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KEVIN HERN, CHAIRMAN

RSC THE REPUBLICAN STUDY COMMITTEE

TO: RSC Member Offices
FROM: RSC Policy Team
RE: Background on SNAP

Overview: SNAP provides monthly cash benefits to eligible, low-income households. In this program, the federal government sets basic standards and provides the funding; states, on the other hand, can set their own eligibility rules (within federal standards) and administer the program. SNAP benefits come in the form of a card that allows individuals to purchase eligible food at select stores. SNAP spending primarily goes to states for monthly cash benefits, but a portion of it also goes to states to administer Employment and Assistance Training, as well as educate participants on nutrition.

BACKGROUND AND ANALYSIS:

SNAP Benefits: The monthly benefit is based on the amount of money that a household can contribute to its food costs. In general, the program assumes that households spend 30% of their net income on food. The SNAP benefit is the difference between the maximum benefit and 30% of a household's income, covering the costs that a household cannot afford. It is for this reason why the program has "supplemental" in its name. This program is designed to help subsidize a portion of a household's grocery purchases—not all of it.

Maximum Benefit	- 30% Income	=	SNAP Benefit
Maximum SNAP benefit for a specific size of household (ex. $973 for a household of 4)	30% of a household's monthly income (which is normally expected to be spent on food).		The difference needed to help a household finance its food expenses.

The maximum monthly benefit is determined by USDA through the Thrifty Food Plan (TFP). TFP is the cheapest of four diet plans devised by USDA to meet minimal nutrition requirements. Households that do not receive any income would receive the maximum benefit.

SNAP Eligibility: As mentioned earlier, SNAP is designed to assist low-income individuals. In total, roughly 41 million people participate in SNAP and 21.8 million households are enrolled as of January 2024. The total number of individuals enrolled exceeds the population of California (39.54 million people)—the most populous U.S. state.

When applying for SNAP, state agencies will determine an individual's household income, which includes gross income (pre-tax income), net income (post-tax income, excluding various tax deductions), and assets. For households to become eligible, 1) their gross income must equal or fall below 130% of the federal poverty line, 2) their net income must be equal to or fall below 100% of the federal poverty line, and 3) they can have no more than $2,750 in assets to be eligible for SNAP ($4,250 for households with a member who is disabled or 60+ years old).

In addition to assets, there are other items that are excluded from the income and asset limits. The list includes retirement and pension plans, TANF cash assistance payments, Social Security payments, and vehicles valued under $4,650. The program will also allow households to deduct certain expenses and amounts from their net income—like child care, medical costs, and rent—giving them more in benefits as a result of having a lower net income.

Aside from income-based eligibility requirements, non-citizens are barred from receiving SNAP benefits, as well as college students. Exceptions are made for non-citizens when it comes to legal immigrant children, veterans, refugees, and asylees.

Because state welfare agencies administer SNAP, they would be tasked with reviewing each household's application based on these requirements. This is known as "traditional eligibility." However, the federal government has given states flexibility over their methods to determine eligibility. Therefore, many states have chosen to award SNAP benefits to households that receive financial assistance from other programs, like Social Security and Temporary Assistance for Needy Families (TANF). The idea is that participants of these programs have already demonstrated the need for assistance and met the income requirements for other welfare programs. Instead of reviewing an individual's SNAP-specific application, the state will automatically enroll them into SNAP. This is referred to as "broad-based categorical eligibility."

Categorical Eligibility and Broad-Based Categorical Eligibility

With "categorical eligibility," states enroll individuals who are receiving regular payments from Social Security and cash assistance from its TANF program. TANF is a block grant program where funds are given to states to administer welfare programs. States can provide cash assistance to individuals or use the funds to provide other services, like financial counseling or childcare. Forty four states have opted to go even further, and automatically enroll any person who has received any benefit, like counseling or even an item as simple as a brochure paid for with TANF funds. This is referred to as "broad-based categorical eligibility (BBCE)."

When it comes to BBCE, a household's income will be assessed to determine benefits. Households that exceed the income threshold would be deemed ineligible for participation in SNAP. There are instances where an individual would have an income that falls below 200% of the federal poverty line but has plenty of assets and, therefore, would not be considered low-income. This was the case for Rob Undersander, who was able to receive SNAP benefits for a year despite possessing over $1 million in retirement savings.

According to a USDA study from 2006, roughly 2.9 million households enrolled in SNAP (of 29.4 million) had assets exceeding $10,000. Of the 2.9 million, almost half had assets exceeding $50,000. States could do a better job at evaluating SNAP applicants and there have been efforts in the past to close the BBCE loophole. In 2019, the Trump Administration proposed a rule that would limit the ability of states to confer SNAP benefits to recipients of non-recurring, non-cash benefits—like a brochure. Under the Trump rule, states relying on categorical eligibility would only be able to provide SNAP benefits to individuals who receive "ongoing and substantial" TANF benefits (valued at $50/month for six months). Additionally, the Trump rule would have removed the BBCE cap of 200% of the federal poverty line, effectively subjecting households to the traditional requirement of having a gross income below 130% of the federal poverty line.

Work Requirements: SNAP has a general work requirement of 30 hours/week for participants, excluding those with dependents under the age of 6 and physically unable to work. SNAP participants who work 30 hours/week job cannot voluntarily drop hours or quit once enrolled. The idea behind this is that SNAP should not be used as an incentive to quit work.

The 1996 welfare law established work requirements for able-bodied adults without dependents (ABAWDs). Basically, any individual or household participating in SNAP would be required to work 20 hours per week, otherwise they would lose their SNAP benefits after 3 months of failing to meet the requirement. Once they lose their SNAP benefits, they are prohibited from enrolling for another 3 years.

Congress recognized that some people may struggle to find a job over the course of 3 months. Therefore, states can administer employment & training activities, for which participation can count towards the 20 hour/week requirement. Additionally, some states allow SNAP recipients to volunteer to meet the work requirement.

Waivers: There are two waivers that states can request to exempt individuals from the work requirements: geographic waivers or discretionary exemptions. Geographic waivers are requested by states for a specific area that has an unemployment rate of over 10 percent or "does not have a sufficient number of jobs to provide employment for the individual (7 U.S.C. § 2015 (o)(4)(A))."

Ideally, states would request waivers for small areas (county, town, etc.) that experience high unemployment, limiting the waiver to a narrow area to reflect the difficulty individuals experience in seeking work locally. However, some states over the years have twisted the interpretation of "area" and have requested—and been approved—for waivers that apply to the entire state or a significant portion of it. For instance, California currently has a statewide waiver and Arizona and Washington both have a waiver that encompasses all but one county.

On the other hand, the discretionary exemption allows states to waive up to 8% of its SNAP caseload from work requirements. This exemption would allow the state agency to keep an individual on SNAP for one additional month instead of removing them from the state's SNAP rolls due to their failure to abide by the work requirement.

SNAP During the Pandemic: Throughout the pandemic, Congress provided temporary increases in benefits in several bills: the Families First Coronavirus Act, the FY 2021 Omnibus Appropriations bill, and the American Rescue Plan Act. Before the pandemic, the 2018 Farm Bill required USDA to update the Thrifty Food Plan every five years. The Thrifty Food Plan is used to determine the maximum SNAP benefit for households. Pursuant to the Farm Bill, the Biden Administration updated TFP in 2021, but they did so in a way that provided a 21% increase to SNAP benefits. This increase is on top of the annual COLA that adjusts benefits to account for inflation. GAO found that the way USDA carried out this study lacked several important features of project management, did not receive any independent/peer review, and failed to disclose the rationale for developing certain parts of its economic model. To summarize: the review was sloppy and rushed.

In addition to a number of benefit increases during the pandemic, the Families First Coronavirus Response Act waived the ABAWD work requirement for the duration of the public health emergency declaration, which lapsed only a few months ago in May.

Major Changes in the Fiscal Responsibility Act:

- For decades, the ABAWD work requirement applied to adults ages 18-50. The Fiscal Responsibility Act (FRA) changed existing law, gradually expanding the age requirement to 18-54 year olds beginning in 2026.
- FRA also exempted homeless individuals, veterans, and 18-24 year olds who were in foster care on their 18th birthday. Up until the bill's enactment, the law required all these categories of individuals to be subject to the work requirement if they were 18-50 years of age. On April 30, 2024, the Biden Administration proposed regulations for implementing the Fiscal Responsibility Act, which included "imminently homeless" in the law's exemption for homeless individuals. Therefore, anyone who *could* lose their residence—which could be nearly every SNAP enrollee—would be exempt from the ABAWD work requirement.
- FRA adjusted states' discretionary exemptions, allowing states to exempt 8% of their caseload from ABAWD work requirements instead of 12%.
- Additionally, the FRA changed existing law on discretionary exemptions, preventing any exemptions from prior fiscal years from being carried over.
- The FRA also requires states to publicize any geographic/labor market waiver requests they make to USDA, including "all supporting data from the State, and agency approvals of such requests."

CBO projected that the FRA's SNAP reforms would increase spending by $2.1 billion over 10 years. Though the age cap for the ABAWD work requirement is increased by 5 years, the cost increase can be attributed to exempting the new categories of individuals from the ABAWD work requirement, thereby potentially expanding the SNAP population. CBO estimates the bill to increase SNAP rolls by 78,000 per month.

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