

## Committee on Family and Children Services

Support Testimony for SB 549 – Public Testimony

Derek Thomas, Senior Policy Analyst

Good morning Chairman Grooms, members of the committee: thank you for providing me with the opportunity to testify at today's hearing. My name is Derek Thomas. I am a senior policy analyst for the Indiana Institute for Working Families. We are a program of the Indiana Community Action Association, and combine research and analysis of federal and state legislation, public policies, and programs to help low-income Hoosier families achieve and maintain economic self-sufficiency.

To inform this goal, our biennial [Status of Working Families Report](#) examines data on poverty, the labor market, wages and taxes. In the report, we find that from the time the recession started, the rate of child poverty, all poverty and those on the cusp of poverty – the latter two together representing a full third of Hoosiers – have all increased at rates greater than all neighbor states and the U.S. In addition, while all neighbor states are seeing declines, the number of impoverished and low-income Hoosiers is still on the rise. This means that Indiana's [middle-class is still shrinking](#). These changes in poverty rates among neighbor states with similar characteristics of economic-decline during the recession help to gauge, at least in part, the effectiveness of our state's safety-net.

It is often the rules, not the programs that trap families in poverty, asset limits included. The last time I was in front of this committee, we discussed the [childcare benefit cliff](#). While it is the most dramatic, Indiana has flexibility to eliminate that cliff. For SNAP, the cliff occurs when a parent with a preschooler and school-age child receives a \$0.50 raise from \$11.00/hour to \$11.50/hour. This cliff is equal to about \$2,500 – give and take depending on the county – and is equal to more than the asset limit itself in all counties.

In addition, the asset limit itself is less than the cost of this family type's most basic needs for just one month (included in the handout is the cost of this family's most basic needs in each members respective county). Equal to 42% of the asset poverty level, Indiana is among just ten states with a SNAP asset limit that is below the asset poverty level for a family of three - \$4773.<sup>1</sup>

It's easy to see why current policy sends a message that saving is a behavior that warrants punishment and forces families to spend down longer-term savings, creating a cycle of reliance on those benefits. By eliminating the asset limit, we can encourage savings.

Currently, 41 states (including D.C.) have either raised or eliminated their asset limit in SNAP and 36 states have eliminated them altogether. Eliminating asset limits is a step in the right direction to ensure efficiencies for taxpayers through administrative savings while maximizing programmatic resources. In your handout, I've included several fiscal statements from states that realized these savings.

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<sup>1</sup> Asset poverty measures a family's financial vulnerability to economic shocks—if one's income was suddenly cut off due to unemployment, a medical emergency, or even divorce. A household is asset poor if it has insufficient net worth to stay above the FPG for three months if its income were to cease. See Indiana's own Asset and Opportunity Network for more on asset poverty in Indiana: <http://bit.ly/11WtoVT>

## **ABOUT THE INDIANA INSTITUTE FOR WORKING FAMILIES**

The Indiana Institute for Working Families – a program of the Indiana Community Action Association (INCAA) – conducts research and promotes public policies to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies, and programs impacting low-income working families. The Institute achieves its work through advocacy and education, and through national, statewide, and community partnerships. The Institute was founded in 2004. To learn more about the Institute, please visit: [www.incap.org/iiwf.html](http://www.incap.org/iiwf.html)

## **ABOUT THE INDIANA COMMUNITY ACTION ASSOCIATION (IN-CAA)**

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA's members are comprised of Indiana's 23 Community Action Agencies (CAAs), which serve all of Indiana's 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low-income individuals attain self-sufficiency. IN-CAA serves as an advocate and facilitator of policy, planning and programs to create solutions and share responsibility as leaders in the War Against Poverty. IN-CAA's mission is to help the state's CAAs address the conditions of poverty through: training and technical assistance; developing models for service delivery; and providing resources to help increase network capacity. For more information about IN-CAA, please visit: [www.incap.org](http://www.incap.org)