The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility

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Updated August 1, 2019

Congressional Research Service
7-....
www.crs.gov
R42054

Summary

The Supplemental Nutrition Assistance Program (SNAP) provides benefits to low-income, eligible households on an electronic benefit transfer (EBT) card; benefits can then be exchanged for foods at authorized retailers. SNAP reaches a large share of low-income households. In FY2018, a monthly average of 40.3 million persons in 20.1 million households participated in SNAP.

Federal SNAP law provides two basic pathways for financial eligibility to the program: (1) meeting program-specific federal eligibility requirements; or (2) being automatically or "categorically" eligible for SNAP based on being eligible for or receiving benefits from other specified low-income assistance programs. Categorical eligibility eliminated the requirement that households who already met financial eligibility rules in one specified low-income program go through another financial eligibility determination in SNAP.

In its traditional form, categorical eligibility conveys SNAP eligibility based on household receipt of cash assistance from Supplemental Security Income (SSI), the Temporary Assistance for Needy Families (TANF) block grant, or state-run General Assistance (GA) programs. However, since the 1996 welfare reform law, states have been able to expand categorical eligibility beyond its traditional bounds. That law created TANF to replace the Aid to Families with Dependent Children (AFDC) program, which was a traditional cash assistance program. TANF is a broad-purpose block grant that finances a wide range of social and human services. TANF gives states flexibility in meeting its goals, resulting in a wide variation of benefits and services offered among the states. SNAP allows states to convey categorical eligibility based on receipt of a TANF "benefit," not just TANF cash welfare. This provides states with the ability to convey categorical eligibility based on a wide range of benefits and services. TANF benefits other than cash assistance typically are available to a broader range of households and at higher levels of income than are TANF cash assistance benefits.

As of July 2019, 42 jurisdictions have implemented what the U.S. Department of Agriculture (USDA) has called "broad-based" categorical eligibility. These jurisdictions generally make all households with incomes below a state-determined income threshold eligible for SNAP. States do this by providing households with a low-cost TANF-funded benefit or service such as a brochure or referral to a telephone hotline. There are varying income eligibility thresholds within states that convey "broad-based" categorical eligibility, though no state may have a gross income limit above 200% of the federal poverty guidelines. In all but six of these jurisdictions, there is no asset test required for SNAP eligibility. Categorically eligible families bypass the regular SNAP asset limits. However, their net incomes (income after deductions for expenses) must still be low enough to qualify for a SNAP benefit. That is, it is possible to be categorically eligible for SNAP but have net income too high to actually receive a benefit. The exception to this is one- or two-person households that would still receive the minimum benefit.

Neither the Agriculture Act of 2014 ("2014 Farm Bill," P.L. 113-79) nor the Agriculture Improvement Act of 2018 ("2018 Farm Bill," P.L. 115-334) made changes to SNAP categorical eligibility rules. In the 113th Congress, the House-passed version of the 2014 law would have eliminated broad-based categorical eligibility, but that change was not included in the conference agreement. In the 115th Congress, the House-passed version of the 2018 law would have made changes to limit but not eliminate broad-based categorical eligibility; these changes were not included in the conference agreement.

On July 24, 2019, the Trump Administration published a proposed rule to amend the categorical eligibility regulations, proposing to limit the TANF-funded benefits that may convey categorical eligibility.

Contents

Figures

Tables

Contacts

Introduction

The Supplemental Nutrition Assistance Program (SNAP) provided food assistance to a monthly average of 40.3 million persons in 20.1 million households in FY2018. Total benefit costs were $60.6 billion in FY2018.

SNAP participation and costs increased markedly from FY2007 to FY2013, mostly as a result of automatic and legislated responses to the recession.[1] In FY2014, both participation and costs declined from peak FY2013 levels and have continued to decline. While much of the FY2007 to FY2013 increase in participation and costs was attributable to the poor economy, states during this period also increasingly adopted more expansive "categorical eligibility" rules—a set of policies that make a SNAP applicant eligible based on the applicant's involvement with other low-income assistance programs: benefits from the Temporary Assistance for Needy Families (TANF) block grant, Supplemental Security Income (SSI), and state-financed General Assistance (GA) programs.

This report discusses categorical eligibility and some of the issues raised by it. It first describes the three different types of categorical eligibility: traditional categorical eligibility conveyed through receipt of need-based cash assistance, and the newer "narrow" and "broad-based" categorical eligibilities conveyed via TANF "noncash" benefits. It also provides recent information on current state practices with regard to categorical eligibility. Under current law and regulation, it is a state option to implement broad-based categorical eligibility for SNAP. As a result, potential changes to curtail (or expand) categorical eligibility may impact some states more than others. This report includes state-by-state information to assist in gauging these disparate impacts.

SNAP is typically reauthorized in an omnibus farm bill law, and neither of the last two farm bills ultimately included changes to categorical eligibility rules. The Agriculture Act of 2014 (2014 Farm Bill, P.L. 113-79) made no changes to SNAP categorical eligibility rules. The House-passed version of the bill that became the 2014 Farm Bill would have eliminated "narrow" and "broad-based categorical eligibility," retaining only "traditional" categorical eligibility for recipients of cash assistance. However, the House-passed provision was not included in the bill's conference agreement. The most recent farm bill, Agriculture Improvement Act of 2018 ("2018 Farm Bill," P.L. 115-334) made no changes to SNAP categorical eligibility rules. The House-passed version of the bill would have made changes to limit but not eliminate broad-based categorical eligibility. These changes were not included in the conference agreement. While the statute on categorical eligibility has not changed in recent years, the Trump Administration proposes to limit categorical eligibility via regulation, publishing on July 24, 2019, a proposed rule to do so.[2] These proposals are discussed further in the "Recent Proposals to Change Categorical Eligibility" section.

Regular and Categorical Eligibility for SNAP

Federal law provides the basic eligibility rules for SNAP. There are two basic pathways to gain financial eligibility for SNAP: (1) having income and resources below specified levels set out in federal SNAP law; and (2) being "categorically," or automatically, eligible based on receiving benefits from other specified low-income assistance programs.

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[1] See Congressional Budget Office, *The Supplemental Nutrition Assistance Program*, April 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/04-19-SNAP.pdf.

[2] USDA Food and Nutrition Service, "Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)," 84 *Federal Register* 35570, July 24, 2019.

Eligibility through Meeting Federal Income and Resource Tests

Under the regular federal rules, SNAP provides eligibility to households based on low income and limited assets. Households must have net income (income after specified deductions) below 100% of the federal poverty guidelines. In addition, federal rules provide that households without an elderly or disabled[3] member must have monthly gross income (income before deductions) below 130% of the federal poverty guidelines. In FY2019, for a household of three people, in the 48 contiguous states, DC, Guam, and the Virgin Islands, this monthly gross income limit is $2,252.[4]

Additionally, the regular eligibility rules provide that a household must have liquid assets below a specified level. Under federal rules in FY2019, a household's liquid assets must also be below $2,250, and below $3,500 in the case of households with an elderly or disabled member. The value of the home is excluded from this "assets test," as are certain other forms of assets (e.g., retirement and educational savings).

Further, a portion of the value of a household's vehicles is not counted toward the asset limit (up to $4,650 of the fair market value of a household's vehicles). However, federal law gives states the option to further exclude the value of vehicles from being counted toward the asset limit. States may elect to use the exclusion applicable for TANF assistance in their SNAP program. Under TANF, many states fully exclude the value of one vehicle. This option is distinct from categorical eligibility.

Categorical Eligibility

Federal law also makes households in which all members are either eligible for or receive benefits from TANF, Supplemental Security Income (SSI), or state-financed GA programs categorically, or automatically, eligible for SNAP.[5] These households, who have already gone through eligibility determination for those programs, bypass the income and resource tests discussed above and are deemed financially eligible.[6] They then have their SNAP benefits determined.

Categorically eligible households have their SNAP benefits determined under the same rules as other households. A household's SNAP benefit amount is based on the maximum benefit (which varies by household size) and its net countable income after deductions for certain expenses. While the household may be categorically eligible, its net income may be too high to actually receive a SNAP benefit. The exception is that all eligible households consisting of one or two persons are eligible for at least the minimum monthly benefit, set at $15 in the 48 contiguous states and the District of Columbia for FY2019.

[3] "Elderly or disabled" is defined in Section 3(j) of the Food and Nutrition Act of 2008.

[4] Income guidelines are available on the USDA-FNS website, https://www.fns.usda.gov/snap/cost-living-adjustment-cola-information.

[5] Section 5(a) of the Food and Nutrition Act of 2008 (codified at 7 U.S.C. 2014(a)).

[6] Additionally, federal law also provides a separate rule for households where some, but not all, members receive benefits from TANF or SSI. In such households, recipients of TANF or SSI benefits are deemed to have passed the SNAP resource test. That is, the assets of household members who receive TANF, SSI, or GA are disregarded from the household's total resources when determining whether the household passes the asset test (Section 5(j) of the Food and Nutrition Act of 2008).

Early History

Special rules providing for expedited eligibility of cash assistance recipients date back to amendments to the Food Stamp program enacted in 1971.[7] These rules were eliminated in the rewrite of food stamp law enacted in 1977, but they were reinstated in phases during the early 1980s through 1990.[8] Categorical eligibility was seen as advancing the goals of simplifying administration, easing entry to the program for eligible households, emphasizing coordination among low-income assistance programs, and reducing the potential for errors in establishing eligibility for benefits.[9] The Food Security Act of 1985 conveyed categorical eligibility to all households receiving cash aid from Aid to Families with Dependent Children (AFDC), SSI, or state-run GA programs. These programs had their own income and resource tests (often more stringent than food stamp tests), so subjecting a household to a separate set of income and resource tests for food stamps could be seen as redundant and inefficient.

The 1996 Welfare Law and TANF

The current form of categorical eligibility resulted from the 1996 welfare reform law (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193). That law ended AFDC, replacing it with TANF. AFDC was a traditional cash assistance program. Within some federal rules, states set AFDC eligibility and benefit amounts, but federal law established it as a cash welfare program. AFDC eligibility rules were generally more restrictive than those for food stamps, and most AFDC families also received a substantial food stamp benefit.

TANF, on the other hand, is a broad-purpose block grant that gives states broad flexibility to expend funds. The statutory purpose of TANF is to increase state flexibility to achieve four policy goals:[10]

1. provide assistance to needy families so that children can be cared for in their own homes or in the homes of their relatives;
2. end dependence by needy parents on government benefits through promoting work, job preparation, and marriage;
3. reduce the incidence of out-of-wedlock pregnancies; and
4. promote the formation and maintenance of two-parent families.

States may expend TANF funds and associated state funds (called Maintenance of Effort or MOE funds) in any manner "reasonably calculated"[11] to achieve the TANF purpose, providing broad authority for the types of activities that may be funded. These activities include the traditional

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[7] Section 6 of P.L. 91-671.

[8] The Omnibus Budget Reconciliation Act of 1982 (P.L. 97-253) provided that a household in which all members received Aid to Families with Dependent Children (AFDC) cash assistance bypass the Food Stamp asset test (but not the income eligibility test). The Food Security Act of 1985 (P.L. 99-198) provided that households in which all members received AFDC or SSI would be automatically eligible for Food Stamps, bypassing both the income and asset tests. P.L. 99-198 made this a temporary provision that would sunset at the end of FY1998. P.L. 100-435 eliminated the sunset, making categorical eligibility a permanent feature of Food Stamp law. Categorical eligibility was extended to recipients of state-run GA programs in 1990, enacted as part of P.L. 101-624.

[9] U.S. Congress, House Committee on Agriculture, report to accompany H.R. 2100, 99th Cong., 1st sess., September 13, 1985, H.Rept. 99-271, Part 1 (Washington: GPO, 1985), p. 142.

[10] Section 401(a) of the Social Security Act.

[11] Section 404(a)(1) of the Social Security Act.

cash assistance programs—which convey traditional categorical eligibility.[12] However, in FY2016 traditional cash welfare accounted for only 24% of all expenditures from the TANF block grant and MOE funds.

TANF funds a wide range of other benefits and services that seek to ameliorate the effects, or address the root causes, of child poverty. TANF benefits and services to achieve the first two goals of TANF (provide assistance, end dependence of needy parents on government benefits) must be for needy families with children. These benefits or services are need-tested, though states determine their own income thresholds. These benefits are often available to families at higher levels of income than is cash assistance, often a multiple of the federal poverty threshold, and without an asset test.

Moreover, TANF services directed at the third and fourth goals shown above can be for *any* person in a state; that is, TANF services to reduce out-of-wedlock pregnancies or promote two-parent families are not restricted to families with children. Federal rules also do not require that they be need-tested. Thus, these benefits and services are potentially available to a state's entire population.

What TANF Means for Categorical Eligibility

The 1996 welfare reform law did not substantively change SNAP law with respect to categorical eligibility. Rather, it simply replaced the reference to AFDC with one to TANF in the section of law that conveys categorical eligibility. As discussed above, TANF gives states much broader authority than they had under AFDC to offer different types of benefits and services. This expansion of authority under TANF had major implications for categorical eligibility, allowing states to convey categorical eligibility based on receipt of a wide range of human services rather than simply cash welfare.

U.S. Department of Agriculture (USDA) regulations issued in 2000 provide rules for which noncash or in-kind TANF or MOE-funded benefits or services can be used to convey SNAP categorical eligibility.[13] The regulations require that states make categorically eligible for SNAP

- households in which all members receive or are authorized to receive[14] *cash assistance* funded by TANF or MOE dollars; and
- households in which all members receive or are authorized to *receive noncash aid funded* at least 50% by TANF or MOE dollars.

The regulations imposed one restriction on states in conveying categorical eligibility: if the TANF- or MOE-funded benefit or service was aimed at achieving TANF goals three (reducing out-of-wedlock pregnancies) or four (promoting two-parent families), the state would have to choose a program with an income limit of no more than 200% of the federal poverty guideline for conveying categorical eligibility.

[12] In regulations promulgated after the 1996 welfare law, the Department of Health and Human Services (HHS) divided TANF- and MOE-funded activities into two categories: (1) assistance, and (2) everything else. The regulations defined assistance generally as representing the traditional cash assistance programs ("basic assistance") and transportation or child care aid for nonworking persons.

[13] The regulations are at 7 C.F.R. 273.2(j). See discussion of the final rule at U.S. Department of Agriculture, Food and Nutrition Service, "Food Stamp Program: Noncitizen Eligibility, and Certification Provisions of P.L. 104-193, as Amended by Public Laws 104-208, 105-33, and 105-185," 65 *Federal Register* 70159-70161, November 21, 2000.

[14] The regulations also provide that a family is categorically eligible if they either receive a TANF- or MOE-funded benefit or if they are "authorized" to receive such a benefit. "Authorized" to receive a benefit means that they have been determined eligible and have been informed as such; they do not need to actually be receiving benefits.

Additionally, subject to the 200% of poverty restriction discussed above, the regulations give states the *option* of making categorically eligible for SNAP

- households in which all members receive or are authorized to *receive noncash assistance* funded *less than 50%* by TANF or MOE dollars; and
- households in which *at least one member* receives or is authorized to receive noncash aid funded at least partially by TANF or MOE dollars, but the state agency determines the whole household benefits from such noncash aid.

Traditional, Narrow, and Broad-Based Categorical Eligibility

As discussed, in instances of categorical eligibility, SNAP applicants can be found eligible for SNAP based on their receipt of benefits from other specified means-tested programs.[15] At minimum, households that receive Temporary Assistance for Needy Families (TANF) cash assistance, Supplemental Security Income (SSI), or state-funded general assistance cash benefits must be found categorically eligible for SNAP. However, the 1996 welfare reform law's creation of TANF as a broad-based block grant has allowed for a state option to include a long list of benefits/services that can convey SNAP eligibility. This section discusses state choices in this area as of July 2019.

Scope and Reach of Categorical Eligibility

The current status of SNAP categorical eligibility is the product of state choices. At minimum, a state must implement "traditional" categorical eligibility, but some states allow additional programs and benefits to convey categorical eligibility. The USDA has developed a typology of state practices on categorical eligibility, categorizing states into three groups

- **Traditional categorical eligibility only.** In its traditional form, a household where all members receive need-tested cash aid from SSI, GA, or TANF is automatically made eligible for SNAP as well. These households have already met the income and (in general) resource test for cash aid. Note that states set income and asset eligibility rules for TANF and GA. SSI provides a federal income floor based on federal rules for the needy who are aged, blind, or disabled. However, states may supplement SSI with their own funds, leading to state variation in SSI eligibility as well.
- "**Narrow" categorical eligibility.** These states have expanded categorical eligibility beyond just traditional categorical eligibility, but in a way to limit the number of households made eligible for SNAP. These states convey categorical eligibility through receipt of cash and certain TANF noncash benefits, such as child care and counseling.
- **"Broad-based" categorical eligibility**. These states have expanded categorical eligibility in ways that make most, if not all, households with low incomes in a state categorically eligible for SNAP. States could make all low-income households in a state—including those without children—eligible for a TANF-funded service directed at either the reducing out-of-wedlock pregnancies or promoting two-parent families goals of TANF. If a state opted to do so, any low-

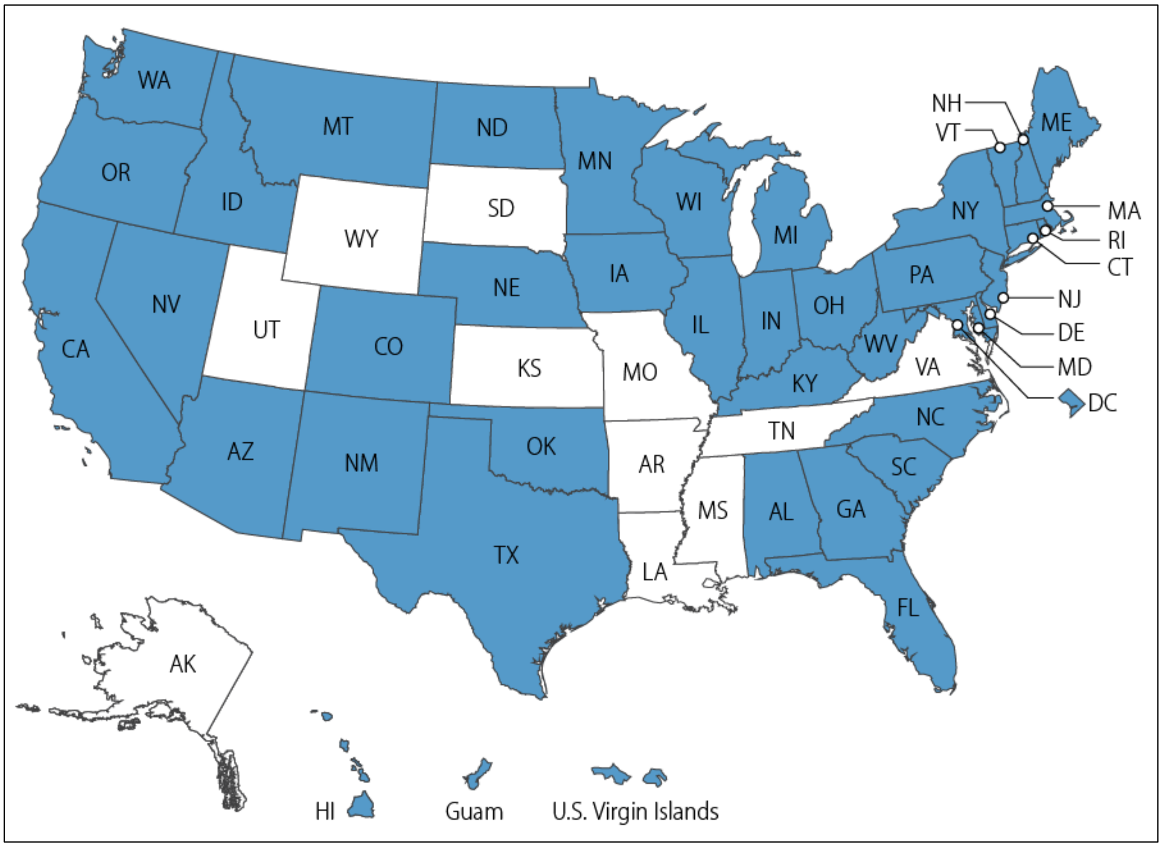
[15] See 7 U.S.C. 2014(a).

> income household (under 200% of poverty, per regulation) could either receive, or be authorized to receive, such a TANF-funded service. Based on the currently available information, 42 jurisdictions (39 states, the District of Columbia, Guam, and the Virgin Islands) have broad-based categorical eligibility policies.

USDA currently does not have reliable information on the number of states that have opted to use "narrow" categorical eligibility. However, they do track both the number of states and rules used for states that have opted to use broad-based categorical eligibility. **Figure 1** displays a map showing the states that use broad-based categorical eligibility (shaded in blue).

Figure 1. States Opting for SNAP Broad-Based Categorical Eligibility as of July 2019

(States opting for BBCE are shaded in blue)



Source: Congressional Research Service (CRS), based on data from the U.S. Department of Agriculture, as of July 2019.

Note: Some states implement "narrow" categorical eligibility. Without a reliable data source for "narrow," this map only reflects those opting for broad-based categorical eligibility. As of July 1, 2019, Mississippi no longer administers BBCE.

"Broad-Based" Categorical Eligibility Practices

Broad-based categorical eligibility is a policy that makes most households with incomes below a certain threshold categorically eligible for SNAP. Typically, households are made categorically eligible through receiving or being authorized to receive a minimal TANF- or MOE-funded benefit or service, such as being given a brochure or being referred to a social services "800" telephone number (see **Table 1**). Recalling the USDA regulation, the brochure or telephone number must be funded with TANF or MOE dollars and thus must be directed at a TANF purpose.[16] The Department of Agriculture reports that, as of July 2019, 42 jurisdictions operated broad-based categorical eligibility to make most or all households in their state with whom the state welfare office comes in contact SNAP eligible.

Table 1 shows the use of SNAP broad-based categorical eligibility by state as of October 2018. Of the 42 jurisdictions using broad-based categorical eligibility,

- 40 make all family types eligible (New Hampshire and New York limit broad-based categorical eligibility to certain household types);
- 36 currently have no asset test. Note, though, currently in 13 of these jurisdictions, households with an elderly and disabled member with incomes in excess of 200% of the federal poverty guidelines have to meet the regular SNAP asset tests of $3,500 for households of that type);
- 6 states (Idaho, Indiana, Maine, Michigan, Nebraska, and Texas) apply an asset test for all households); and
- 33 have a gross income limit above 130% of the federal poverty guidelines.

According to USDA policy and guidance, there is a general way that a state would administer broad-based categorical eligibility for a SNAP applicant. The local SNAP office would collect basic income information on the applicant; if the applicant's income is below the limit specified, then the state office would administer, or determine whether a member of the household was authorized to receive, a relatively nominal TANF-funded benefit or service. Receipt of this TANF benefit or service then constitutes SNAP eligibility through broad-based categorical eligibility. (As discussed above, it is still possible to be categorically eligible but receive no benefit because net income is too high.[17])

As an illustration, in the case of the District of Columbia, as shown in the table, if the applicant's gross income is below 200% of poverty, the applicant would then receive a particular brochure for a program that is TANF-funded and would then be eligible for SNAP through the broad-based categorical eligibility pathway.

[16] For a discussion of state practices regarding "broad-based" categorical eligibility, see U.S. Government Accountability Office, *Supplemental Nutrition Assistance Program: Improved Oversight of State Eligibility Expansions Needed*, GAO-12-670, July 2012.

[17] Additionally, some states impose a net income test for at least some categories of applicants and recipients under their broad-based categorical eligibility policies. See Elizabeth Laird and Carole Trippe, *Programs Conferring Categorical Eligibility for SNAP: State Policies and the Number and Characteristics of Households Affected*, Mathematica Policy Research, February 2014, p. 14.

Table 1. SNAP Broad-Based Categorical Eligibility by State

Information as of July 2019, excludes states without broad-based categorical eligibility

State	Households Eligible	Type of TANF Benefit or Service[a]	Asset Rules	Gross Income Limit for Households Without an Elderly or Disabled Member (% of federal poverty guidelines)[b]
Alabama	All	Brochure	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	130%
Arizona	All	Referral on application	No limit	185%
California	All	Pamphlet	No limit	200%
Colorado	All	Notice on application	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	200%
Connecticut	All	"Help for People in Need" brochure	No limit	185%
Delaware	All	Application refers to a pregnancy prevention hotline	No limit	200%
District of Columbia	All	Brochure	No limit	200%
Florida	All	Notice	No limit	200%
Georgia	All	TANF Community Outreach Services brochure	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	130%
Hawaii	All	Brochure	No limit	200%
Idaho	All	Flyer about referral service	$5,000	130%
Illinois	All	Guide to services	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	165%
Indiana	All	Brochure	$5,000	130%
Iowa	All	Notice of eligibility	No limit	160%

State	Households Eligible	Type of TANF Benefit or Service[a]	Asset Rules	Gross Income Limit for Households Without an Elderly or Disabled Member (% of federal poverty guidelines)[b]
Kentucky	All	Resource guide	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	130%
Maine	All	Resource guide	$5,000	185%
Maryland	All	Referral to services on application	No limit	200%
Massachusetts	All	Brochure	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	200%
Michigan	All	Notice on application	$5,000. First vehicle is excluded; other vehicles with fair market value over $15,000 are counted.	200%
Minnesota	All	Domestic violence brochure	No limit	165%
Montana	All	Brochure	No limit	200%
Nebraska	All	Pamphlet	$25,000 for liquid assets	130%
Nevada	All	Pregnancy prevention information on application	No limit	200%
New Hampshire	Households with at least one dependent child	Brochure	No limit	185%
New Jersey	All	Brochure	No limit	185%
New Mexico	All	Brochure	No limit	165%
New York	Households with dependent care expenses; or households with earned income	Brochure mailed yearly	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	200% for households with dependent care expenses; or 150% for households with earned income and no dependent care expenses
North Carolina	All	Not specified	No limit	200%

State	Households Eligible	Type of TANF Benefit or Service[a]	Asset Rules	Gross Income Limit for Households Without an Elderly or Disabled Member (% of federal poverty guidelines)[b]
North Dakota	All	Statement on application/recertification forms and pamphlet	No limit	200%
Ohio	All	Ohio Benefit Bank information on approval notice	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	130%
Oklahoma	All	Certification notice has 2-1-1 number for information and referral to community services	No limit	130%
Oregon	All	Pamphlet	No limit	185%
Pennsylvania	All	Pamphlet	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	160%
Rhode Island	All	Publication	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	185%
South Carolina	All	Pamphlet	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	130%
Texas	All	Information about various services provided on the application	$5,000 (excludes one vehicle up to $15,000, includes excess vehicle value).	165%
Vermont	All	Bookmark with telephone number and website for services	No limit	185%

State	Households Eligible	Type of TANF Benefit or Service[a]	Asset Rules	Gross Income Limit for Households Without an Elderly or Disabled Member (% of federal poverty guidelines)[b]
Washington	All	Information and referral services provided on approval letter	No limit	200%
West Virginia	All	Information and referral services program brochure	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	200%
Wisconsin	All	Job Net services language on approval and change notices	No limit	200%
Guam	All	Brochure	No limit	165%
Virgin Islands	All	Brochure	No limit. Households with an elderly or disabled member with incomes over 200% of poverty face a $3,500 asset limit.	175%

Source: Prepared by the Congressional Research Service based on data from U.S. Department of Agriculture, Food and Nutrition Service (FNS).

a. Type of TANF benefit or service is information collected by the USDA, and this column utilizes USDA's terms. References to a notice or notice on application generally refers to an agency communication that an applicant may be eligible for TANF or related benefit.

b. Households with an elderly or disabled member do not have a gross income limit in SNAP.

Incomes and Assets of SNAP Households

Income

Because broad-based categorical eligibility conveys SNAP to households with gross incomes as high as 200% of poverty, there is concern that it could be unduly expanding the program. However, broad-based categorical eligibility has not resulted in large numbers of households receiving SNAP who have gross incomes, as measured using SNAP income counting rules, exceeding 130% of poverty.[18] **Table 2** shows that in FY2016, a monthly average of 4.2% of all households without an elderly or disabled member had incomes above 130% of poverty. (As mentioned above, households with an elderly or disabled member are not subject to the 130% of poverty gross income limit under regular federal eligibility rules.)

Table 2. Gross Incomes of SNAP Households Compared with Poverty: FY2016

By household type

	Households Without an Elderly or Disabled Member	Households With an Elderly or Disabled Member	All SNAP Households
Below Poverty	85.3%	76.9%	81.8%
100% to 130% of poverty	10.5	15.4	12.6
131% of poverty and higher	4.2	7.7	5.7
Totals	100.0	100.0	100.0

Source: Congressional Research Service (CRS) tabulations of the FY2016 SNAP Quality Control Data File.

Notes: Detail may not add to totals because of rounding. The information on the Quality Control Data File sometimes fails to categorize a household with a disabled member. Therefore, some households classified in this table as "without an elderly or disabled member" may in fact contain a disabled person.

Table 3 shows both the number and percentage of households without an elderly or disabled member that have incomes above 130% of poverty by state.[19] Note that tabulations in **Table 2** and **Table 3** reflect states' SNAP households under states' broad-based categorical eligibility practices in place during FY2016. Some states' current practices are different from their practices in FY2016, so tabulations here do not necessarily reflect current state practices.

[18] This is based on data from the SNAP Quality Control Data files. These are administrative data, and the files include monthly income data collected in determining SNAP eligibility and benefits. The data and the resulting analysis differ in a number of ways from that of Census Bureau household survey income data of SNAP households. SNAP monthly income data represents gross income as defined in SNAP law; this might exclude some income reported by households in the Census survey. Moreover, SNAP eligibility and benefits are based on *monthly* income. The most widely reported income data from Census household surveys examines annual income. Households may use the SNAP program in particular months of economic need, which annual income data would not capture. There are also differences between the SNAP and Census Bureau concepts of household and poverty thresholds.

[19] Some states that have gross income limits of 130% of poverty report a small number of households without an elderly or disabled member as having incomes above 130% of poverty. This is likely because of limitation on the Quality Control Data File in identifying disabled individuals. The information on the Quality Control Data File sometimes fails to categorize a household with a disabled member. Therefore, some households classified in this table as "without an elderly or disabled member" may in fact contain a disabled person.

Table 3. Estimates of SNAP Households without an Elderly or Disabled Member with Gross Incomes Over 130% of Poverty by State, FY2016

State	Number of SNAP Households Without an Elderly or Disabled Member and Gross Income of 131% of Poverty or Higher	Percentage of All SNAP Households Without an Elderly or Disabled Member and with Gross Income of 131% of Poverty or Higher
Alabama	2,013	0.9%
Alaska	0	0.0
Arizona	15,883	5.4
Arkansas	155	0.1
California	66,759	3.8
Colorado	530	0.4
Connecticut	10,981	8.9
Delaware	3,526	8.6
District of Columbia	2,390	5.6
Florida	64,689	6.4
Georgia	10,375	2.1
Hawaii	2,606	5.5
Idaho	71	0.2
Illinois	6,143	1.0
Indiana	0	0.0
Iowa	8,586	8.0
Kansas	0	0.0
Kentucky	278	0.2
Louisiana	0	0.0
Maine	3,409	9.1
Maryland	22,023	9.6
Massachusetts	23,481	13.4
Michigan	29,750	7.0
Minnesota	10,963	8.8
Mississippi	239	0.2
Missouri	1,251	0.6
Montana	2,091	6.9
Nebraska	213	0.5
Nevada	11,318	7.8
New Hampshire	2,090	10.7
New Jersey	12,076	5.3
New Mexico	4,531	3.4

State	Number of SNAP Households Without an Elderly or Disabled Member and Gross Income of 131% of Poverty or Higher	Percentage of All SNAP Households Without an Elderly or Disabled Member and with Gross Income of 131% of Poverty or Higher
New York	21,833	3.3
North Carolina	27,907	5.9
North Dakota	1,009	7.6
Ohio	2,399	0.6
Oklahoma	0	0.0
Oregon	19,710	8.6
Pennsylvania	33,931	7.5
Rhode Island	4,492	9.7
South Carolina	725	0.4
South Dakota	179	0.7
Tennessee	0	0.0
Texas	41,121	4.2
Utah	99	0.2
Vermont	2,649	15.2
Virginia	0	0.0
Washington	25,846	8.4
West Virginia	1,755	1.9
Wisconsin	25,824	12.3
Wyoming	0	0.0
Guam	1,171	9.8
Virgin Islands	852	9.0
Totals	529,921	4.2

Source: Congressional Research Service (CRS) tabulation of the FY2016 SNAP Quality Control data file.

Notes: Some states that have gross income limits of 130% of poverty report a small number of households without an elderly or disabled member as having incomes above 130% of poverty. This is likely because of limitation on the Quality Control Data File in identifying disabled individuals. The information on the Quality Control Data File sometimes fails to categorize a household with a disabled member. Therefore, some households classified in this table as "without an elderly or disabled member" may in fact contain a disabled person.

Assets

As discussed above, broad-based categorical eligibility also eliminates the SNAP asset test in many states. Since states that do not administer an asset test generally do not collect data on the assets of SNAP households, it is not possible to determine the extent to which broad-based categorical eligibility has resulted in households with assets above the usual SNAP limit receiving benefits.

Recent Proposals to Change Categorical Eligibility

2014 and 2018 Farm Bills

Neither of the last two farm bills ultimately included changes to categorical eligibility rules. The enacted 2014 Farm Bill (P.L. 113-79) did not change categorical eligibility, although the House-passed version would have eliminated broad-based categorical eligibility.[20] Also, and more recently, the enacted 2018 Farm Bill (P.L. 115-334) did not make changes, although the House-passed bill proposed some. The 115th Congress House-passed policy is discussed further below.

The House-passed bill, the Agriculture and Nutrition Act of 2018 (H.R. 2, as passed June 21, 2018) would have made changes to limit but not eliminate broad-based categorical eligibility. Debate during the House Committee on Agriculture's April 18, 2018, markup was substantially focused on the bill's SNAP provisions, including the changes to categorical eligibility. The Senate-passed bill, Agriculture Improvement Act of 2018 (H.R. 2, as passed June 28, 2018) would not have made any changes to categorical eligibility.

Section 4006 of H.R. 2, as passed by the House, would have changed broad-based categorical eligibility in a few ways. In states with broad-based options in place, some but not all households would be affected by this change. Under the proposal,

- to be categorically eligible, households would have had to receive SSI, state general assistance, or "cash assistance or ongoing and substantial services" through a state program funded by TANF; while these terms would be subject to implementation, it was to be expected that a brochure may not meet this more specific TANF-funded benefit;
- there would have been two gross income limits for broad-based categorical eligibility:
    1. households *with* an elderly or disabled member must be at or below 200% of the federal poverty line,
    2. households *without* an elderly or disabled member must be at or below 130% of the federal poverty line;
- households meeting respective gross income limits and receiving a TANF-funded benefit or other benefit that conveys categorical eligibility would not have had to meet the law's asset tests.

The Congressional Budget Office (CBO) estimated that the amendments to categorical eligibility in the House committee's *reported* bill would reduce SNAP spending by $5.035 billion dollars over 10 years (FY2019-FY2028).[21] CBO also estimated that in an average year, about 400,000 households would lose SNAP eligibility. As SNAP recipients are also eligible for free school meals, CBO estimated that in an average year, 265,000 children would lose access to free meals.[22] On the House floor, Section 4006 of the reported bill was amended by H.Amdt. 606 to include a

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[20] For more information, see CRS Report R43332, *SNAP and Related Nutrition Provisions of the 2014 Farm Bill (P.L. 113-79)*.

[21] CBO, *Agriculture and Nutrition Act of 2018,* H.R. 2, May 2, 2018, p. 7, https://www.cbo.gov/publication/53819. Note that interactions with other policies in H.R. 2 may reduce the effect of this policy.

[22] Ibid., pp. 13-14.

later implementation date, October 1, 2020, so the House-passed bill's cost and participation estimates could be different than those of the reported bill.

Trump Administration's Proposed Rule to Amend Categorical Eligibility

As discussed earlier, the current "broad-based" categorical eligibility state option is in part created by USDA Food and Nutrition Service regulations finalized in 2000.[23] In the Fall 2018 Unified Agenda, the Administration indicated plans to change these regulations,[24] and then published a Notice of Proposed Rulemaking on July 24, 2019.[25] The comment period runs through September 23, 2019.

In short, the Administration proposes to limit those TANF-funded cash and non-cash benefits that may generate categorical eligibility. If implemented, these changes would be expected to have the most effect on states that opted into broad-based categorical eligibility, particularly those that have chosen higher income thresholds and no asset limits. However, the precise impact could depend on the federal TANF and state MOE financing and benefits decisions that states make.

Like the farm bill proposals discussed above, the proposal would leave "traditional" categorical eligibility in place. The rule does not propose to amend categorical eligibility for Supplemental Security Income (SSI) households or General Assistance (GA) households.

Summary of Proposed Rule

For SNAP categorical eligibility based on TANF, the proposed rule would require cash and non-cash benefits to be "ongoing and substantial," limit non-cash benefits to certain types of services, and in some respects revise the applicable income and resource limits that may apply to the TANF-funded benefit. These changes are discussed further below.

Cash Assistance

In the case of TANF-funded cash assistance, to gain categorical eligibility all members of the household must receive or be authorized to receive the cash assistance. It would be a requirement, not a state option, to convey this categorical eligibility. The assistance must be substantial and ongoing, which the proposed rule defines as a minimum of $50 per month for a minimum of six months.[26]

[23] 7 C.F.R. 273.2(j)(2).

[24] Office of Management and Budget, *Unified Agenda of Federal Regulatory and Deregulatory Actions*, Fall 2018, "Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)," RIN 0584-AE62, https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201810&RIN=0584-AE62. The Unified Agenda is a government-wide report published semiannually listing upcoming proposed and final rules that are currently underway at federal agencies.

[25] USDA Food and Nutrition Service, "Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)," 84 *Federal Register* 35570, July 24, 2019.

[26] The proposed rule would also allow the U.S. Secretary of Health and Human Services to select a threshold higher than $50 ("valued at a minimum of $50 per month or any minimum threshold determined by the Secretary of Health and Human Services for Title IV-A programs, whichever is higher.")

Non-cash Benefits

In the case of TANF-funded non-cash benefits, they too must be substantial and ongoing, which the proposed rule defines as valued at a minimum of $50 per month for a minimum of six months. Further, the proposed rule specifies a limited list of non-cash benefits:

- subsidized employment for which the employer or a third party receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing an individual;
- work supports, including transportation benefits or other allowances for work-related expenses; and/or
- child care subsidies or vouchers.[27]

Currently, broad-based categorical eligibility states are using TANF or MOE funding to fund brochures and hotlines that then may convey categorical eligibility.

To gain categorical eligibility, under the proposed rule, (1) all members of the household must receive or be authorized to receive the benefit, or (2) one household member may receive or be authorized to receive the benefit if the state determines the whole household benefits.

The state is required to convey categorical eligibility where the relevant TANF-funded benefits are funded 50% or more by federal TANF or state MOE funds. It is a state option to convey categorical eligibility for such benefits where the relevant TANF-funded benefits are funded less than 50% by federal TANF or state MOE funds. The proposed rule requires states to notify FNS of all non-cash TANF benefits that confer categorical eligibility, regardless of the share of TANF funding.

Applicable Income and Resource (Assets) Thresholds under the Proposed Rule

As discussed earlier in "What TANF Means for Categorical Eligibility," current SNAP regulations limit broad-based categorical eligibility to 200% FPL. This threshold applies for TANF-funded benefits serving the TANF statute's 3rd and 4th purposes, as these are purposes that do not require targeting benefits to needy families with children.[28] Under current regulations, there does not have to be an asset limit associated with the TANF-funded benefit. As a result, states using broad-based categorical eligibility have selected an associated income threshold between 130% and 200% FPL, some have added a higher asset limit, and most states do not use an asset limit at all.

The proposed rule would remove the 200% FPL limit as well as any distinctions for TANF's statutory purposes. This presumably means that the applicable income and asset limits for households categorically eligible for SNAP via a TANF-benefit would be those limits that the respective state sets for the TANF-funded benefit. It would remain the case that the household's net income would have to be low enough to calculate for a benefit.

Those households not receiving the proposal's specified TANF-funded benefit would be subject to the income and asset limits set by SNAP law (see "Eligibility through Meeting Federal Income and Resource Tests").

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[27] These types of non-cash benefits allowed for SNAP categorical eligibility are excerpted verbatim from the proposed regulatory text, at 35581.

[28] The 3rd purpose is to reduce the incidence of out-of-wedlock pregnancies. The 4th purpose is to promote the formation and maintenance of two-parent families. Section 401(a) of the Social Security Act.

USDA's Estimate of Proposed Rule's Impact

USDA has released an extended Regulatory Impact Analysis (RIA) to accompany the proposed rule that estimates how it may impact SNAP participation and federal spending.[29] A summary of the RIA is included in the *Federal Register* publication.

Primarily, the analysis uses recent SNAP administrative data to determine the share of the caseload currently categorically eligible through a non-cash TANF-funded benefit and then estimates to what extent such households would be eligible under SNAP's federal income and resource tests. USDA supplemented its analysis with contracted research studies and certain U.S. Census survey data.

USDA's SNAP participation estimates include the following:

- Approximately 9.0% of currently participating SNAP households would lose eligibility for SNAP. In FY2020, this is an estimated 1.7 million households, containing 3.1 million individuals. The numbers and rates of households affected varies among household types.[30]
- Loss of eligibility would be disproportionate among certain subgroups: 13.2% of households with elderly members, 12.5% of households with earnings, and 10.1% of households without children.
- 17.2 million households currently eligible under broad-based categorical eligibility would still be eligible for SNAP but would undergo a more burdensome application process.

In terms of federal spending, USDA estimates savings and costs associated with the policy change. USDA forecasts a net federal savings of $9.4 billion over the five years from 2019 to 2023. This includes (1) a reduction in federal spending for SNAP benefits of $10.543 billion, and (2) an increase in federal spending for federal administrative costs of $1.157 billion. USDA estimates that states' spending for administrative costs will also increase by $1.157 billion over the five years.

As far as state-by-state impacts, USDA's estimates recognize that the proposed rule would be expected to affect only states that have opted into broad-based categorical eligibility, and that it would disproportionately affect states that have more expansive categorical eligibility policies (e.g., 200% FPL, no resource limit). USDA has included some state-specific data in the RIA.[31]

Children living in households that receive SNAP are eligible for free school meals (National School Lunch Program and School Breakfast Program). While CBO analyses of past farm bill proposals have often included estimates of children who would lose free meals eligibility, USDA's RIA does not include such an estimate.

[29] The proposed rule's full RIA is available at https://www.regulations.gov/document?D=FNS-2018-0037-0002.

[30] Ibid., pp. 15-18.

[31] Ibid., pp. 20-21.

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