



SB 285: Adding red tape that would deny food and cash assistance to thousands of low-income Alabamians

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“The meanest bill I’ve ever seen.” That’s how Sen. Rodger Smitherman, D-Birmingham, described SB 285 during a committee debate this week. The proposal would add huge amounts of red tape that would deny food assistance and cash welfare to thousands of low-income Alabamians – many of them seniors or people with disabilities – who are doing nothing wrong. SB 285 also could cost Alabama tens of millions of dollars to implement during a difficult budget year, and it would not save the state money. The bill is, quite simply, a solution in search of a problem.

Legislation that would make it harder for low-income people to get public assistance has been introduced in more than a dozen states in the last year. The introduction of SB 285 adds Alabama to that list. SB 285, sponsored by Sen. Arthur Orr, R-Decatur, is based on a welfare “fraud prevention” bill developed by the Foundation for Government Accountability, a conservative policy group in Florida. SB 285 would reduce Alabama’s flexibility in the administration of public assistance programs, make it more difficult for otherwise eligible households to apply for and receive assistance, and impose expensive and unnecessary verification and data collection procedures on the Department of Human Resources (DHR) and Medicaid.

SB 285 is a complicated bill, and it was clear during the Senate committee debate that neither committee members nor the bill’s proponents fully understood what changes would be imposed to Medicaid, the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) program. Nonetheless, the Senate Fiscal Responsibility and Economic Development Committee voted 10-3 Wednesday to approve SB 285. It now awaits a Senate vote.

ACPP executive director Kimble Forrister and other several advocates argued at a public hearing that SB 285 is unnecessary and would be punitive to low-income people. Here are 13 things to know about how and why the bill would hurt low-income Alabamians and cost the state money.

1. SB 285 is a solution in search of a problem.

SB 285 purports to slow the growth in public assistance programs by preventing fraud in programs that already have very low fraud rates, including SNAP, also known as food stamps. But our state’s SNAP already has one of the lowest error and fraud rates of any program in the United States. Alabama’s SNAP food assistance error rate (which includes deliberate errors, mistakes by recipients and mistakes by DHR workers) was only 2 percent in 2014. The error rate that resulted in increased

benefits (or “overpayments”) was only 1.26 percent. Alabama’s error rates have declined in recent years specifically because of program improvements that SB 285 would eliminate. These lower error rates make Alabama eligible for performance bonuses from the federal government. Fighting public assistance fraud is important, but cutting off assistance to thousands of low-income people who are doing nothing wrong is not the way to do it.

2. SB 285 would perpetuate incorrect assumptions about how long people receive assistance, and how many of them are working or seeking work.

Both the number of people receiving SNAP food assistance and the amount of that assistance have declined steadily, both in Alabama and nationwide, now that the Great Recession is over. The turnover in the number of people getting cash assistance under TANF (often called “welfare”) is even greater than in SNAP. Roughly 13,000 Alabama families – or about 30,000 people out of a total population of 4.8 million – receive TANF benefits. About 2,300 families left Alabama’s TANF program because of increased work income in 2015. Another 3,600 left because they no longer needed TANF, and more than 5,000 were cut off for failing to comply with a program requirement. Only 500 were cut off because they had hit their five-year lifetime limit for benefits.

Most households with SNAP recipients work. Among SNAP households with at least one working-age, able-bodied adult, more than half of them work while receiving SNAP. More than 80 percent worked in the year prior to or the year after receiving SNAP.

3. SB 285 would hurt children, seniors, and people with disabilities.

Alabama is one of 44 states that allow some people who receive non-cash assistance funded by TANF to be automatically eligible for SNAP, even if their gross incomes are slightly above the regular SNAP eligibility level. SB 285 would end that automatic eligibility, hurting seniors and hurting people with disabilities. (Only seniors and people with disabilities can have higher gross incomes and still be categorically eligible for SNAP in Alabama.)

In Alabama, 26 percent of SNAP recipients have disabilities. Nearly half (47 percent) of the state’s SNAP recipients are children, and another 15 percent are seniors. SB 285’s red tape would add barriers and cut food assistance for thousands of Alabama’s most vulnerable residents.

SNAP is particularly important for children in low-income families. Research has found that children who received food assistance in early childhood and whose mothers received it during their pregnancy had better health and educational outcomes than children who didn’t receive assistance. Children whose families received food assistance were less likely as adults to have stunted growth, be diagnosed with heart disease, or be obese. They also were more likely to graduate from high school.

4. SB 285 would be very expensive for the state to implement.

DHR and Medicaid have not offered final estimates of how much SB 285 would cost them, and the Legislative Fiscal Office’s fiscal note says the bill would cost “an undetermined amount.” But a conservative estimate is that it would cost tens of millions of dollars to set up and maintain the personnel and data systems required to implement all of SB 285’s new requirements. That would be quite an added expense in a year when Alabama lawmakers are considering a General Fund budget

so inadequate that it could end Medicaid entirely. And again, the requirements wouldn't save the state money, because SNAP and TANF benefits are paid from federal dollars.

5. SB 285 would cut Alabama's share of federal money from programs that are important to the state's economy.

SNAP and Medicaid are economic engines in Alabama. SNAP contributes nearly \$2.5 billion in economic activity to local Alabama communities and supports between 11,500 and 23,270 jobs. Medicaid supports nearly 150,000 jobs and generates nearly \$600 million in tax revenue, research by Auburn University Montgomery has found. The total monetary impact of Alabama's Medicaid program is nearly \$9 billion. SB 285 would reduce those economic effects by cutting off assistance for thousands of low-income Alabamians who are doing nothing wrong.

6. SB 285 would hurt unemployed people in high-poverty counties.

States are permitted to allow childless, able-bodied people to receive food assistance if they live in areas with very high unemployment rates, such as parts of Alabama's Black Belt. Alabama has waived time limits for these recipients in counties with unemployment rates that exceed 10 percent. But SB 285 would prohibit Alabama from ever waiving time limits for childless, able-bodied adults, no matter how high unemployment gets or how hard someone tries to find a job.

7. SB 285 would set counterproductive asset limits on SNAP recipients.

Many states, including Alabama, have accepted a federal option that allows families with some resources to receive food assistance if their incomes are low. Alabama has elected not to count the value of automobiles and other property in determining SNAP eligibility. Removing these resource limits has been good for families because it allows them to have a car so they can go to work or school. It allows families, especially seniors, to have small savings accounts (often for things like funeral expenses) and still get assistance. It also has been good for the state because it reduces the time that eligibility workers have to spend trying to place a value on automobiles or other property.

Reinstating resource limits would make it harder for SNAP recipients to work by limiting their access to transportation. It also would force low-income seniors to spend down their savings before they can receive help with staving off hunger.

8. SB 285 could hurt many innocent people by increasing disqualification periods and allowing whole households to be cut off from SNAP.

Alabama now disqualifies individuals from receiving SNAP if they are required to participate in work-related activities and fail to do so without good cause. Current disqualification periods run from one to six months. SB 285 appears to require disqualifications for failure to comply with *any* SNAP requirement, not just those related to work. It also would allow everyone who lives in the same household as a disqualified person to be cut off from SNAP. In addition, SB 285 allows people to be cut off from food assistance if they violate *any* requirement of *any other* assistance program for low-income people.

As with SNAP, the TANF cash assistance program already has sanctions in place for violation of work and child support collection requirements. But SB 285 appears to allow sanctions for violations of any program requirement, even if that violation does not result in increased benefits.

9. SB 285 would make Alabama's lifetime TANF limit even more draconian.

Alabama has one of the lowest TANF benefits in the nation: no more than \$215 a month for a family of three. And Alabama and the rest of the United States already have a lifetime five-year limit on receipt of TANF benefits for most people. Imposing an even shorter time limit would hurt the poorest families in the state, including their children. It also would not save the state any money, because TANF benefits are 100 percent federal dollars.

10. SB 285 would end SNAP assistance for low-income people who are behind on child support payments due to job loss.

A sudden period of unemployment can cause a family to get behind on debts, including child support debts. Requiring that all delinquent child support be paid before someone can get food assistance could permanently deny help to people who are paying as much support as they can afford. Denying someone help buying food for the family does nothing to get the recipient current on child support payments. It only hurts the other people in the family, including other children.

11. SB 285 includes photo ID language that could complicate retailers' jobs.

SB 285 would require that a recipient's photo be put on the debit-like card that holds SNAP and TANF benefits, unless the recipient declines. Federal law specifically allows any member of a SNAP household to use the EBT card, as long as he or she knows the card's PIN number. SB 285's photo ID provision could put grocery store clerks in the position of having to try to figure out if the person using a card with someone else's picture on it is authorized to do so. That language drew objections from the Alabama Grocers Association during the public hearing on the bill.

The U.S. Department of Agriculture, which administers SNAP nationally, is still developing rules governing the use of photo ID on EBT cards. Until those regulations become final, it is premature to implement a photo ID requirement for SNAP in Alabama.

12. SB 285 would require DHR to spend money to track the use of Alabama TANF benefits in other states.

This provision purports to be designed to catch non-Alabama residents who try to get TANF benefits in Alabama. But Alabama's TANF benefits (a maximum of \$215 a month for a family of three) are among the nation's lowest, meaning people would have little incentive to submit an application in Alabama instead of their home state. In addition, this provision ignores the fact that Alabamians who live close to another state often do their shopping there. For example, many Phenix City residents shop in nearby Columbus, Ga.

13. SB 285 would impose redundant, unnecessary Medicaid verification steps.

SB 285 would require the state Medicaid agency to verify applicants' identity and financial information in dozens of different ways. This would impose an expensive and unnecessary administrative burden on the state's barebones Medicaid program at the very time when Alabama may not provide enough funding for Medicaid to continue its important regional care organization (RCO) reforms – or even to continue Medicaid at all.