Issue Brief: New Jersey’s Inadequate Support of SNAP Causing Needless Hunger

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Evidence is mounting that New Jersey’s inadequate support of the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) is resulting in the delay or the denial of critical food benefits to hundreds of thousands of struggling New Jerseyans and the potential loss of up to about $500 million in federal funds annually.

There are three areas in which the state is not doing nearly enough to support New Jerseyans’ nutritional needs: rejection of “Heat and Eat” benefits that is resulting in cuts to the most vulnerable; poor outreach that leaves hundreds of thousands of eligible New Jerseyans without benefits; and long delays in processing applications that could result in a major federal financial penalty.

The Christie administration needs to immediately reverse course, give full support to SNAP and ensure that as many needy New Jerseyans as possible are receiving these crucial nutritional benefits. The state should reinstate Heat and Eat benefits to prevent further cuts to SNAP; allocate outreach funds to help New Jersey enroll more eligible residents in SNAP; take steps to promote the highest standard of service for SNAP recipients; make emergency funds available to address staffing and other needs at county welfare agencies and upgrade its antiquated eligibility system; and, in the longer term, overhaul how social safety-net benefits are provided.
Termination of Heat and Eat Resulting in Cuts to the Most Vulnerable

Despite the fact that New Jersey faces growing poverty and a weak economic recovery, and lost $90 million in SNAP benefits with last year’s federal across-the-board cut, the Christie administration has decided to immediately cut nutritional benefits even further by not acting on federal Heat and Eat benefits and vetoing a bill that would have maintained these benefits. Heat and Eat is a streamlined, coordinated system that reduces bureaucracy and maximizes SNAP benefits to many of New Jersey’s most needy residents.

After months of dodging direct legislative and public inquiries about whether New Jersey would maintain this benefit, the Division of Family Development has ordered county welfare agencies to start making immediate cuts. This policy quietly took effect on July 1 for new SNAP applicants and will be phased in over the next year for about 160,000 households that now receive this benefit. On average, these households will lose up to $90 in SNAP benefits a month, the equivalent of 67 meager meals.

Unlike New Jersey, most other states that previously had Heat and Eat programs moved quickly to maintain SNAP benefits. The District of Columbia and 10 of the 14 eligible states (including
Pennsylvania and New York) acted decisively to modestly increase energy assistance payments to maintain the Heat and Eat program.\(^1\)

Worst of all, these cuts, and the hardship they will bring needy New Jerseyans, were completely avoidable. When it passed the farm bill last year, Congress allowed eligible states to maintain SNAP benefits by increasing annual energy assistance for Heat and Eat households from $1 to $21. For every dollar New Jersey puts up to meet this increase, the federal government would distribute $54 in benefits, a rare and dramatic payoff for the state’s economy and its struggling families.

Increasing energy assistance in this way would cost about $3.2 million a year, but the financial benefits far outweigh this small cost. First, maintaining Heat and Eat benefits would yield up to $170 million in federal SNAP funds in New Jersey, instead of letting those dollars disappear. Second, the state could likely use federal funds from the Low Income Home Energy Assistance Program (LIHEAP) to pay for the increase in energy assistance, meaning zero cost to New Jersey – this is what most of the participating states have done. And third, SNAP benefits are known to have a large positive impact on the economy, since eligible struggling families are likely to spend the money immediately. Keeping up to $170 million in federal SNAP dollars in New Jersey could result in an economic boost of up to $300 million.\(^2\)

Given these advantages, it is no wonder that so many states responded quickly and positively to the new federal requirements.

The administration’s cut will disproportionately affect those who can least afford it: seniors and people with disabilities. These are the folks who will have the greatest difficulty meeting all the requirements for documenting their energy costs if Heat and Eat is not reinstated. There have already been reports from the Community FoodBank of New Jersey of elderly New Jerseyans who have had their benefits cut by more than half, which has been understandably traumatic. Unfortunately, most eligible New Jersey residents have few options to avoid hunger. In some cases they cannot even rely on food pantries, since they have strict diets due to their medical conditions.

The New Jersey legislature responded to this opportunity by acting quickly to maintain Heat and Eat benefits. Language was included in the legislature’s 2015 budget to increase energy assistance, but the governor vetoed it. Bipartisan legislation to do the same thing was vetoed by the governor on August 8, citing the federal human services department’s guidance on the need for documentation. However, nowhere in the guidance did the department prohibit Heat and Eat. He asserted further that SNAP enrollees could use the old procedures to document energy costs in LIHEAP, precisely the procedures that proved unworkable for many seniors and others before, which was why New Jersey initiated the Heat and Eat program in the first place. It is expected that the federal government will be issuing more guidance to help states maintain Heat and Eat.
New Jersey Is Reaching Fewer Needy Residents Than Other States

Hundreds of thousands of New Jerseyans are not receiving the nutritional assistance they are entitled to as a result of New Jersey’s very low SNAP participation rate. Just over 1 million New Jersey residents were eligible for SNAP in 2011, but only about 675,000 participated – leaving 325,000 New Jerseyans without benefits. This 67-percent participation rate was the fifth lowest of the 50 states, and lower than most very poor states (Mississippi, for example, has a rate of 79 percent). While the Christie administration has improved the participation rate from 54 percent in 2009, most other states have also improved during the same time period. There is clearly more the state could do to reach many more eligible residents.

Despite this embarrassing and long-standing record, New Jersey policymakers have not included any funds in the budget for outreach for at least six years – even though the federal government would provide a dollar-for-dollar match to state and county spending and any outreach that resulted in new SNAP beneficiaries would bring additional federal dollars to the state.
Had New Jersey performed at just the national average in 2011 (79 percent), it would have assisted an additional 140,000 New Jerseyans, obtained an additional $217 million in nutritional assistance and seen an overall economic benefit of approximately $380 million.

To the Division of Family Development’s credit, it has adapted to this total lack of funding for state outreach by working with food banks and other community organizations to get the word out and at least get federal outreach dollars directly to these organizations using their resources as the match. This could help explain why the SNAP participation rate has increased over the last several years. But until the state makes a significant investment of its own in outreach, takes a more active role and eliminates the barriers to enrollment, New Jersey will continue to rank near the bottom and hundreds of thousands of struggling residents will miss out on vital benefits.

**Long Delays Harm Hungry Families and May Soon Cost New Jersey Millions of Dollars**

More than 1 in 4 New Jerseyans who apply for SNAP benefits don’t get an answer from New Jersey within the 30 days required by federal law, giving New Jersey one of the worst records in the nation for processing SNAP applications (the Department of Human Services ranks 52nd out of the 53 state agencies that administer SNAP).

The federal Department of Agriculture (USDA) has been working with New Jersey for years to ensure that benefits are provided within the 30-day deadline, but the problem has only gotten worse. Currently, 28 percent of all applications exceed the 30-day limit, according to the USDA, which says this lack of timeliness is “creating hardships for thousands of low-income households across New Jersey.” On top of forcing many hungry New Jerseyans to stay hungry for long stretches of time, the state’s poor performance may also soon mean the loss of millions of dollars.

Last month, the USDA notified New Jersey that it “could soon be subject to suspension or disallowance of administrative funds” if it doesn’t make “significant progress” towards improving its timeliness rate from 72 percent to 95 percent. New Jersey state and county governments spend about $139 million a year administering SNAP – half of what it costs to administer the program (the federal government picks up the entire tab for benefits and half of administrative costs). It would be a crippling loss to the state to lose all or part of these federal administrative funds.

The USDA makes clear that New Jersey has not devoted the resources to fix what is a systemic problem, despite its repeated warnings. Not only has the state failed to modernize its antiquated eligibility system, the USDA understandably insists that New Jersey review its technology, business procedures and staffing needs before changing its eligibility system.

This may sound familiar since it is the same county welfare agencies that have also been delinquent in processing applications for the Medicaid expansion under the Affordable Care Act.
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The Department of Human Services recently reported a backlog of over 30,000 applications. While progress has been made, it has been slow with no end in sight for clearing the backlog. The failure of the county welfare agencies to meet federal and state deadlines in processing applications for the state’s two largest safety-net programs demonstrates a major weakness in a system that is supervised by the state but administered and mostly financed by the counties.

Urgent Action is Needed to Avoid a Crisis

The state needs to take urgent action to address the denial or delay of essential nutritional assistance to the state’s most vulnerable residents and the consequent harm to the state’s beleaguered economy. It is bad enough that New Jersey has one the lowest participation rates and the biggest backlogs in SNAP applications in the nation, but it is unconscionable that the administration is cutting this nutritional assistance by rejecting Heat and Eat, thereby exacerbating these other problems by increasing administrative complexity and further discouraging participation. Together these problems not only demonstrate a lack of state leadership and competency, but a remarkable insensitivity to its most vulnerable residents.

Here is what should happen:

• The state should immediately invest in the Heat and Eat program and restore SNAP benefits that have already been cut due to the state’s termination of the program. Although the governor vetoed legislation to do this, he can make this change administratively. With a payoff of $54 for every $1 invested, this is a no-brainer.

• The state should allocate funds for outreach (which would also be matched with federal funds) to enroll more SNAP-eligible residents with a goal of achieving at least the national average participation rate (rather than simply maintaining benefits at the same level as last year, which is the goal in the state’s outreach plan) and eliminate all major barriers to enrollment by working with food advocates.

• As practiced by the state’s Medicaid agency (also in the Department of Human Services), the Division of Family Assistance should monitor consumer outcomes and satisfaction and establish an advisory committee that holds public meetings to promote transparency, accountability and public support. The department should have uniform and coherent policies for all its divisions to promote the highest standards regardless of the type of services being provided.

• In the short term, the state should make emergency funds available (which are matched 50 percent by the federal government) to address staffing and other needs at the county welfare agencies, including implementing USDA’s recommendation to use $1.6 million in federal bonus funds to speed application processing.
• The state should overhaul how social safety-net benefits are provided. The current state-supervised and county-administered system may have worked in the early 20th Century when it was established, but it is falling painfully short in managing the challenges of the 21st century. It needs to be replaced or modified with a system that can be effectively managed by the state, quickly respond to emergency conditions, maximize federal funds that are currently being left on the table and, eventually, even reduce property taxes.

• The legislature should create a task force to evaluate the system, recommend major reforms and monitor implementation.
Endnotes


5 Ibid 4