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Eliminating SNAP Broad-Based Categorical Eligibility Increases Inefficiencies and Hunger for Working Families, Older Adults and Persons with Disabilities

Comments on Proposed Rule: Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP) RIN 0584-AE62

The Kentucky Center for Economic Policy (KCEP) is a nonpartisan, nonprofit policy think tank that seeks to improve the quality of life for all Kentuckians. Since 2011, we have provided research, analysis and education on important policy issues, including those related to public assistance programs.

The Supplemental Nutrition Assistance Program (SNAP) has been proven to be one of the most effective anti-hunger initiatives in the U.S. and helps 527,256 Kentuckians put food on the table.¹ Kentucky is one of 42 states that have utilized Broad-Based Categorical Eligibility (BBCE) to waive asset testing and increase SNAP accessibility for over two decades.² We oppose the proposed changes that would eliminate our state's ability to waive asset tests, producing detrimental effects for 42,000 Kentuckians whom the Kentucky Cabinet of Health and Family Services estimates would be at risk of losing SNAP.³

If implemented, this proposal would harm primarily working families, older adults and persons with disabilities who participate in SNAP via BBCE. The institutionalization of asset testing would harm these participants by increasing the difficult choices they have to make, including between feeding themselves or being prepared for a medical emergency.

It would have detrimental effects on an estimated 4,300 households with children, by both reducing their families' household food budget and limiting their access to the free school meals they need to fuel their education.⁴ Additionally, SNAP can be a vital lifeline for businesses in economically distressed communities. Removal of BBCE would impact the bottom lines of the 4,668 food retailers in Kentucky, who often survive on small profit margins.⁵

We urge the USDA to withdraw the proposed changes to BBCE that would limit SNAP access for working families, older adults and persons with disabilities who struggle to feed themselves and their families.

Eliminating BBCE Would Punish Working Families for Working and Leave Kids Hungry

It is estimated that over 52% of the non-disabled adults participating in SNAP work during the month they received benefits.⁶ SNAP incentivizes families to work by providing a gradual phasing out of benefits as their incomes rise up to 130% of the poverty line.⁷ The BBCE continues the gradual phased reduction of benefits based on income for households close to that threshold (130% of the federal poverty line, or \$2,252 per month for a family of three in

fiscal year 2019).⁸ BBCE also allows states, including Kentucky, to waive asset tests to calculate eligibility based on income without including assets, like savings accounts. In other words, BBCE extends the resource limit and thereby allows recipients to work more or accept a small raise without losing their food assistance. Removing BBCE would punish these working families with low incomes for earning modest wage increases or working additional hours by eliminating their access to SNAP.⁹

Persons who qualify for SNAP under BBCE are disproportionately likely to have children and other competing expenses like child care, housing and utilities, leaving them with too little after these expenses to afford an adequate diet. If the estimated 4,300 households with children (as of 2017) lose their eligibility for SNAP, they will consequently lose their eligibility for subsidized meals at school.¹⁰ As a result, fewer schools would qualify for school-wide free meals, a program known as Community Eligibility.¹¹ These implications would increase the current 15% of Kentuckians facing food insecurity. A rise in food insecurity, particularly in children, means an increased risk for serious and costly chronic health conditions like obesity, cardiovascular disease and hypertension.¹² Limiting SNAP for these families would make it difficult for them to receive healthy meals they need in school or at home.

Eliminating BBCE Would Limit Savings and Asset-Building

Working families, seniors and persons with disabilities in states like Kentucky who utilize BBCE are able to build assets and savings.¹³ These households are more likely to have a bank account and to have a minimum balance of \$500, allowing them to invest in their future and avert a financial crisis that could otherwise push them deeper into poverty.¹⁴

Low-income households, particularly many people of color, have historically faced barriers to accumulating wealth and building assets.¹⁵ Policies that support savings and asset-building of low-income households, like BBCE, decrease their risk of food insecurity, improve a family's ability to withstand unexpected costs, and begin to address disparities.¹⁶

Savings are also critical to the economic well-being of Kentucky's seniors and persons with disabilities.¹⁷ These savings can help people on fixed incomes prepare for environmental or medical emergencies or pay for rising routine housing and medical costs.¹⁸ Eliminating BBCE decreases the ability of older adults and persons with disabilities to buy groceries and weather an emergency by preventing them from saving any more than \$3,500 (compared to \$2,250 for all other households) in countable assets, like savings accounts.¹⁹

Eliminating BBCE Would Not Have a Significant Impact on Administrative Cost Saving

Analyses by the USDA of the proposed revisions to BBCE have projected a net reduction of federal spending of \$9.4 billion over five years because of the rule.²⁰ However, by USDA estimates, the rule would increase SNAP administrative costs by \$2.3 billion and remove 3.1 million participants' access to SNAP.²¹

In implementing states, like Kentucky, BBCE has not only ensured access to food for hungry families but allowed for simplified processes that create consistency across public assistance programs and reduce administrative costs.²²

Elimination of BBCE would create additional administrative costs and procedural burden on implementing agencies and staff in Kentucky and 42 other states.²³ Currently, these households are 26% less likely to experience administrative churn (when SNAP eligible participants briefly

become ineligible and then eligible again) in a year due to the reduction in paperwork and simplification of recertification processes under BBCE.²⁴ As recently as the 2018 Farm Bill, Congress has repeatedly considered and rejected proposals to narrow or eliminate BBCE, choosing instead to reduce the burden on states of implementing public benefit programs.

BBCE is an essential component of SNAP, with a history of providing a wide range of Kentuckians with the ability to build savings and get needed help with groceries. The USDA should abandon the unnecessarily harmful proposed regulation.

¹ Dustin Pugel, "Tracking SNAP in Kentucky," Kentucky Center for Economic Policy, July 15, 2019, <https://kypolicy.org/tracking-snap-in-kentucky/>.

² United States Department of Agriculture, Food and Nutrition Service, "SNAP State Options Report," Program Development Division Fourteenth Edition, October 2017, <https://fns-prod.azureedge.net/sites/default/files/snap/14-State-Options.pdf>.

³ Billy Kobin, "Thousands of Kentuckians Could Lose Food Stamps Under Trump Plan to Tighten SNAP Rules," Courier-Journal, July, 31, 2019, <https://www.courier-journal.com/story/news/2019/07/31/snap-benefits-40000-kentucky-residents-could-lose-food-stamps-under-new-rule/1865273001/>.

⁴ Kathryn Cronquist and Sarah Lauffer, "Characteristics of Supplemental Nutrition Assistance Program Households," U.S. Department of Agriculture, February 2019, <https://fns-prod.azureedge.net/sites/default/files/ops/Characteristics2017.pdf>. Elaine Waxman, "The Importance of Broad-Based Categorical Eligibility in SNAP," Statement before the Subcommittee on Nutrition, Oversight and Department Operations, Committee on Agriculture, U.S. House of Representatives, Hearing on Categorical Eligibility for the Supplemental Nutrition Assistance Program, June 20, 2019, <https://agriculture.house.gov/uploadedfiles/hrg-116-ag03-wstate-waxmane-20190620.pdf>. Crystal FitzSimons and Ellen Vollinger, "Broad-Based Categorical Eligibility and School Meals," Food Research & Action Center, Aug. 9, 2019, <https://www.frac.org/blog/broad-based-categorical-eligibility-and-school-meals>.

⁵ Center on Budget and Policy Priorities, "SNAP is an Important Public-Private Partnership Factsheet," Sept. 13, 2019, <https://www.cbpp.org/snap-is-an-important-public-private-partnership#Kentucky>.

⁶ Pugel, "Tracking SNAP in Kentucky." Dottie Rosenbaum, "SNAP's 'Broad-Based Categorical Eligibility' Supports Working Families and Those Saving for the Future," Center on Budget and Policy Priorities, July 30, 2019, <https://www.cbpp.org/research/food-assistance/snaps-broad-based-categorical-eligibility-supports-working-families-and>.

⁷ Rosenbaum, "SNAP's 'Broad-Based Categorical Eligibility' Supports Working Families and Those Saving for the Future."

⁸ Rosenbaum, "SNAP's 'Broad-Based Categorical Eligibility' Supports Working Families and Those Saving for the Future."

⁹ Rosenbaum, "SNAP's 'Broad-Based Categorical Eligibility' Supports Working Families and Those Saving for the Future." Waxman, "The Importance of Broad-Based Categorical Eligibility in SNAP."

¹⁰ Kobin, "Thousands of Kentuckians Could Lose Food Stamps Under Trump Plan to Tighten SNAP Rules." Waxman, "The Importance of Broad-Based Categorical Eligibility in SNAP."

¹¹ FitzSimons and Ellen Vollinger, "Broad-Based Categorical Eligibility and School Meals."

¹² Alisha Coleman-Jensen, Matthew P. Rabbitt, Christian A. Gregory and Anita Singh, "Household Food Security in the United States in 2018," ERR-270, U.S. Department of Agriculture, Economic Research Service, September 2019, <https://www.ers.usda.gov/webdocs/publications/94849/err-270.pdf?v=963.1>.

¹³ United States Department of Agriculture, "SNAP State Options Report."

¹⁴ United States Department of Agriculture, "SNAP State Options Report." United States Department of Agriculture, Food and Nutrition Service, "Proposed Rule: Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP) RIN 0584-AE62," ID: FNS -2018-0037-001, June 24, 2019, <https://www.regulations.gov/document?D=FNS-2018-0037-0001>.

¹⁵ Rosenbaum, "SNAP's 'Broad-Based Categorical Eligibility' Supports Working Families and Those Saving for the Future."

¹⁶ Caroline Ratcliffe, “Reviving SNAP Asset Limits Could Backfire on Families’ Finances,” Urban Institute, May 14, 2018, <https://www.urban.org/urban-wire/reviving-snap-asset-limits-could-backfire-families-finances>. Katherine S. Mielitz, Joy Clady, Meghaan Lurtz and Kristy Archuleta, “Barriers to Banking: A Mixed-Methods Investigation of Previously Incarcerated Individuals’ Banking Perceptions and Financial Knowledge,” *Journal of Consumer Affairs* (November 2017), pp. 631-658, <https://onlinelibrary.wiley.com/doi/abs/10.1111/joca.12158>.

¹⁷ Signe-Mary McKernan, Caroline Ratcliffe and Katie Vinopal, “Do Assets Help Families Cope with Adverse Events?,” November 2009, Urban Institute, <https://www.urban.org/sites/default/files/publication/33001/411994-Do-Assets-Help-Families-Cope-with-Adverse-Events-.PDF>.

¹⁸ United States Department of Agriculture, “SNAP State Options Report.”

¹⁹ United States Department of Agriculture, “SNAP State Options Report.” Rosenbaum, “SNAP’s ‘Broad-Based Categorical Eligibility’ Supports Working Families and Those Saving for the Future.”

²⁰ Rosenbaum, “SNAP’s ‘Broad-Based Categorical Eligibility’ Supports Working Families and Those Saving for the Future.”

²¹ Rosenbaum, “SNAP’s ‘Broad-Based Categorical Eligibility’ Supports Working Families and Those Saving for the Future.”

²² Robert Greenstein, “Misguided Trump Administration Rule Would Take Basic Food Assistance from Working Families, Seniors, and People with Disabilities,” Center on Budget and Policy Priorities, July, 23, 2019, <https://www.cbpp.org/press/statements/misguided-trump-administration-rule-would-take-basic-food-assistance-from-working>. Julia Cusick, “Statement: Trump Administration’s Latest Rule Will Take Food Off the Tables of Millions, Says CAP’s Ben Olinsky,” Center for American Progress, July 23, 2019, <https://www.americanprogress.org/press/statement/2019/07/23/472507/statement-trump-administrations-latest-rule-will-take-food-off-tables-millions-says-caps-ben-olinsky/>.

²³ Julia Cusick, “Statement: Trump Administration’s Latest Rule Will Take Food Off the Tables of Millions, Says CAP’s Ben Olinsky,” Center for American Progress, July 23, 2019, <https://www.americanprogress.org/press/statement/2019/07/23/472507/statement-trump-administrations-latest-rule-will-take-food-off-tables-millions-says-caps-ben-olinsky/>.

²⁴ U.S. Government Accountability Office, “Federal Low-Income Programs: Eligibility and Benefits Differ for Selected Programs Due to Complex and Varied Rules,” Report to the Chairman, Committee on the Budget, United States Senate, GAO-17-558. U.S. Government Accountability Office, June 2017, <https://www.gao.gov/assets/690/685551.pdf>.