

State Board of Social Services

22VAC 40-601 Supplemental Nutrition Assistance Program

Agency Response to Economic Impact Analysis

This document represents the Department of Social Services response to the Department of Planning and Budget's revised Economic Impact Analysis of the proposed change to the Supplemental Nutrition Assistance Program at 22 VAC 40-601.

DPB EIA: The proposed change will remove an economic inequality that currently exists between families with an ineligible non-alien and families with an ineligible alien when determining eligibility and amount of benefits in the food stamp program. However, the costs likely exceed the benefits since the proposed change makes some of the food stamp recipients in the Commonwealth worse off without making anyone else in the state better off by a comparable magnitude.

Agency Response: Treating all households in similar situations is paramount and overrides any other economic considerations, especially when households with all citizen members are penalized and receive lower benefits than households with non-citizen members under the current eligibility rules. The agency believes that all households should be treated equitably, and while it is unfortunate that households with non-citizens may have their benefits reduced, this regulation will subject them to the same eligibility rules that currently reduce benefits for households containing all citizen members.

DBP EIA: The main economic impact of this proposed change will be on families that have at least one ineligible alien. First, their chances for food stamp eligibility will be reduced as the level of counted family income used for eligibility will be higher, or a lower level of total family income will render them ineligible. According to the Department of Social Services (DSS), in the month of February 2012, approximately \$117 million in SNAP benefits were issued to 914,445 persons in 439,966 households. Of the eligible persons, approximately 15,614 were excluded in the month of September 2011 from the program because of their immigration status. This suggests that the proposed regulation may affect approximately 7,500 families. Among these families, the ones with high income levels will have a reduced chance to qualify for food assistance.

Agency Response: The agency does not agree. The proposed regulation will put households with an ineligible alien on par with a household with an ineligible citizen, giving both households an equal chance of accessing the same benefit when their incomes are the same.

DPB EIA: The fact that the food stamp program is financed 100% by the federal government has a crucial role in determining the economic impact of this change to the Commonwealth. Since the families with an ineligible alien either will cease to receive benefits, or start receiving

reduced benefits, a reduction in the funds coming into the Commonwealth from the federal government is expected.

Agency Response: The DPB EIA overlooks the fact that federal SNAP benefits are financed by taxpayer dollars, including Virginia taxpayers. At a time when \$.40 of every federal dollar spent is used to pay the federal debt, we should be very critical to cut federal spending if there is an inequity that favors one group over another. The federal deficit has long-term consequences to the Commonwealth if not resolved, compared to the one-time loss of federal SNAP funding. In addition, the American Recovery and Reinvestment Act increased SNAP benefit levels by 13.6 % in March 2009, which was directly intended to stimulate economic activity in Virginia's retail grocery stores and businesses that support the grocery industry.

DPB EIA: The proposed change will also require DSS to reprogram the statewide eligibility system, change the program guidance, and train eligibility workers in local departments of social services. DSS estimates that three to four system experts would be involved in making the required system change over a three-month period. Also, approximately 2,500 local eligibility workers are estimated to be involved with the SNAP program and would have to be educated about this change. However, training usually covers multiple topics. Thus, the proposed change may be responsible for only a portion of the training costs that may accrue.

Agency Response: The programming changes will be minor since the system currently calculates the benefit for ineligible citizens without prorating the benefit. The training effort will also be minor since eligibility workers in local departments of social services know how to calculate the income of ineligible citizens without prorating. It is important to note that during the public comment period local staff overwhelmingly supported the proposed regulation as they recognize the inequity in the current benefit calculation for ineligible citizens.

DPB EIA: The estimated reduction in the net influx of federal funds coming into the Commonwealth and reduction in caseloads are likely to reduce the demand for labor in Virginia. This reduction may be temporarily offset to a small degree by the increased labor demand necessary to reprogram the statewide eligibility system, to update guidance materials, and to attend and to provide training.

Agency Response: The DPB EIA seems to indicate that high public assistance caseloads and individual dependence on public assistance are positive for Virginia's economy. To the contrary, Virginia's economy is the strongest when public assistance caseloads are low and individuals who were dependent on assistance have regained employment and are contributing to the Commonwealth's economic prosperity. In 1995, when Governor Robert F. McDonnell served in the Virginia House of Delegates, he was a very strong proponent of reforming Virginia's welfare system. He strongly supported the passage of the Virginia Independence Program as a way to reduce dependence on government assistance programs and promote personal responsibility through work.

HB 2001, the Virginia Independence Program, set for five goals that the legislation was intended to accomplish:

- 1. Offer Virginians living in poverty the opportunity to achieve economic independence by removing barriers and disincentives to work and providing positive incentives to work;*
- 2. Provide families living in poverty with the opportunities and work skills necessary for self-sufficiency;*
- 3. Allow families living in poverty to contribute materially to their own self-sufficiency;*
- 4. Set out the responsibilities of and expectations for recipients of public assistance and the government; and*
- 5. Provide families living in poverty with the opportunity to obtain work experience through the Virginia Initiative for Employment Not Welfare (VIEW).*

During the deliberations on HB 2001, there was no discussion on the negative impact of reduced federal funding associated with falling caseloads, but rather the overall health of a Commonwealth that has citizens that support themselves and their families and do not depend on government assistance. The agency takes the same position on this proposed regulation.