

### Best Practices for Using the Dependent Care Deduction to Maximize SNAP Benefits for Working Families

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**SCOPE** | State, Local

**PROGRAM** | Supplemental Nutrition Assistance Program (SNAP)

**PRACTICE** | To help working families receive a more adequate Supplemental Nutrition Assistance Program (SNAP) monthly benefit, states and community outreach partners should promote full implementation of the uncapped dependent care deduction for child and adult dependents, including allowing for self-declaration of dependent care expenses. The larger deduction from income means higher SNAP benefits.

**WHY** | Recognizing the substantial dependent care costs incurred by working families, Congress eliminated the cap on allowable dependent care deductions as part of Section 4103 of the 2008 Farm Bill. As a result, SNAP households who need dependent care in order to work, look for work, receive job training, or attend college in preparation for employment, can deduct the *full* cost of dependent care expenses they pay when determining SNAP benefits.

Promoting full implementation of the uncapped dependent care deduction, including allowing for self-declaration of dependent care expenses:

- ✓ aligns families to a more adequate SNAP benefit level. (For every \$10 in dependent care deductions claimed, SNAP benefits generally increase \$3 per month);
- ✓ promotes work by helping families claim the true costs of dependent care rather than a capped portion;
- ✓ makes the application process more efficient; and
- ✓ connects more low-income working families with SNAP support, at little or no cost to state governments.

**BACKGROUND** | Until 2008, dependent care deductions were capped at levels well below actual expenses families often incurred when SNAP agencies were determining a family's countable income for SNAP benefits. Prior to the lifting of the cap, families could only claim a maximum of \$200 per month for children under two years old, and just \$175 per month for older children and dependent adults.

Helping families claim the dependent care deduction and maximize the amount of SNAP benefits to which they are entitled is especially important in light of recent research findings. A White House Council of Economic Advisors found that SNAP benefits have positive short-term and long-term impacts for families, but that those benefits often run out before the end of the month. It explained that diminished food budgets at the end of the month are associated with a drop-off in caloric intake, can cause serious health problems, and can decrease test scores among school-aged children.<sup>1</sup>

**KEY STEPS** | States and advocates should work together to ensure that appropriate SNAP dependent care deduction policies are adopted, that caseworkers are adequately trained on those policies, that information in outreach materials accurately reflects those policies, and that improved policies are well implemented.

Pursuant to the U.S. Department of Agriculture's policy guidance and final rule, effective March 7, 2017, state agencies can, and should, broadly define allowable dependent deductions to reflect the full actual costs to the

household of that care. To help streamline the application process, state agencies should be encouraged to allow for self-declaration of expenses.

**SPOTLIGHT** | The *Mass Legal Help webpage*,<sup>2</sup> produced by Massachusetts Law Reform Institute, provides user-friendly information on how to help SNAP customers maximize dependent care deductions, including forms to facilitate self-declaration of dependent care expenses by using the following example:

A mother has two children. She earns \$1,800 per month and pays \$600 in rent, plus heat. She will get \$254 in SNAP. If she spends and deducts from countable income \$300 per month for child care and travel to and from child care, her SNAP will go up to \$344 per month.

**TIPS** | In calculating dependent care deductions, states should include:

- direct payments by the household to child care providers (both private care costs and copays for subsidized care);
- cost of transportation to and from that provider (whether by public transportation or car, using the federal mileage rate); and
- activity fees associated with a structured-care program (e.g., an art class for an afterschool program or additional equipment fees charged by a sports camp; households should check with their state agencies for guidance on eligible fees).

**CHALLENGES** | Many states are underutilizing the dependent care deduction, failing to allow amounts required by federal law. Only 8.0 percent of SNAP households with children claimed the dependent care deduction in fiscal year 2014 (compared with 52.2 percent of households with

children claiming the earned income deduction that year).<sup>3</sup>

Factors that have undermined full usage of the deduction include lack of awareness of the deduction and the various costs that qualify, inadequate training of caseworkers, and unnecessarily onerous verification procedures. Additionally, while subsidized dependent care is not eligible for the dependent care deduction, since it is typically paid for by the state or locality (not the household applying for SNAP), any copayments in addition to the subsidized care payment are paid by the family and are therefore eligible for the dependent care deduction.

**LESSONS** | States should remind staff that, even if state child care subsidy programs limit child care help to younger children, there is no age limit in SNAP for claiming dependent care costs if the child is under age 18 (e.g., afterschool adult-supervised activities) or is an incapacitated person of any age in need of care.

SNAP staff also should employ the same expansive definition of allowable dependent care expenses for children for situations in which a household incurs costs for the care of a disabled adult member, even if that member is not participating in the SNAP household.

States may allow dependent care expenses to be self-declared unless questionable. Self-declaration of dependent care costs can reduce the administrative tasks of tracking and filing verifications. States also can work with their child care subsidy agencies to set parameters for typical child care expense amounts for self-declaration, above which verifications might be required. Regional differences might be considered in setting thresholds.

States, including Maryland and Massachusetts, allow SNAP households to self-declare their child care costs as provided under USDA-FNS regulations, unless those costs are questionable.

To increase awareness and participation, some states and community partners, such as Hunger Free Vermont, have developed outreach materials for current and potential SNAP families, explaining the benefits of SNAP child care deductions and how to take them.

## MORE RESOURCES

[Dependent Care Deduction: 7 U.S.C. 2014\(e\)\(3\)\(A\)<sup>4</sup> and 7 C.F.R Section 273.9\(d\)\(4\)<sup>5</sup>](#)

[Lifting the Dependent Care Cap: Food and Nutrition Act of 2008 Farm Bill, Public Law 110-246: Section 4103, June 18, 2008 Supporting Working Families with Child Care Expenses<sup>6</sup>](#)

[Final Rule Published in the 1/16/17 Federal Register<sup>7</sup>](#)

### Resources to Make Your Case:

- FRAC's [SNAP webpage](#)
- [Vermont Outreach Flyer on Dependent Care Deductions<sup>8</sup>](#)
- [Federal mileage rates Outreach and Access<sup>9</sup>](#)

### For technical assistance, contact:

Food Research & Action Center (FRAC)  
1200 18th Street, NW  
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

<sup>1</sup>Executive Office of the President of the United States. (2015). *Long-Term Benefits of the Supplemental Nutrition Assistance Program*. Available at: [https://www.whitehouse.gov/sites/whitehouse.gov/files/documents/SNAP\\_report\\_final\\_nonembargo.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/documents/SNAP_report_final_nonembargo.pdf). Accessed on March 17, 2016.

<sup>2</sup>Mass Legal Help (n.d). *More SNAP/Food Stamps for Families with Child Care or Adult Expenses*. Available at: <http://www.masslegalhelp.org/income-benefits/child-care-deduction-food-stamps>. Accessed on November 28, 2016.

<sup>3</sup>U.S. Department of Agriculture. (2015). *Table A.9. Distribution of participating households by type of deduction and household composition, countable income source, and SNAP benefit amount. Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2014*. Available at: <http://www.fns.usda.gov/sites/default/files/ops/Characteristics2014.pdf>. Accessed on March 17, 2016.

<sup>4</sup>United States Government. (2014). *7 U.S.C., Title 7 – Agriculture, Chapter 51 – Supplemental Nutrition Assistance Program, Sec. 2014 – Eligible households*. Available at: <https://www.gpo.gov/fdsys/pkg/USCODE-2014-title7/html/USCODE-2014-title7-chap51-sec2014.htm>. Accessed on March 17, 2016.

<sup>5</sup>U.S. Department of Agriculture, Food and Nutrition Service. (2017). *Supplemental Nutrition Assistance Program (SNAP): Eligibility, Certification, and Employment and Training Provisions of the Food, Conservation and Energy Act of 2008. Federal Register, 82(4)*. Available at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-06/pdf/2016-30663.pdf>. Accessed on January 13, 2017.

<sup>6</sup>United States Government. (2008). *Public Law 110-246*. Available at: <https://www.gpo.gov/fdsys/pkg/PLAW-110publ246/pdf/PLAW-110publ246.pdf>. Accessed on March 17, 2016.

<sup>7</sup>U.S. Department of Agriculture, Food and Nutrition Service. (2017). *Supplemental Nutrition Assistance Program (SNAP): Eligibility, Certification, and Employment and Training Provisions of the Food, Conservation and Energy Act of 2008. Federal Register, 82(4)*. Available at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-06/pdf/2016-30663.pdf>. Accessed on January 13, 2017.

<sup>8</sup>Vermont Agency of Human Services Department for Children & Families. (2016). *Vermont Outreach Flyer on Dependent Care Deductions*. Available at: [http://www.vermontfoodhelp.com/outreach\\_tools/Attention\\_Working\\_Families\\_Child\\_Care\\_Flyer.pdf](http://www.vermontfoodhelp.com/outreach_tools/Attention_Working_Families_Child_Care_Flyer.pdf). Accessed on March 17, 2016.

<sup>9</sup>Internal Revenue Service. (2015). *Standard Mileage Rates*. Available at: <https://www.irs.gov/uac/2017-standard-mileage-rates-for-business-and-medical-and-moving-announced>. Accessed on January 9, 2017.