

Best Practices for Raising the SNAP Gross Income Threshold Through Categorical Eligibility

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SCOPE | State

PROGRAM | Supplemental Nutrition Assistance Program (SNAP)

PRACTICE | States can use “categorical eligibility” (Cat EI) rules to raise the gross income threshold for the Supplemental Nutrition Assistance Program (SNAP). States may pursue broad-based Cat EI through state SNAP agency or state legislative action.

WHY | Raising the SNAP gross income through Cat EI:

- ✓ removes arbitrary participation barriers for low-income households with high housing and dependent care expenses;
- ✓ streamlines caseload processing; and
- ✓ brings greater federal funding into states and local communities at little or no cost to state governments.

BACKGROUND | The federal gross income test can deter eligible households from applying, increase red tape for both clients and caseworkers, and ultimately prevent deserving people — especially low-wage working families with high housing and dependent care costs — from receiving SNAP. Under regular federal rules, SNAP households (excluding households with a person who is elderly or disabled) must have a gross income below 130 percent of the Federal Poverty Level (FPL), even if they have deductions that would increase their need for help and reduce their net income to SNAP-qualifying levels.

Fortunately, long-standing SNAP rules allow states to increase the gross income threshold. States choosing to do so have generally chosen 165, 185, or 200 percent of the FPL. States do this by providing all applicants with a benefit funded by certain federal monies from Temporary Assistance for Needy Families (TANF) or from state TANF

maintenance-of-effort (MOE) funds. This provides broad-based Cat EI status, which helps states simplify SNAP eligibility for everyone.

KEY STEPS | As of January 2016, 29 states, the District of Columbia, Guam, and the U.S. Virgin Islands have used Cat EI rules to raise their gross income thresholds for all possible households. A state that elects to use the broad-based Cat EI option must:

- identify the triggering TANF-funded service;
- reprogram SNAP computers;
- change gross income questions on SNAP application forms and revise the relevant sections of agency manuals; and
- train caseworkers on the new policies.

TIPS | To trigger Cat EI, states are providing these households with TANF or MOE-funded:

- child care assistance;
- employment and training;
- counseling services; or
- referral brochures, web-based information, or toll-free hotlines that offer information on TANF-funded services.

In some Cat EI states, such as Maryland, a state agency opted to apply the Cat EI policy; in others, such as Illinois, legislation expanded the gross income threshold. Whether

to pursue an administrative or legislative route to Cat EI depends on state circumstances and stakeholder receptivity.

SPOTLIGHT | In July 2016, New York adopted a *gross income test of 150 percent of the FPL*¹ for all households with earned income seeking to apply for SNAP. As a result, more working families will be eligible for SNAP, including families that were previously ineligible for SNAP because they were just over the gross income threshold.

CHALLENGE | Translating the benefits of raising the gross income threshold into a compelling, accessible narrative for state legislators and SNAP agencies can be challenging. This is especially true if they have many pressing priorities and if they are not versed in the nuances of SNAP policy.

LESSONS | Raising the gross income threshold is important because it:

- not only strengthens low-income working households, but the larger community as well;
- gets SNAP benefits to more low-income households that have significant out-of-pocket costs for shelter and child care, leaving too little of net incomes to cover food and other essentials;
- brings more federal funding into states and communities, at little or no additional cost to state governments; and
- boosts local businesses (e.g., grocery stores) and area employment – each dollar in federal SNAP benefits generates an estimated \$1.79 in economic activity.

The positive impacts of a higher SNAP gross income test on a state's economy are significant. The bill that passed the Illinois State Legislature in 2015, and was signed into law by Governor Bruce Rauner (R-IL), raised the SNAP gross income test to 165 percent of the FPL, making an estimated 40,000 households newly eligible for federal SNAP benefits. According to the Sarget Shriver National Center on Poverty Law, the change is estimated to provide those households with \$60 million more in federal food benefits to spend in their communities.

Whether a state implements a higher gross income test through legislation or an administrative route, it is critical that relevant stakeholders understand how this change can help more low-income families benefit from SNAP. The Illinois Hunger Coalition has used a variety of *methods to let the public know about the policy change*,² from alerting callers to its toll-free Hunger Hotline, to posting items on its Facebook page, to distributing leaflets in English and Spanish.

MORE RESOURCES

*Categorical Eligibility Federal Regulation: 7 CFR § 273.2(j)*³

Find out Information in Your State on Cat EI:

- The U.S. Department of Agriculture, Food and Nutrition Service (USDA-FNS) has an *informational chart*⁴ about which states have adopted broad-based Cat EI;
- USDA-FNS *State Options Report*⁵ has information on which states have adopted broad-based Cat EI (Note: this is usually updated annually, but in some cases there is a longer period between updates); and
- Each state's SNAP policy manual should contain information on Cat EI and whether broad-based Cat EI has been adopted. The Center on Budget and Policy Priorities *reviews state government SNAP websites*⁶ and shares SNAP state policy manual links.

Legislative Route:

- Sample Expanded Cat EI legislation from *Illinois Statutes (amended 2016), Section 12-4.133a.: Gross income eligibility standard; SNAP*.⁷

Subject to federal approval if required, a household that includes an elderly, blind, or disabled person shall be considered categorically eligible for Supplemental Nutrition Assistance Program (SNAP) benefits if the gross income of such household is at or below 200% of the nonfarm income poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2); and a household that does not include an elderly, blind, or disabled person shall be considered categorically eligible for Supplemental Nutrition Assistance Program (SNAP) benefits if the gross income

of such household is at or below 165% of those nonfarm income poverty guidelines.

For the accompanying Illinois SNAP policy manual update, see [*MR#15.23: New SNAP Maximum Gross Income Standards for Certain Categorically Eligible Units*](#).⁸

Administrative Route: Sample expanded Cat EI State Policy from Maryland Food Assistance Program (i.e., SNAP) policy [*manual section 115.2*](#).⁹

That section defines and provides the basis for the state's broad-based Categorical Eligibility rules, which include a gross income test of 200 percent of the FPL. That section also discusses hypothetical cases to explain whether that higher gross income test would apply.

The [*Maryland Department of Human Resources transmittal memorandum*](#),^{10,11} dated February 26, 2001, provides directions to county offices on the implementation of this policy.

Resources to Make Your Case:

- FRAC's [*SNAP webpage*](#)

For technical assistance, contact:

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Suite 400
Washington, DC 20036
202.986.2200
<http://frac.org/>

For more on ending hunger, read FRAC's [*A Plan of Action to End Hunger in America*](#).

ENDNOTES

¹ Cuomo, A. M. (2016). *2016 New York State of the State – Built to Lead*. Available at: https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/2016_State_of_the_State_Book.pdf. Accessed on March 4, 2016.

² Illinois Hunger Coalition. (2015). *You And Your Family May Qualify For SNAP And Free Or Low-Cost Health Insurance*. Available at: <http://www.ilhunger.org/2016-2017%20SNAP%20Income%20Guidelines.pdf>. Accessed on March 4, 2016.

³ United States Government. (2015). *7 CFR 273.2(j)(2) – Office operations and application processing*. Available at: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title7-vol4/pdf/CFR-2015-title7-vol4-sec273-2.pdf>. Accessed on March 5, 2016.

⁴ U.S. Department of Agriculture, Food and Nutrition Service. (2016). *Broad-Based Categorical Eligibility*. Available at: <http://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf>. Accessed on March 5, 2016.

⁵ U.S. Department of Agriculture, Food and Nutrition Service. (2013). *State Options Report*. Available at: http://www.fns.usda.gov/sites/default/files/snap/11-State_Options.pdf. Accessed on March 5, 2016.

⁶ Center on Budget and Policy Priorities. (2015). *SNAP Online: A Review of State Government SNAP Websites*. Available at: <http://www.cbpp.org/research/snap-online-a-review-of-state-government-snap-websites>. Accessed on March 5, 2016.

⁷ Illinois General Assembly. (2015). *Public Act 099-0170 – An act concerning public aid*. Available at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=099-0170>. Accessed on March 4, 2016.

⁸ Illinois Department of Human Services. (2015). *MR #15.23: New SNAP Maximum Gross Income Standards for Certain Categorically Eligible Units*. Available at: <http://www.dhs.state.il.us/page.aspx?item=80630>. Accessed on March 7, 2016.

⁹ Department of Human Resources Family Investment Administration. (2014). *Categorical Eligibility - Section 115*. Available at: <http://www.dhr.state.md.us/documents/Manuals/FSP%20%28Food%20Supplement%20Program%29%20Manual/115%20Categorical%20Eligibility/115%20categorical%20elig%20rev%2010-14.pdf>. Accessed on March 4, 2016.

¹⁰ Department of Human Resources Family Investment Administration. (2010). *Food Supplement Program Manual*. Available at: http://www.dhr.state.md.us/blog/wp-content/uploads/2012/11/FSP_Manual_2011.pdf. Accessed on March 4, 2016.

¹¹ University of Maryland Department of Human Resources. (2001). *Memo from Acting Executive Director Charles E. Henry Regarding Categorical Eligibility for Food Stamps*. Available at: <https://www.law.umaryland.edu/marshall/dhr/O133.pdf>. Accessed on March 7, 2016.