

February 22, 2017

**Testimony in Opposition to Parts ZZZ, EEEE, FFFF, GGGG, HHHH, JJJJ, and KKKK of the Governor's Proposed Budget, LD 390**

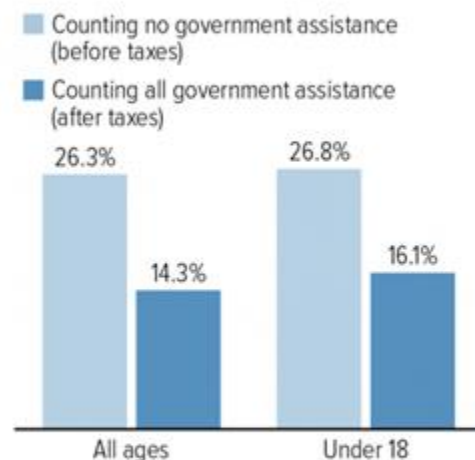
James Myall, Maine Center for Economic Policy

Good afternoon, Senators Hamper and Brakey, Representatives Gattine and Hymanson, and members of the Appropriations and Financial Affairs and the Health and Human Services Committees. My name is James Myall, a policy analyst at the Maine Center for Economic Policy. I am here to testify in opposition the governor's proposed budget, concerning cuts to the state's assistance programs for low-income Mainers. The Supplemental Nutrition Assistance Program (SNAP), Temporary Aid for Needy Families (TANF), and General Assistance (GA) programs provide vital resources for thousands of struggling Mainers every year. These proposed changes would stand in the way of building thriving communities and a strong Maine economy. Investing in families lays the foundations for a strong economy. The governor's budget cuts taxes for the rich, and to pay for that priority, causes more hardship for Maine's working families, New Mainers, and seniors. If we want Maine's economy to succeed, and to work for everyone, we need to be helping these families, not punishing them.

We know that anti-poverty measures work. Nearly 40 million Americans who would otherwise be living in poverty are helped by anti-poverty programs, including those the budget proposes to slash. The poverty rate would be almost twice as high without the impact of SNAP, TANF, and other programs.<sup>1</sup> What's more, even for those families who remain in poverty, food and other basic assistance provide a lifeline, making the difference between chronic and persistent poverty, and a chance at a better life. In 2012, the SNAP program alone lifted more than 2 million American children out of deep poverty (living below 50% of the federal poverty level). The proposed changes only make it more difficult for these programs to help Maine families – by snatching away the safety net for relatively minor transgressions; by punishing children for the actions of their parents; and by limiting the time for which assistance is available.

In 2015, for every 100 poor families with children in Maine, only 24 received TANF cash assistance - compared to 62 percent of poor families in the 1990s.<sup>2</sup> This is the result of systematic actions to weaken the TANF program, and improperly redirect money elsewhere. Maine has underspent its federal block grant by more than \$150 million over the past several years, and continues to underspend at a rate of \$30 million annually.<sup>3</sup> Yet poverty and hunger are on the rise in Maine. While the rest of the nation has seen declines in poverty and the need for assistance as a result of the ongoing economic recovery, Maine families continue to suffer from hunger and other results of poverty. An additional 5,000 Mainers have fallen into poverty since 2010.<sup>4</sup> One in six Mainers remains food insecure. A study conducted by the Preble Street Maine Hunger Initiative and Good Shepherd Food Bank in 2015 found that one in four food pantry users in Maine had received SNAP in the past, but no longer qualified.<sup>5</sup> Many of these had lost their assistance due to recent rules changes by the administration but remained hungry and in need of help. Cutting

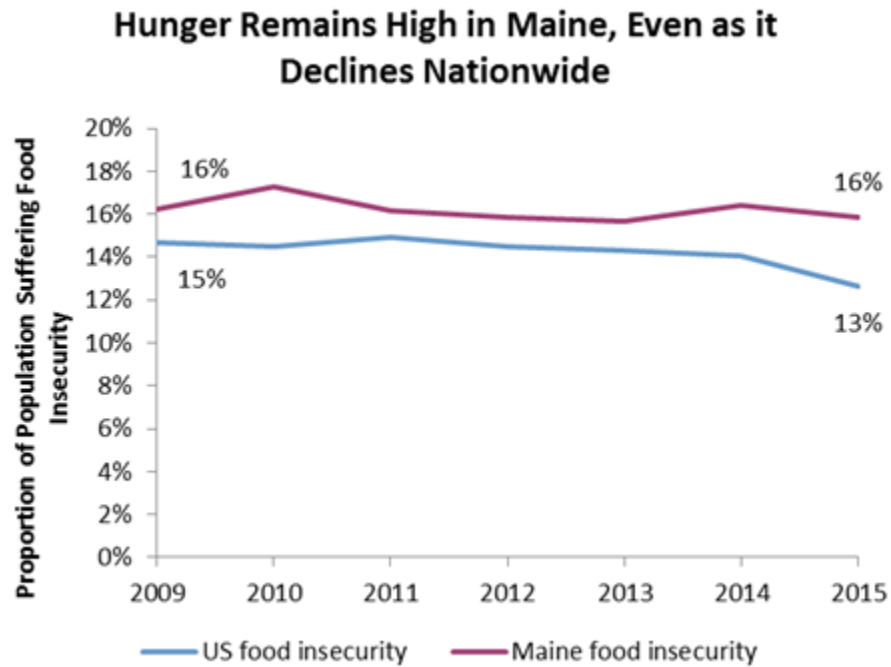
**Safety Net Cut Poverty Rate Nearly in Half in 2015**



Note: Figures use the federal government's Supplemental Poverty Measure (SPM).

Source: CBPP analysis of Census Bureau data from the March 2016 Current Population Survey and 2015 SPM public use file.

safety net programs does not alter the reality of hunger and poverty in Maine. Previous cuts to the safety net have hurt Maine families, and the proposed changes in this budget will only worsen the situation.



*MECEP analysis of US Census Bureau, Current Population Survey, Food Security Supplement data. Maine data are 3-year averages to improve reliability.*

Contrary to what members of the committee may have heard, SNAP improves children’s nutrition. A study of children’s access to the food stamp program showed that it reduces malnutrition, heart disease, and obesity rates, and has a significant impact on high school completion rates. Hungry children cannot learn, just as hungry adults find it harder to stay employed, find a job, or enter into training. The first comprehensive study of its kind last year found that grocery purchases by food stamp recipients were largely the same as those of other households (see attached).<sup>6</sup> For SNAP and non-SNAP households alike, 40% of all purchases were for basic necessities like meat, fruit, vegetables and bread, and another 40% for cereals, beans, rice and dairy foods. Only 20 cents of every SNAP dollar was spent on snacks or sweetened drinks – which **is the same proportion as in non-SNAP households**. Efforts to combat obesity would be better targeted at education of the general population than singling out low-income Mainers.

The proposed restrictions and sanctions for TANF, SNAP and General Assistance do not recognize the reality of economic cycles, and the situation faced by the tens of thousands of Mainers who use the assistance programs. National studies find significant barriers to employment among TANF recipients, which range from child care needs to lack of education, or the presence of a long-term health condition which makes work difficult. TANF recipients are also more likely to be suffering from mental health conditions, including substance use disorder, and domestic violence.<sup>7</sup> Most TANF recipients have one such significant barrier to employment, while a third may have two or three such obstacles to overcome. Families want to overcome these difficulties, and government assistance programs can play a crucial role in helping them to do so. We should be strengthening the social safety net, not adding a new source of stress by cutting it.

Barrier	Average prevalence among TANF recipients
No High School Diploma	39%
No work in past two years	20%
Child under age 1	16%
Child on Supplemental Security Income (SSI)	5%
Work-limiting health condition	26%
Poor mental or emotional health	19%

Source: *Urban Institute, "TANF Recipients With Barriers to Employment," August 2011. Average of eight surveys conducted between 2000 and 2008. Totals do not add up to 100% due to some respondents reporting of multiple barriers to employment.*

The governor's budget proposal presents you with a series of false choices - between protecting the most vulnerable elderly and disabled Mainers, and providing health care for those in poverty; between helping Mainers into work and providing them with government assistance. The truth is that Maine doesn't have to pit one group of our needy friends and neighbors against another. The governor's budget looks to cut these programs for one reason – to pay for tax cuts that disproportionately benefit the wealthy. Tax cuts that would result in most Mainers paying more, in exchange for a giveaway of \$24,000 for the wealthiest 1%.<sup>8</sup> I urge you to reject these unnecessary spending reductions, and to choose to invest in Maine's people and communities, instead of handouts for the 1%. Thank you. I'll be happy to answer any questions.

<sup>1</sup> <http://www.cbpp.org/research/poverty-and-inequality/chart-book-accomplishments-of-the-safety-net#part1>

<sup>2</sup> [http://www.cbpp.org/sites/default/files/atoms/files/tanf\\_spending\\_me.pdf](http://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_me.pdf)

<sup>3</sup> <http://bangordailynews.com/2016/07/22/opinion/editorials/maine-leaves-more-welfare-money-unsent-as-more-children-fall-into-poverty/>

<sup>4</sup> US Census Bureau, American Community Survey 1-year estimates, 2010 and 2015.

<sup>5</sup> <https://www.gsfb.org/wp-content/uploads/2017/02/Food-Pantry-Report-2-6-171.pdf>

<sup>6</sup> <https://www.fns.usda.gov/sites/default/files/ops/SNAPFoodsTypicallyPurchased.pdf>

<sup>7</sup> <http://www.urban.org/sites/default/files/publication/25396/412567-TANF-Recipients-with-Barriers-to-Employment.PDF>

<sup>8</sup> <http://www.mecep.org/lepage-budget-raises-taxes-for-mainers-making-less-than-92000-gives-huge-tax-cut-to-top-1/>

## CHAPTER 3. FINDINGS: TOP EXPENDITURES BY SNAP AND NON-SNAP HOUSEHOLDS

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### Key Findings

- There were no major differences in the expenditure patterns of SNAP and non-SNAP households, no matter how the data were categorized. Similar to most American households:
  - About 40 cents of every dollar of food expenditures by SNAP households was spent on basic items such as meat, fruits, vegetables, milk, eggs, and bread.
  - Another 20 cents out of every dollar was spent on sweetened beverages, desserts, salty snacks, candy and sugar.
  - The remaining 40 cents were spent on a variety of items such as cereal, prepared foods, dairy products, rice, and beans.
- The top 10 summary categories and the top 7 commodities by expenditure were the same for SNAP and non-SNAP households, although ranked in slightly different orders.
- Less healthy food items were common purchases for both SNAP and non-SNAP households. Sweetened beverages, prepared desserts and salty snacks were among the top 10 summary categories for both groups. Expenditures were greater for sweetened beverages compared to all milk for both groups, as well.
- Expenditures were concentrated in a relatively small number of similar food-item categories. The top 5 summary groups totaled half (50%) of the expenditures for SNAP households and nearly half (47%) for non-SNAP households. Twenty-five commodities accounted for nearly half of the food expenditures in these data with SNAP and non-SNAP households having 20 of them in common. The top 25 subcommodities for SNAP households and non-SNAP households, respectively, accounted for over one-fifth of food expenditures for each group with 16 subcommodities in common for the two groups.

### 3.1 Distribution of Expenditures by Summary Categories

Exhibit 5 provides an overview of expenditures by the summary categories described in Chapter 2. In general, SNAP and non-SNAP household expenditure rankings and proportions were similar. Expenditures on basic or staple foods (meat/poultry/seafood, fruits, vegetables, milk, eggs and bread/crackers) comprised over 40 cents of every food purchase dollar for both SNAP and non-SNAP households (41 and 44 cents/dollar, respectively). Another 20 cents per dollar was spent on less healthy foods such as sweetened beverages, prepared desserts, salty snacks, candy and sugars by both household groups (SNAP households – 23 cents; non-SNAP households – 20 cents).

Expenditures were generally concentrated in a small number of summary groups for both SNAP and non-SNAP households. The top 5 groups total half (50%) of the expenditures for SNAP households and nearly half (47%) for non-SNAP households. The top three categories by expenditures for SNAP households were meat/poultry/seafood, sweetened beverages, and vegetables. The top three categories for non-SNAP households were meat/poultry/seafood, vegetables, and high fat dairy/cheese; sweetened beverages ranked fifth. Both SNAP and non-SNAP households spent a greater proportion of total expenditures on meat, poultry and seafood than any other category. Both household groups spent more on fruits and vegetables than on prepared foods, and more on sweetened beverages than on milk.

### Exhibit 5: Summary Categories by Expenditure

Summary Category	SNAP Household Expenditures			Non-SNAP Household Expenditures		
	Rank	\$ in Millions	% of Expenditures	Rank	\$ in Millions	% of Expenditures
Meat, Poultry and Seafood	1	\$1,262.9	19.19%	1	\$5,016.3	15.92%
Sweetened Beverages	2	\$608.7	9.25%	5	\$2,238.8	7.10%
Vegetables	3	\$473.4	7.19%	2	\$2,873.9	9.12%
Frozen Prepared Foods	4	\$455.2	6.92%	8	\$1,592.3	5.05%
Prepared Desserts	5	\$453.8	6.90%	6	\$2,021.2	6.41%
High Fat Dairy/Cheese	6	\$427.8	6.50%	3	\$2,483.2	7.88%
Bread and Crackers	7	\$354.9	5.39%	7	\$1,978.2	6.28%
Fruits	8	\$308.2	4.68%	4	\$2,271.2	7.21%
Milk	9	\$232.7	3.54%	9	\$1,211.0	3.84%
Salty Snacks	10	\$225.6	3.43%	10	\$969.7	3.08%
Prepared Foods	11	\$202.2	3.07%	14	\$707.0	2.24%
Cereal	12	\$186.9	2.84%	11	\$933.9	2.96%
Condiments and Seasoning	13	\$174.6	2.65%	12	\$878.9	2.79%
Fats and Oils	14	\$155.1	2.36%	13	\$766.9	2.43%
Candy	15	\$138.2	2.10%	15	\$701.4	2.23%
Baby Food	16	\$126.8	1.93%	27	\$198.2	0.63%
Juices	17	\$110.4	1.68%	16	\$605.4	1.92%
Coffee and Tea	18	\$83.4	1.27%	17	\$568.8	1.80%
Bottled Water	19	\$78.1	1.19%	22	\$377.4	1.20%
Eggs	20	\$73.8	1.12%	21	\$388.2	1.23%
Other Dairy Products	21	\$69.8	1.06%	18	\$549.5	1.74%
Pasta, Cornmeal, Other Cereal Products	22	\$66.4	1.01%	23	\$281.5	0.89%
Soups	23	\$62.7	0.95%	20	\$414.1	1.31%
Sugars	24	\$60.9	0.93%	24	\$260.3	0.83%
Nuts and Seeds	25	\$53.2	0.81%	19	\$445.9	1.41%
Beans	26	\$38.3	0.58%	25	\$234.5	0.74%
Rice	27	\$30.1	0.46%	28	\$131.0	0.42%

The Supplemental Nutrition Assistance Program (SNAP) is the nation's most important anti-hunger program.

### Whom Does SNAP Reach?

In Fiscal Year 2016, it reached:

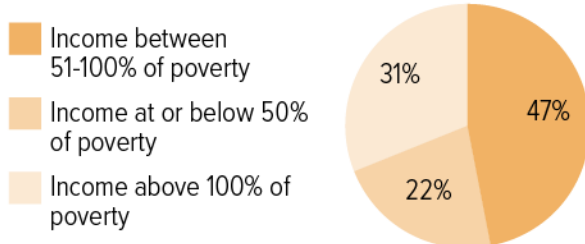
- **189,000** Maine residents, or **14%** of the state population (**1 in 7**)
- **44,219,000** participants in the United States, or **14%** of the total population (**1 in 7**)

<b>MAINE</b>	almost <b>63%</b> of SNAP participants are in families with children	more than <b>43%</b> are in families with members who are elderly or have disabilities	almost <b>41%</b> are in working families
<b>NATIONALLY</b>	more than <b>68%</b> of SNAP participants are in families with children	more than <b>30%</b> are in families with members who are elderly or have disabilities	more than <b>44%</b> are in working families

Source: CBPP analysis of data from USDA Food and Nutrition Service, FY 2015

### Most SNAP Participants in Maine Are Poor

Share of participants by household income, FY 2015



Source: CBPP analysis of FY 2015 USDA SNAP Household Characteristics data

### Many Maine households struggle to put food on the table. The most recent data show:

- **15.8%** of households were “food insecure,” or struggled to afford a nutritionally adequate diet.
- Median income was **1.8% below** the 2007 level, after adjusting for inflation.
- **13.4%** of the population lived below the poverty line.
- **16.6%** of children lived below the poverty line.
- **8.8%** of elderly lived below the poverty line.

**SNAP reaches needy populations:** Between **95** and **100%** of eligible individuals participated in SNAP in Maine in 2014, and **92%** of eligible workers participated.

SNAP kept **47,000** people out of poverty in Maine, including **16,000** children, per year between 2009 and 2012, on average. (These figures adjust for households' underreporting of benefits.)

## What Benefits Do SNAP Recipients Receive?

SNAP targets benefits according to need. Very poor households receive more SNAP benefits than households closer to the poverty line since they need more help affording an adequate diet.

Households receive SNAP benefits on electronic benefit transfer (EBT) cards, which can be used only to purchase food at one of the 260,100 authorized retail locations around the country, including 1,600 in Maine.



Average monthly SNAP benefit for each household member:

Fiscal Year 2016

**\$112**

Average SNAP benefit per person per meal:

**\$1.25**

## Average Monthly SNAP Benefit By Demographic Group, FY 2015, Maine

All households

\$222

Households with children

\$372

Working households

\$278

Households with seniors

\$120

Households with non-elderly disabled individuals

\$184

Source: U.S. Department of Agriculture, Office of Research and Analysis, "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015"

## How Does SNAP Benefit the Economy?

Moody's Analytics estimates that in a weak economy, \$1 in SNAP benefits generates \$1.70 in economic activity.

SNAP benefits pumped about \$255 million into Maine's economy in 2016.



For more information on SNAP, including Maine-specific information, please see:

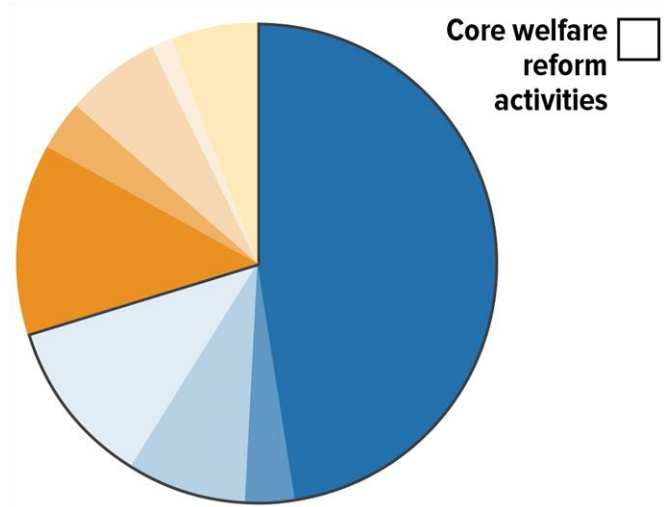
Center on Budget and Policy Priorities Chart Book: <http://www.cbpp.org/research/food-assistance/chart-book-snap-helps-struggling-families-put-food-on-the-table>

USDA SNAP data: <http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>

Maine state SNAP program: <http://www.maine.gov/dhhs/ofi/services/snap/index.html>

# Maine TANF Spending

In 2015, Maine spent about \$85 million in federal and state funds under the Temporary Assistance for Needy Families (TANF) program. It spent 70 percent of these funds on core welfare reform activities, which include basic assistance, work activities and supports, and child care. Maine spent little on work programs to help parents find and keep jobs.



## Federal and State TANF Spending by Category, 2015

	Maine (millions of dollars)	Maine (share of spending)	National (share of U.S. spending)
<b>Core</b>			
Basic Assistance	\$40	48%	25%
Work Activities	\$3	4%	7%
Work Supports and Supportive Services	\$7	8%	3%
Child Care	\$10	11%	17%
<b>Non-core</b>			
Administration and Systems	\$11	13%	10%
Tax Credits	\$3	3%	8%
Pre-K	\$5	6%	6%
Child Welfare	\$1	1%	7%
Other Services	\$5	6%	18%



## Share of Maine's Federal and State TANF Spending on Core Welfare Reform Activities

	2001	2015
Basic assistance	63%	48%
Work activities	1%	4%
Child care	12%	11%

## TANF Provides a Safety Net for Few Poor Families

In 2015, for every 100 poor families with children in Maine, only 24 received TANF cash assistance, down from 61 in 2001. During that time, Maine cut its spending on basic assistance and child care, even as the number of families with children below 50 percent of the poverty line increased.



## Federal TANF Allocations and State Maintenance of Effort (MOE) Requirements

- The annual federal TANF block grant has been frozen since its creation and lost about a third of its value between 1997 and 2015 due to inflation.
- Since unspent block grant funds can be carried over to future years, a state may spend more or less than its federal block grant allocation in any given year. In 2015, Maine spent \$45 million in federal TANF funds.
- Every year each state must also spend, from its own funds, at least 80 percent of its historical spending on poor families with children. (In some cases this “MOE” requirement can be reduced to 75 percent.) In 2015, Maine claimed \$40 million in MOE spending.

### Annual TANF Allocations and MOE Obligations for Maine

<b>TANF block grant amount</b>	<b>\$78 million</b>
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<b>80% MOE obligation</b>	<b>\$40 million</b>
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<b>75% MOE obligation</b>	<b>\$38 million</b>
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Source: The spending data are CBPP analysis of US Department of Health and Human Services (HHS) TANF financial data. The 2001 TANF families are HHS' TANF caseload data; the 2015 TANF families are from state agency TANF caseload data collected by CBPP. The CBPP analysis of families in poverty and deep poverty uses data from Census' Current Population Survey. The individual years CBPP uses to describe caseloads, poverty and deep poverty trends represent two-year averages; for example, '2015' represents the average for '2014-2015'.