



How Households with Children Are Affected by Restricting Broad-Based Categorical Eligibility for SNAP

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The administration has proposed significant changes to broad-based categorical eligibility (BBCE) in the Supplemental Nutrition Assistance Program (SNAP).¹ If the changes are implemented, 1.1 million people in households with children would no longer meet SNAP's income test, and 1 million would live in households no longer passing its asset test. This means over 2 million people in households with children would lose access to an average monthly SNAP benefit of \$240 per household, reducing benefits by just under \$165 million annually.² Children in these households could also lose automatic certification for free and reduced-price lunches through the National School Lunch Program, which is linked to SNAP benefits (FNS 2018); though not explicitly written in the proposed rule, the administration has verbally estimated 500,000 school-age children could lose automatic certification if the rule is implemented (Food Research and Action Center 2018).³ With 11 million children (15.2 percent) already experiencing food insecurity in their homes (USDA 2019), the loss of SNAP benefits and direct certification for free and reduced-price school meals will increase food insecurity, which jeopardizes children's health, development, academic success, and longer-term economic outcomes.

Introduction

In fiscal year 2016, about 43.5 million people a month, including 29.8 million children, used SNAP to help pay for food. SNAP benefits, formerly called food stamps, reduce food insecurity by 5 to 10 percentage points (FNS 2013; Gundersen, Kreider, and Pepper 2017). These benefits are especially critical for children: in 2015, the program lifted 3.4 million kids out of poverty (Wheaton and Tran 2018), reducing the child poverty rate by 28.4 percent.

Broad-based categorical eligibility is a policy option established under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (CRS 2019). States use this option to extend SNAP benefits to households with slightly higher incomes who are also coping with high expenses, like rent. BBCE is also designed to streamline eligibility determination, saving time and administrative costs. However, under the administration's proposed changes, participants who qualify for SNAP through this policy would be subject to more restrictive income and assets tests they may fail to meet. And, because so many states have built their procedures, information systems, and training around BBCE, removing or significantly restricting it will likely be costly and disruptive.

Of the 3.6 million people who could lose SNAP benefits from the proposed change, more than 2 million are in households with children. In fiscal year 2016, the resulting benefit loss would have been approximately \$240 per month per household, or about \$165 million annually. Estimated impacts vary widely across states.⁴

This brief is one of three exploring this proposal's possible effects on important groups. The other two briefs focus on working families and households with seniors or adults with disabilities.

What Is Broad-Based Categorical Eligibility?

Broad-based categorical eligibility allows states to make people automatically eligible for SNAP if they receive cash or noncash benefits from other assistance programs, such as Temporary Assistance for Needy Families (TANF). The policy can extend benefits to more families in need by allowing states to raise gross income limits up to 200 percent of the federal poverty guidelines (FPG) and remove or align asset tests with those for state-funded TANF programs (box 1).

Thirty-nine states plus the District of Columbia, Guam, and the Virgin Islands apply BBCE in various ways (CRS 2019). According to the most recent information from the US Department of Agriculture, 9 states retain a gross income ceiling of 130 percent of FPG, 2 use a ceiling of 160 percent of FPG, 5 use a ceiling of 165 percent of FPG, 1 uses a ceiling of 175 percent of FPG, 8 use a ceiling of 185 percent of FPG, and 17 use a ceiling of 200 percent of FPG.⁵ Most states and territories have used BBCE to eliminate asset tests; only six (Idaho, Indiana, Maine, Michigan, Nebraska, and Texas) retain an asset test for all households.

BOX 1

How Does BBCE Work, and What Does the Administration's Proposal Change?

Generally, people are eligible for SNAP if their gross income is at or below 130 percent of FPG and their net income is at or below the FPG after accounting for certain expenses. Households with a senior citizen or an adult with a disability do not face a gross income threshold but must meet the net income threshold. Households applying for SNAP must also meet other eligibility criteria, such as an asset test. In fiscal year 2019, households without a member who is a senior or has a disability must have assets of \$2,250 or less, and households with such a member must have assets of \$3,500 or less.^a

SNAP households in which all members receive cash benefits from either Supplemental Security Income, TANF, or general assistance are categorically eligible for SNAP and therefore not subject to the federal income and asset limits. Categorical eligibility streamlines the application and eligibility determination process for states and reduces the time devoted to verifying resources.

BBCE allows states to confer SNAP eligibility on people who receive or are eligible to receive another state noncash benefit or service funded through TANF or maintenance of effort funds. These benefits must meet one of four goals of the TANF block grant: (1) assisting needy families so children can be cared for in their own homes; (2) reducing needy parents' dependency by promoting job preparation, work, and marriage; (3) preventing pregnancies outside marriage; and (4) encouraging the formation and maintenance of two-parent families. States offer various services to meet these goals, such as transportation assistance, education and training, child care assistance, and job counseling.^b

Through BBCE, a state may align its asset and income limits for SNAP with those of the noncash benefit program conferring categorical eligibility, after ensuring the program conferring eligibility authorizes households to receive a benefit or service. To confer BBCE, states may opt to use referrals, including brochures, to noncash services for which a household would be eligible. BBCE households must also meet all other SNAP rules and have net incomes low enough to qualify for benefits. States can choose a gross income ceiling up to 200 percent of FPG. One- and two-person households are eligible for a relatively small minimum monthly benefit: \$15 in fiscal year 2019 for the 48 contiguous states and the District of Columbia, with higher levels in Alaska, Hawaii, Guam, and the Virgin Islands.^c

The administration's proposed rule would substantially curtail the use of BBCE by (1) restricting categorical eligibility for those receiving "substantial" and "ongoing" TANF benefits and (2) limiting the types of TANF benefits received that make people eligible for SNAP.^d The proposal defines "ongoing" as having received or been authorized to receive TANF benefits for at least six months and "substantial" as a benefit valued at a minimum of \$50. The proposal also only confers categorical eligibility based on direct support in the form of subsidized employment, work supports, and/or child care. People who receive noncash benefits, such as education and training, job search assistance, or work experience, would no longer be eligible for conferral of categorical eligibility for SNAP.

^a Countable assets include cash, resources easily converted to cash (such as money in checking or savings accounts), and some nonliquid resources. The value of family homes, retirement and education savings accounts, and some types of property are not counted toward the asset limit. See CRS (2019) for more information.

^b "Categories and Definitions for TANF and MOE Funds," US Department of Health and Human Services, Administration for Children and Families, accessed September 6, 2019, https://www.acf.hhs.gov/sites/default/files/ofa/categories_and_definitions_for_tanf_and_moe_funds.pdf.

^c Lizbeth Silberman (director, Program Development Division, US Department of Agriculture), letter to regional SNAP directors regarding fiscal year 2019 cost-of-living adjustments for SNAP, July 27, 2018, <https://fns-prod.azureedge.net/sites/default/files/snap/COLAMemoFY19.pdf>.

^d Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP), 84 Fed. Reg. 35570 (Jul. 24, 2019).

How Would Households with Children Be Affected by the Administration's Proposal?

As stated, more than 2 million people in households with children would lose access to SNAP benefits if the administration's proposal is adopted.⁶ Using fiscal year 2016 data, Mathematica finds that implementing the proposed rule would have the following effects on households with kids:

- About 1.1 million people in households with children would no longer meet the income test, reducing average monthly SNAP benefits per household by about \$107 and national annual SNAP benefits by about \$40.4 million.
- About 1 million people in households with children would not pass asset tests, reducing average monthly SNAP benefits per household by \$402 and national annual SNAP benefits by about \$124.5 million.⁷

Without SNAP benefits, more children would be food insecure, which can jeopardize their health and development, academic achievement, and longer-term economic future. As stated, more than 11 million kids, approximately 15.2 percent, already live in food-insecure households that cannot afford an adequate diet (US Department of Agriculture 2019). The number of children living in food-insecure households would rise as families lose access to SNAP.

Restriction of BBCE Affects Process for Establishing National School Lunch Program Eligibility

In addition to the potential impacts of losing household SNAP benefits, some children may be affected by the link between SNAP eligibility and automatic certification for free and reduced-price school meals under the National School Lunch Program (FNS 2018). Though not included in the proposed rule's written impact estimates, lawmakers participating in a US Department of Agriculture briefing call stated that the administration verbally estimated that up to approximately 500,000 school-age children who lose SNAP benefits will also lose direct certification for free school meals (Food Research and Action Center 2018).⁸ Direct certification allows children to become eligible for free meals at school without needing an additional application if they are already receiving benefits from one or more other means-tested federal assistance programs. Automated data matching is required for SNAP and encouraged for TANF and the Food Distribution Program on Indian Reservations (FNS 2017). However, the latter programs account for a small number of applications, meaning SNAP accounts for most direct certification applications. The measure reduces paperwork and ensures eligibility for kids already receiving SNAP at home. Though families can apply directly for the National School Lunch Program, this additional process increases administrative burdens for schools and state agencies and introduces the risk that some families will fall through the cracks or pay additional costs for school meals. Additionally, "community eligibility" status, a policy used to help high-poverty schools more easily provide free breakfast and lunch to all their students, may be jeopardized by the rule. To qualify for community eligibility, at least 40 percent of a school's students must be directly certified without an application,

because of participation in other means-tested programs, like SNAP, TANF, or, in a few states, Medicaid (CRS 2019; FNS 2016). By reducing the number of kids receiving SNAP, the rule may cause some schools to lose community eligibility, increasing the administrative burden faced by schools, students, and families in the most vulnerable communities.

Food Insecurity Harms Child Health and Development

Loss of SNAP benefits can increase the risk of food insecurity. For kids, food insecurity is associated with various health risks, including higher rates of asthma (Kirkpatrick, McIntyre, and Potestio 2010) and greater odds of hospitalization (Cook et al. 2006) and mental health problems (McIntyre et al. 2012; Melchoir et al. 2012; Whitaker, Phillips, and Orzol 2006), including anxiety, depression, and behavioral issues. SNAP benefits reduce the odds of poor health among kids and improve child behavioral outcomes within the first few years of life. Participation in SNAP has also been linked to increased cognitive and communication skills (e.g., vocabulary development and comprehension; Bolbocean, Tylavsky, and West 2018).

Food Insecurity Can Set Back Academic Achievement

Going to school hungry can make it hard to learn. Food insecurity negatively affects children’s cognitive skills, as well as their interpersonal skills, self-control, attentiveness, persistence, and flexibility (Howard 2011)—behaviors that affect their ability to succeed in school. Participation in SNAP can reduce food insecurity and improve math and reading test scores among young children (Frongillo, Jyoti, and Jones 2006).

Food Insecurity Can Undermine Future Economic Success

Food insecurity in childhood may reduce economic opportunity and success later in life. Recent research finds receiving SNAP benefits in childhood improves economic outcomes in adulthood (Hoynes, Schanzenbach, and Almond 2012). This research also finds receipt of food stamps resulted in a higher score on an adulthood economic self-sufficiency index composed of seven measures: high school graduation, employment status, not poor, not participating in TANF, not participating in SNAP, earnings, and family income.

How Would States Be Affected by the Administration’s Proposal?

BBCE has widespread support across urban and rural states, across all regions of the country, and among states with more and less conservative approaches to safety net programs. Because such a wide variety of states and territories use BBCE, one can reasonably conclude it is an important lever for responding to the challenges facing low-income families and for streamlining states’ administrative

processes. As stated, because so many states have built their procedures, information systems, and training around BBCE, removing or significantly restricting it will likely be costly and disruptive.

States use BBCE, in part, to streamline SNAP eligibility. Becoming categorically eligible also cuts down on “churn,” where recipients leave the program and then reapply a short time later, often because their earnings fluctuated, recertification notices were sent to the wrong address, or recipients did not respond in time. This churn increases costs for states and causes potentially harmful lapses in SNAP benefits (Mills et al. 2014). Relaxing or eliminating SNAP asset limits through categorical eligibility reduces churn by 26 percent (Ratcliffe et al. 2016; Ratcliffe, McKernan, Wheaton, and Kalish 2016).

As noted above, schools and state agencies that administer school nutrition programs may also be affected if a significant number of students are not eligible for direct certification for the National School Lunch Program because their families no longer meet the SNAP asset or income tests previously applied under BBCE. The goal of direct certification has been to ease the administrative burden on families, schools, and states and to maximize access to school nutrition programs. Additional efforts will be needed to conduct outreach and process applications for families affected by the proposed changes to BBCE.

SNAP is crucial for children’s health and well-being. It provides resources to ensure families have enough to eat, promotes health and nutrition, and improves longer-term economic prospects for children. Policymakers debating changes to the program’s eligibility process should carefully consider the effects on families who rely on SNAP benefits and the implications for state resources.

Notes

- ¹ [Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program \(SNAP\)](#). 84 Fed. Reg. 35570 (Jul. 24, 2019).
- ² In 2016 dollars; see “New Research Analyzes State-Level Impact of USDA Proposal to End SNAP Broad-Based Categorical Eligibility,” *Mathematica*, September 5, 2019, <https://mathematica-mpr.com/news/new-research-analyzes-state-level-impact-of-usda-proposal-to-end-snap-broad-based-categorical>.
- ³ Robert C. “Bobby” Scott (Chairman of the Committee on Education and Labor), letter to Sonny Perdue (Secretary of the US Department of Agriculture) regarding proposed rule changing categorical eligibility for SNAP, July 26, 2019, <https://assets.documentcloud.org/documents/6219685/Scott-Letter-to-Perdue-on-Food-Stamps.pdf>; Suzy Khimm, “Trump Plan Failed to Note That It Could Jeopardize Free School Lunches for 500,000 Children, Democrats Say,” *NBC News*, July 29, 2019, <https://www.nbcnews.com/politics/white-house/trump-plan-failed-note-it-could-jeopardize-free-school-lunches-n1035281>.
- ⁴ “New Research Analyzes State-Level Impact of USDA Proposal to End SNAP Broad-Based Categorical Eligibility,” *Mathematica*.
- ⁵ New York applies 200 percent of FPG ceiling for households with dependent care expenses and a 150 percent of FPG ceiling for those with earned income but no dependent care expenses.
- ⁶ “New Research Analyzes State-Level Impact of USDA Proposal to End SNAP Broad-Based Categorical Eligibility,” *Mathematica*.
- ⁷ Some BBCE cases would likely fail both the income and asset tests. However, Mathematica’s asset imputation is limited to BBCE participants who would pass the federal income tests.
- ⁸ Scott, letter to Perdue, <https://assets.documentcloud.org/documents/6219685/Scott-Letter-to-Perdue-on-Food-Stamps.pdf>; Khimm, “Trump Plan Failed to Note That It Could Jeopardize Free School Lunches.”

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