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Statement of Provisions Jointly Supported by the Maine Department of Human Services and the Alliance for Family Success in the Nutrition Title of the House and Senate Versions of the Farm Bill

The Maine Department of Human Services and the Alliance for Family Success, a coalition of advocacy groups and service providers, share a mutual concern for the passage of a strong nutrition title and critically needed reforms that will help the food stamp program be more effective in meeting the nutritional needs of low income families. We believe that it is essential to strengthen the food stamp program so that it can provide the necessary continuum of support for families who have left welfare for work, and others, including elderly and disable citizens, who depend on this important safety net program. It is further essential that the program be simplified for both families and administrators, and that states not be penalized for taking the very steps necessary to ensure that benefits are provided promptly and efficiently to low income working families.

We believe that it is critical to strengthen the food stamp program in the following ways:

- **Support a strong nutrition title with sufficient resources to make critical program improvements.** The food stamp program is widely regarded as the single most important anti-hunger program in America. Yet in recent years eligibility restrictions and an erosion in purchasing power have weakened its effectiveness.

Based on a three-year average (1997,98 and 99) of data collected through the Current Population Survey, Maine has the highest level of food insecurity in New England (8.6% of respondents). A family is considered to be food insecure if their resources are so limited that they are running out of food, reducing the quality of food their family eats, feeding their children unbalanced diets, skipping meals so that their children can eat, or taking other serious steps to adjust to economic problems that threaten the adequacy of their family's diet. A strong food stamp program is critical in reducing the level of food insecurity in low-income households.

The Senate bill, authorizing the expenditure of \$8.9 billion over 10 years for the food stamp and other nutrition programs, takes a strong step toward restoring the program's ability to respond to the nutritional needs of low income Americans. We strongly encourage at least this level of expenditure in the nutrition title of the final Farm bill.

- **Moderate benefit restrictions for low-income unemployed adults.** For the first time in program history, the 1996 amendments to the Food Stamp Act required that benefits be cut off to childless adults, unemployed through no fault of their own, after three months of benefits. In 1997, the Maine legislature, concerned about the loss of this critical safety net for individuals and the financial impact on municipal general assistance programs and community agencies, required the Department of Human Services to seek waivers of this time limit from the federal government for individuals who live in geographic areas with high unemployment as well as for those with significant barriers to employment. (Maine Private and Special Laws 1997, Chapter 38).

Even with the protection provided by this state legislation over 700 unemployed adults lose access to this critical safety net program each year. That number will almost certainly increase in the current economic downturn.

In addition to its' impact on individuals, this provision also creates substantial administrative burden for the State. Maine must submit waiver requests to the United States Department of Agriculture twice a year to justify continuation, or establish new geographic waivers, of the 3-month time limit. In some cases substantial research is required to justify a waiver for a certain area. Further, the circumstances of each individual subject to the time limit must be evaluated before their third month of program participation to determine if a waiver is warranted based on any barrier to employment. Using our "15%" exemptions available under federal law, Maine continues to provide benefits to persons who have particular difficulty competing for jobs because of lack of reliable transportation, significant literacy or language barriers, homelessness, migrant farm-worker status, or for other good cause. These evaluations are burdensome and time consuming for both department staff and the individuals involved.

Section 421 of the Senate-passed version of the Farm Bill would provide a stronger safety net for this group of individuals by extending the time limit from 3-months in a 36-month period to 6-months in a 24-month period. It would also provide significant administrative relief. USDA estimates that, absent this time limit, the average individual subject to it would receive benefits for approximately 6 months. Thus, moving the cut off from 3 to 6-months would significantly reduce the number of individuals that food stamp eligibility workers must screen for possible exemption from this rule.

- **Provide transitional support to families leaving welfare for work.** The decline in welfare caseloads over the past five years has been dramatic in Maine

and the rest of the country. Yet the median incomes of families who have left welfare remain very close to the poverty level. The median income for Maine families leaving welfare in 2000 was \$17,610, or just 24% above the poverty level for a family of three. For single parent families, the median income was \$16,000, or just 13% above the poverty level. Clearly there is an important role for the food stamp program in helping to make a family's transition from welfare to work more successful.

While both the House and Senate versions of the Farm Bill would give states the option to provide 6 months of transitional food stamps to families leaving TANF, the Senate approach is more effective since it ensures that a family would receive no less food stamps than they would receive under current law. The principal difference between these two versions is that under the House bill a family's TANF benefit, which they no longer receive, would still be counted in determining their benefit level. This approach assumes that income is available to purchase food even though it may not be. In the typical case of a family that works its way off TANF and had a combination of earnings and TANF prior to leaving, the House proposal could easily result in a smaller food stamp benefit than they would receive under current law. This undermines the goal of insuring that families leaving TANF for work are better off.

By contrast, the Senate version would exclude the cash assistance that the family no longer receives in establishing its transitional food stamp benefit. This approach provides stronger support for families and helps to ensure a more successful transition. A Maine 3-person household with \$500 in earnings in the month before leaving TANF would receive approximately \$146 dollars *less* in food stamps under the House bill than in the Senate version. Such a result runs counter to the goal promoting a successful transition from welfare to work.

- **Restore food stamp assistance to legal immigrants.** We strongly support the restoration of food stamp benefits to legal immigrants. As you are aware, in 1997, the Maine legislature voted to provide state-funded food stamp benefits to legal immigrants ineligible under federal law. The State spends over \$350,000 annually to provide this assistance. We are heartened by the strong bi-partisan support for restoring benefits to legal immigrants. We hope that this restoration will be included in the final version of the Farm bill in a form that is simple to administer and easily understandable by those who it is intended to benefit.
- **Improve the food stamp program's capacity to respond to inflation and high shelter costs.** There are two provisions in the Senate version of the Farm bill that would be particularly valuable in restoring the purchasing power of food stamps that has eroded over the past several years.

The first provision would increase the standard deduction and ensure that it keeps pace with inflation. (There is a similar provision in the House bill, but the Senate bill is preferable since it also provides that the standard deduction be adjusted

annually to keep pace with inflation). The current standard deduction has been frozen at the same amount since 1995.

The standard deduction is an amount uniformly deducted from family income, which recognizes basic costs not addressed elsewhere in the food stamp calculation. The additional value of this proposal is that it targets benefits to the poorest families with children. Because the Senate proposal adjusts the standard deduction by the current year's poverty level for a particular family size, larger families that tend to be poorer with higher basic costs would receive more benefits. These are typically working families with children, thus these additional benefits will also act as an important work support.

The second provision would phase out the cap on the excess shelter deduction by 2010. This proposal is particularly important in northern states like Maine with high heating costs. In Maine nearly 12% of all food stamp households (nearly 6,500 households) are at the shelter cap. These are households experiencing very high heating or other housing costs in comparison to their income. While program rules allow states to use a standard utility allowance in the benefit calculation to adjust for the high heating costs, the effectiveness of this provision is weakened by the overall cap of excess shelter. Elimination of this cap would allow food stamp benefits to be calculated in a manner that more realistically recognizes the amount of income that a family actually has available to spend on food.

The Maine State Housing Authority (MSHA) issued a report last summer indicating that the average annual home heating cost for the 53,000 families receiving Home Energy Assistance last year was \$1,087. MSHA found that these families were spending 30% of their income for utilities and heat alone, before their rent or mortgage costs was even considered. Rental costs are increasing as well, particularly in the southern part of the State. The MSHA fair market rent schedule for Portland shows an increase of nearly 10% between October 2000 and October 2001. A phase out of the shelter cap would give families struggling with the highest housing costs welcome relief.

- **Improve the food stamp quality control system.** The current food stamp quality control system both unfairly penalizes states and encourages the adoption of policies with an adverse impact on access to the food stamp program, particularly for working households. Both the House and Senate versions of the Farm bill include important provisions to reform the quality control system, however, once again we prefer the Senate version. In addition to modifying the system so that penalties are appropriately targeted at states with persistent and serious problems, it also makes adjustments that allow states to administer benefits to working families in a way that effectively supports their work effort without jeopardizing the state's error rate.

Recent reports from USDA show that Maine has been extremely successful at reaching the potentially eligible food stamp population. Over 80% of that

population actually participates in the food stamp program. The national rate is in the 50% range. We have achieved this success by lengthening the certification periods, providing phone interviews rather than face to face contacts, and simplifying the program application—all strategies intended to remove barriers to access. However, these efforts have impacted Maine's error rate. In recent years Maine has been penalized for having an error rate just slightly over the national rate, though Maine's own rate has decreased overall. We believe that the program must be accountable with payment accuracy a key feature, but that a more appropriate balance between the dual goals of ensuring participant access and program integrity must be adopted.