

Categorical Eligibility Cuts Would Worsen Hunger

Broad-based categorical eligibility (“Cat EI”) options help states get nutrition assistance to needy, low-income people efficiently. A Cat EI household must complete the SNAP application process. SNAP benefits, if any, depend on the household’s net income being at or below the poverty line. A House proposal to eliminate states’ broad-based Cat EI options would cut food assistance to needy, low-income people and increase states’ administrative burdens.

How Cat EI Works

Under regular federal rules, SNAP households may have only \$2,000 in assets (\$3,250 for households with elderly persons or persons with disabilities) and (except for households with elderly or disabled members) have gross income at or below 130 percent of the federal poverty level. The outdated federal asset test can prevent otherwise eligible low-income people from receiving SNAP, deter some needy households from applying, and increase red tape for the client and caseworkers processing the SNAP application. Moreover, the low federal gross income test keeps many households from showing the high shelter and dependent care costs they incur and that otherwise would qualify them for SNAP benefits under SNAP’s net income poverty test.

Fortunately, long-standing SNAP rules allow states to increase the asset limit or eliminate the asset test for families who receive a cash (or non-cash means-tested) benefit and to raise the gross income test to no more than 200 percent of the federal poverty level. Households that receive or are authorized to receive services or benefits funded mostly with federal Temporary Assistance for Needy Families (TANF) Program funds or with state TANF maintenance-of-effort funds can be deemed “categorically eligible” for SNAP and have their applications processed under the state’s asset and gross income test. What, if any, SNAP benefits these households receive depends on their having poverty level net incomes.

Cat EI Cuts Would Increase Hunger

The House Agriculture Committee Farm Bill proposal unveiled on July 5, 2012 would eliminate Cat EI for households that received TANF services but not TANF cash assistance. According to CBO analysis, the proposal would cut off SNAP food benefits for 1.8 million individuals and undermine access to free school meals for 280,000 low-income children. Forty states, two territories, and the District of Columbia implement some form of broad-based Cat EI. See <http://www.fns.usda.gov/snap/rules/Memo/BBCE.pdf>

What Cuts Mean for State Administrative Burdens

In 2007 GAO reported that most states (24 of 27 that responded) that then conferred TANF noncash categorical eligibility told GAO that eliminating noncash categorical eligibility would increase their caseworker workload. Common reasons for increases in administrative workload included increases in verifications needed, increases in error rates as required verifications increase, changes to data systems, increases in time to process applications, and changes to policies and related materials. See Question #3 at <http://www.gao.gov/assets/260/258222.pdf>

By letter dated June 19, 2012, the National Conference of State Legislatures (NCSL) opposed Senator Session’s Amendment SA 2174, which would have limited Cat EI in SNAP to those receiving cash assistance. “This amendment would limit Categorical Eligibility in the SNAP program to only those receiving cash assistance, which would increase administrative costs in SNAP and significantly curtail state flexibility. Categorical eligibility is currently a state option and to eliminate it would mean redetermining eligibility for the SNAP program. States split administrative costs of SNAP with the federal government so this would be a significant cost shift to states. See http://frac.org/pdf/farbill_ncsl_supporting_snap.pdf

Cat EI Cuts Have Been Rejected on a Bipartisan Basis

In 2005 Congress rejected Cat EI cuts that had been included in the House FY 2006 budget reconciliation measure. Since fall 2011, the Senate, twice on a bipartisan basis, has rejected proposed Cat EI cuts. (Those votes came during consideration of the FY 2012 Agriculture Appropriations Bill and the 2012 Farm Bill).