Fact Sheet: Asset Test for SNAP (Food Stamps) in Pennsylvania

COALITION AGAINST HUNGER

How the proposed asset test would hurt seniors and the recently unemployed, as well as the state's economy.

Pennsylvania families and seniors with modest savings would no longer qualify for SNAP (the Supplemental Nutrition Assistance Program, or food stamps), under a proposal from the state Department of Public Welfare to change eligibility rules. The proposed rules would disqualify most families who have more than $2,000 in savings.

Backers of the proposal claim that SNAP participants with savings are not "truly needy" and are draining resources from this federally funded program. While it's essential that our government spends each dollar wisely, this is a wrongheaded proposal with potentially devastating economic and social effects.

Instead of ensuring that SNAP helps Pennsylvanians who need it the most, an asset test would hurt seniors living on fixed incomes and people who've recently lost their jobs, while imposing additional administrative burdens on the Commonwealth that would drive up costs for the Pennsylvania.

FACT: An asset test would hurt Pennsylvania's economy.

This proposal could lead to a direct loss of tens of millions of dollars each year in federally funded SNAP benefits. And for every $1 in SNAP benefits spent, $1.73 in economic activity is generated in Pennsylvania across a variety of industries, including retail, agricultural and food production. By preventing families with modest savings from receiving SNAP, Pennsylvania is sending money back to Washington that instead could be used to drive our local economy.

FACT: This proposal would cost jobs in Pennsylvania.

Placing a restriction on savings in SNAP could lead to layoffs and fewer jobs across the Commonwealth. Food stamps are spent quickly after they are received and help to generate economic activity for businesses that employ millions of hard-working Pennsylvanians. Grocery stores, supermarkets and convenience stores alone employ over half a million people in our state, and provide job and training opportunities for low-skill workers that are critical to keeping people off of public assistance. This change would endanger many of those jobs.

FACT: This proposal would cost Pennsylvania money.

The state is responsible for covering about half of the administrative costs for SNAP. Pennsylvania would pay significant up-front costs to implement this proposal, such as making changes to its computer systems. The state would also incur on-going costs. For instance, state workers would be required to collect and verify information about the assets of 850,000 SNAP households, adding a new, expensive layer of paperwork to an already complex program.

FACT: An asset test would hurt struggling seniors and people who recently lost their jobs.

Pennsylvania hasn't yet released its estimate of the number of families who would be impacted by a restriction of savings. However, we expect that tens of thousands of people across the Commonwealth would lose the SNAP benefits that help them put food on the table. The vast majority of these families have only modest savings, and many are seniors and the recently unemployed who have a small nest egg.

FACT: 75 percent of states have no restriction on savings for most households.

As the recession hit and many formerly middle-class families found themselves out of work, 40 states, including Pennsylvania, lifted their previous restriction on assets so that families with modest savings could get help paying for groceries. Only ten states continue to prohibit most families from receiving SNAP if they have more than $2,000 in savings. Research shows that savings are critical to family stability and long-term self-sufficiency, and Pennsylvania's current SNAP policy wisely reflects this.

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