

# Proposed Rule on SNAP Categorical Eligibility



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On July 24, 2019, the Trump administration issued a proposed rule restricting a SNAP policy known as categorical eligibility. The Administration estimates that the proposal would cause 3.1 million individuals to lose SNAP benefits and 500,000 children to lose free school meals.

Individuals and organizations have an opportunity to weigh in with their opposition to the proposed rule and to share how it would negatively impact low-income individuals in Illinois and nationwide. Public comments must be received by September 23, 2019.

## What is categorical eligibility?

- Federal SNAP law provides two basic pathways to demonstrate that a household meets eligibility rules for gross income and assets:
  - Meet specific federal eligibility requirements for gross income and resources, which limit gross household income to no more than 130 percent of poverty and household assets to \$2,250.<sup>i</sup>
  - Households that are eligible for or receiving benefits from other specified low-income assistance programs (Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), or state general assistance programs) are considered “categorically” eligible for SNAP. Because these other programs may have higher gross income and asset limits than SNAP, some individuals enrolling in SNAP with categorical eligibility have gross income and/or assets above the federal standard.
- To receive SNAP, all households, regardless of which pathway they enter the program, must apply, be interviewed, and document their monthly income and expenses. Likewise, all households must pass a net income test requiring that household income after accounting for qualifying deductions is no more than 100 percent of poverty.
  - In order for households with gross income and resources above the federal limit of 130 percent of poverty to pass the net income test, they typically have high housing and child care costs that leave them with little disposable income to afford a basic, adequate diet.
  - Under current categorical eligibility policy, USDA 2017 data show that only about 0.2 percent of SNAP benefits went to households with net income above the poverty line.<sup>ii</sup>
- Categorical eligibility eliminates the requirement that households who already meet financial eligibility rules for one means-tested program have to go through another financial eligibility determination for SNAP. Categorical eligibility improves efficiency in SNAP by reducing administrative costs and caseworker burden and it enables individuals in need to access benefits more quickly.

## What is broad-based categorical eligibility (BBCE)?

- Historically, categorical eligibility was awarded to individuals receiving cash assistance from other specified means-tested programs. However, 1996 welfare reform gutted welfare cash assistance and reoriented welfare policy toward providing supportive services like child care assistance or transportation assistance. TANF is now a broad-purpose block grant that finances a wide-range of social and human services, so policy since 1996 has allowed states to confer categorical eligibility based on receipt of a TANF benefit, not just TANF cash assistance. This is

known as BBCE.

- As of the most recent U.S. Department of Agriculture *SNAP State Options Report* (published May 2018), 42 states and territories have implemented BBCE.<sup>iii</sup>

### **What has the Trump Administration proposed?**

- Under the proposed SNAP categorical eligibility rule, the administration would restrict BBCE based on the amount, duration, and type of benefits received:
  - A household must receive TANF-funded cash or non-cash benefits valued at a minimum of \$50 per month.
  - A household must receive TANF-funded cash or non-cash benefits for at least 6 months.
  - Non-cash benefits that could convey categorical eligibility would be restricted to subsidized employment, work supports, or childcare.

### **What is the impact of the proposed rule?**

- The Administration estimates that, if implemented, this policy would terminate SNAP eligibility for 3.1 million people and cut SNAP benefits by \$3 billion a year.<sup>iv</sup>
  - Nationally, it is estimated that 4.1 percent of currently participating SNAP households (767,000 households or 1.4 million individuals) have assets above the SNAP asset limit and 4.9 percent have incomes above the federal SNAP gross income limit of 130 percent of poverty (914,000 households or 1.7 million individuals).<sup>v</sup>
  - Collectively, these households receive about 5 percent of total SNAP benefits, valued at about \$3 billion per year.
- Households with one or more elderly individual(s) and households with earned income would be worst affected by the proposed rule:<sup>vi</sup>
  - Approximately 13.2 percent of all SNAP households with elderly members will lose benefits (7.4 percent will fail the gross income test and 5.8 percent will fail the asset test).
  - About 12.5 percent of households with earnings (8.6 percent will fail the gross income test and another 3.9 percent will fail the asset test).
  - For households with children, 7.4 percent are expected to no longer meet eligibility requirements (4.1 percent will fail the gross income test and 3.4 percent will fail the asset test).
- While we are still analyzing the impact of this specific proposal for Illinois, we expect it could result in tens of thousands of individuals in Illinois losing access to SNAP through categorical eligibility. Some of those individuals could reapply through the traditional application process, but others would not, resulting in a permanent loss of food assistance for vulnerable households. In addition, thousands of school-age children would no longer be automatically eligible for free school meals when their household loses SNAP benefits. Current policy allows households enrolled in SNAP to be categorically eligible for free school meals because the income cutoffs are the same for both programs.

## Talking Points

- **ORGANIZATION strongly opposes the proposed rule and will continue to oppose any threat to SNAP.**
  - On any given day, one in eight people in Cook County faces hunger. The majority of our neighbors facing hunger are children, older adults, and working families. This proposal will make it harder for them to access food assistance.
- **SNAP is our nation's frontline defense against hunger.**
  - By providing for a household's food needs, SNAP allows families to focus on other aspects of their lives: education, employment, growth, and security.
  - Charitable organizations are working hard to meet the need in our community, but they cannot replace the role of federal nutrition programs like SNAP. For every meal provided by the Food Depository in Cook County, SNAP provides the equivalent of eight meals.
  - 41.4 percent of Illinois SNAP participants are children, and 13 percent are elderly, and 8 percent of nonelderly adults are individuals with disabilities.<sup>vii viii</sup>
- **While categorical eligibility may allow states to serve households over the federal gross income and asset limits for SNAP, SNAP nevertheless effectively targets nutrition assistance at the poorest households:**
  - Nationally, only 6.3 percent of SNAP households had gross income over the federal threshold of 130 percent of poverty. The share of SNAP benefits going to households with gross incomes over 130 percent of the poverty guideline was just 1.4 percent.<sup>ix</sup>
  - While federal SNAP limits allows households to have up to \$2,250 in assets, the average SNAP household nationally has only \$427 in assets.<sup>x</sup>
  - While SNAP federal limits allow households with gross income of up to 130 percent of poverty and Illinois categorical eligibility limits allow households with gross income up to 165 percent of poverty, 82.7 percent of Illinois SNAP households have gross income at or below just 100 percent of the poverty line.<sup>xi</sup>
- **Categorical eligibility does not allow households to enroll automatically.**
  - Households must still complete the regular SNAP application process, which has rigorous procedures for documenting applicants' income, immigration status, work status, and other requirements. While a small number of categorically eligible households would not have met federal gross income and asset eligibility rules without categorical eligibility, SNAP families are still among the poorest households. In fact, the average Illinois SNAP household has gross income of 57.7 percent of poverty.<sup>xii</sup>
- **Restricting categorical eligibility would increase state administrative costs and inefficiency.**
  - Savings from restrictions to categorical eligibility would come at the expense of increased bureaucracy and state administrative costs. Eliminating categorical eligibility would require Illinois to allocate staff time to duplicate income verification and enrollment procedures that have already been executed for the same household for another means-tested program. Illinois would also incur the cost of modifying its computer systems, reprinting applications and manuals, and retraining staff. Increased administrative costs would come at a time of cutbacks to recent state and local budgets, and increased administrative burden would come at a time that Illinois is struggling to reduce its application backlog.

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## References

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- <sup>i</sup> Households with a senior or disabled member may have up to \$3,250 in countable resources.
- <sup>ii</sup> <https://www.cbpp.org/research/food-assistance/snaps-broad-based-categorical-eligibility-supports-working-families-and>
- <sup>iii</sup> <https://fns-prod.azureedge.net/sites/default/files/snap/14-State-Options.pdf>
- <sup>iv</sup> <https://www.federalregister.gov/documents/2019/07/24/2019-15670/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program>
- <sup>v</sup> <https://www.federalregister.gov/documents/2019/07/24/2019-15670/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program>
- <sup>vi</sup> <https://www.federalregister.gov/documents/2019/07/24/2019-15670/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program>
- <sup>vii</sup> U.S. Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households, Distribution of participants by age and by State, Table B.14. <https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf>
- <sup>viii</sup> U.S. Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households, Distribution of participants by disability status and by State, Table B.15. <https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf>
- <sup>ix</sup> U.S. Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households, Distribution of participating households, individuals, and benefits by household characteristic, Table A.1. <https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf>
- <sup>x</sup> U.S. Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households, Average values: gross and net countable income, gross and net countable income as a percentage of poverty guidelines, countable resources, and benefit of participating households by household composition and size, Table A.5. <https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf>
- <sup>xi</sup> U.S. Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households, Distribution of participating households by poverty status and by State, Table B.3. <https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf>
- <sup>xii</sup> U.S. Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households, Average values of selected characteristics by State, Table B.2. <https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf>