. Excellent. Thank you.

And I know, with that, my time has expired. Madam Chairwoman, thank you so much for your patience and graciously allowing me to ask my questions and submit a statement. Thank you.

The CHAIRWOMAN. Thank you. We are happy to have you and all the other Members who have joined.

That actually concludes all of our Member questions. I thank the panel so much for your time and your expertise in this area.

Before we adjourn, I invite the Ranking Member to share any closing statements he might have.

Mr. BACON. Thank you, Madam Chairwoman.

And I do appreciate the panelists today. It was very educational. And I also appreciated the great questions from our colleagues.

What I think I heard today was three of the four panelists made a pretty clear case there is a cliff effect. And maybe a fourth said there is a little bit of it. But, between at least three today made a pretty clear case. Also, our two panelists we had a month or 2 ago that were guests of the Majority made a strong case as well. So I think we are on to something. And I appreciate that.

No offense to discussions on broad-based categorical classification. And I understand it could relieve some staff pressures, cut through some of the red tape. Not common incidences, but they are too common enough where someone has lots of assets, to include a million dollars in assets. I think when it happens, it undercuts the public's confidence of the SNAP program. It undermines the confidence that our constituents have when they see and hear when this happens. So there have to be some controls put on that.

Increasing benefits or expanding eligibility in one program here does nothing to solve the more egregious cliff effects across housing, childcare, and cash assistance. So, my point being there are like 80 of these programs. So, this is a start where we are going to have like a [inaudible]. Hopefully, we can look at it in a more broad picture in Congress itself.

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* **Editor's note:** The list of states using categorical eligibility is retained in Committee file, and is also available here: *https://fns-prod.azureedge.net/sites/default/files/resource-files/BBCE%20States%20Chart%20(July%202021).pdf*.

USDA takes a look at characteristics of recipients. The recently released 2019 report,* the most recent data that we have, and it was done during an economic boom, showed that as it relates to earnings, 29 percent of total SNAP households had earnings in 2019. Further analysis revealed that 54 percent of households with children had income from earnings, while six percent of SNAP households that included hourly individuals had income. About 71 percent, though, of households with adults ages 18 to 49 without disabilities, the childless households, ABAWDs in other words, had no earned income. I make this point that there is work to be done to reengage families in the workforce. I think those stats tell a compelling story.

While I am on the topic, because you have been talking about minimum wage and other things, data also shows that someone who is making $27 an hour, that these very disincentives that cause the cliff effects still rears its head. Frankly, it means if you can navigate your way on to enough benefits, it doesn't matter whether or how much you work. Look at what has been going on in our unemployment insurance system. It exceeds earnings from work and massive amounts of child allowance to even non-workers. So there has to be some cutoffs here.

Interestingly, there was some talk about the Thrifty Food Plan today. I must share that I have heard alarming statements from folks across the spectrum related to the Department's handling of this process, from discrepancies in methodologies to outrageous measures of time and effort. I can only hope that these are simply inside-the-beltway rumors. However, if true, we could be staring at an unprecedented increase to SNAP benefits that far exceeds what was done in the midst of the pandemic. I see that this is presenting a dramatic and continuing impact on SNAP beneficiaries. It seems like an unrealistic precedent to set.

I would be remiss, finally, to say if I didn't mention the fact that we did not hear about any revenue neutral solutions today. We should have some opportunities to do that. Nor did we hear about how to better coordinate our 80+ different programs. Though I know this is in our food jar here, I know in the end, Congress is going to have to take a holistic look at this.

So, Madam Chairwoman, I really appreciate you scheduling this today. And, with that, I yield back.

The CHAIRWOMAN. Thank you, Ranking Member Bacon.

I also want to thank my colleagues and our witnesses, once again, for your participation in today's hearing. Your input and expertise will help us in shaping our policy priorities and legislation that may be considered on this Subcommittee.

We have heard much we can learn from today. It is even clearer to me how critical SNAP is in helping low-income Americans to put food on the table and how important state options for flexibilities like broad-based categorical eligibility are to easing the benefit cliff participants will likely face.

Today's witnesses reinforced what we have heard, or at least what I have heard in my communities and shed light on how the

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*__Editor's note:__ the report referred to is retained in Committee file, and can be accessed at *https://www.fns.usda.gov/sites/default/files/resource-files/Characteristics2019.pdf*.

concerning upcoming COVID relief fund may impact those who are still most in need of continued support as our nation works to recover from the dire economic straits of this pandemic.

Congress offers government assistance to many sectors of our economy: farmers, the finance district, housing, manufacturers, small businesses. And we don't worry about the long-term impact of government welfare or programs that support our economy. I would just like to see us prioritize the same level of investment in hungry people. SNAP is the most efficient Federal program for boosting local economies.

I want to thank each of our witnesses again and to all the Members who joined. Your time and knowledge are extremely valuable. And I look forward to all we will be able to continue to achieve together in the 117th Congress.

I also want to note it is not lost on me that when I took over as the Chairwoman of this Subcommittee, and even at the end of the 116th Congress, every Member of Congress, Republicans and Democrats alike, were heartbroken and appalled by the long lines that we saw on highways, at food banks, people who had lost their jobs and for the first time in their lives were facing food insecurity. I hope we don't forget those images and move forward in a way that does not acknowledge that we have a problem with hunger in this country. So, to return to business as usual and the *status quo* is not what I am going to do on my watch. We have work to be done. We have a responsibility to make sure that in the United States of America in 2021 we don't have long lines that are miles long at food banks or families that are worried about not being able to feed their children.

So again, I thank you all for your work today. And, with that, this hearing is adjourned.

Under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplemental written responses from the witnesses to any questions posed by a Member.

This hearing of the Subcommittee on Nutrition, Oversight, and Department Operations is adjourned.

[Whereupon, at 2:01 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUPPLEMENTARY MATERIAL SUBMITTED BY TIKKI BROWN, ASSISTANT COMMISSIONER, MINNESOTA DEPARTMENT OF HUMAN SERVICES, CHILDREN AND FAMILY SERVICES ADMINISTRATION

Mr. LAWSON. . . .

Ms. Brown, in your testimony, you highlighted the importance allowing recipients to earn up to 200 percent of the Federal poverty guideline. If my home State of Florida was to move to 200 percent requirement, what would you expect to see with this change?

The CHAIRWOMAN. I am sorry, Ms. Brown, I am going to have to ask you if you would submit the answer to that question to the Committee. The gentleman's time has expired.

Thank you for your question, Mr. Lawson. Based on our initial analysis, we estimate that fewer than 20% of cases that are closed or denied due to the gross income test (currently set at 165% FRL) would be able to receive SNAP benefits in Minnesota if the gross income test were raised to 200% FPL. About 80% of cases would either still be above the gross income test, or would not meet the net income test. So, we anticipate the expansion would be modest, but that it would be one important element in helping low wage workers.

This is why we believe it's so important to take these suggested changes to the SNAP benefit calculation as a whole. Increasing the gross income test to 200% FPL, increasing the SNAP allotment amounts (which we applaud USDA for doing with the reevaluation of the thrifty food plan), and enhancing the earned income disregard to match the Federal SSI program implemented in combination are all critical to ensuring that SNAP supports work by helping low wage workers whose earnings are not enough to meet all their basic needs. In addition, we believe it's key to not count cash assistance benefits (TANF) that are below the poverty line against SNAP benefits.

SUBMITTED QUESTION

Response from by Tikki Brown, Assistant Commissioner, Minnesota Department of Human Services, Children and Family Services Administration

Question Submitted by Hon. Don Bacon, a Representative in Congress from Nebraska

Question. Ms. Brown, thank you for taking the time to testify before the Committee on July 12, 2021. Your testimony mentioned, "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." Your testimony then went on to describe how the state of Minnesota is one of over 40 states that use BBCE to eliminate the asset test for SNAP.

Are you aware that the State of Minnesota has used automated asset verification systems within the Aged, Blind, and Disabled population of Medicaid for the past 2 years? That it has actually cut the administrative burden of the program as the system is fully automated between the state and financial institutions and cuts out fraud and abuse ***before*** it can occur to the tune of saving tens of millions of dollars for the state per year, ensuring that those truly eligible have the benefits they need and deserve? Evidence shows this system actually allows applicants to receive benefits much quicker if they are deemed eligible by the state, as most asset checks are automatically checked and returned within 24 hours and any remaining are returned within 3 days.

If you were provided the opportunity to utilize this tool within your state SNAP program, would you do so for the application process, similar to states like West Virginia and Mississippi?

Answer. Minnesota's Asset Verification System operates under the title of "Account Validation Service" (AVS). In the 2 years Minnesota has operated the AVS, unfortunately, it has not reduced administrative burden. This is mainly because the service does not provide all details needed to accurately determine asset eligibility for Minnesota's Medicaid program known as Medical Assistance. In addition, Minnesota's Medical Assistance program allows applicants to reduce excess assets within the application processing period and become eligible for the program. This means in most cases Minnesota cannot use the AVS reported balance of countable assets as of the first moment of the month.

The service is not entirely automated. Most smaller local banks have employees manually look up data and respond by entering the information in a web exchange (60% of the state's network) or send the information by fax or paper mail (37% of the state's network). Due to the delay in mostly manual responses, the AVS portal is configured to wait 10 calendar days after a request was made before it displays any results. Because of the processing delay, the inability of the AVS to return information about all known assets, and the inability to use the information about assets in the first month, all applicants must still provide paper documentation of assets with their applications. Using the AVS is therefore an additional administrative processing step and does not reduce administrative burden on either frontline eligibility workers or applicants for verifying assets.

Minnesota uses the AVS primarily to identify financial accounts that were not reported by applicants. However, Minnesota financial institutions are not mandated to respond to the request and the service does not query all possible financial institutions in the United States. In the 2 years Minnesota has operated the AVS, the state has submitted 55,74 requests for financial account information on 51,798 cases. Eligibility workers found 811 accounts that had not been disclosed by the applicant, with an average account balance of $6,428.28. Undisclosed accounts do not always result in ineligibility. Applicants have the ability to dispute ownership and balance details provided by AVS, and some accounts are jointly held or otherwise excluded by program rules. Therefore it is difficult to evaluate how many savings were actually realized.

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