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# SNAP's "Broad-Based Categorical Eligibility" Supports Working Families and Those Saving for the Future

By Dorothy Rosenbaum

The Supplemental Nutrition Assistance Program (SNAP), the nation's largest food assistance program, generally operates under a consistent set of federal eligibility rules. But one policy area that results in differences in income and eligibility rules across states is "broad-based categorical eligibility" (BBCE), which enables states to raise SNAP income eligibility limits somewhat so that many low-income working families that have difficulty making ends meet, such as because they face costly housing or child care expenses that consume a sizeable share of their income, can receive help affording adequate food. This policy also lets states adopt less restrictive asset tests so that families, seniors, and people with a disability can have modest savings without losing SNAP.[1]

As a result of this two-decade old policy, more than 40 states effectively use less restrictive income and asset tests in SNAP, which allows them to better support low-income working families, promote asset-building among those households, and improve state administration while lowering administrative costs. (See Figure 1.) Nonetheless, the Trump Administration on July 23 issued a proposed regulation to essentially eliminate the policy through executive action.[2]

The Administration estimates that its proposed regulation would terminate SNAP eligibility for more than 3 million individuals. The people losing access to SNAP would mainly be working families, seniors, and people with disabilities. The change would primarily affect two groups that federal and state policymakers from across the political spectrum have long sought to help: those working but still near poverty and those saving modestly in order to become more economically independent.

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[1] The Food and Nutrition Act of 2008, the law that authorizes SNAP, requires households that receive a TANF-funded benefit to be categorically eligible for SNAP. Broad-based categorical eligibility is commonly referred as an "option" because states have the option whether to provide to households the TANF-funded benefits that trigger categorical eligibility. For more details, see box, "What Is Broad-Based Categorical Eligibility?"

[2] "Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program," *Federal Register,* July 24, 2019, Vol. 84, No. 142, 35570-35581, https://www.federalregister.gov/documents/2019/07/24/2019-15670/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program-snap.

BBCE is highly effective. It:

- **Helps working families by eliminating a "benefit cliff" as their earnings rise.** SNAP supports work in part by phasing benefits down gradually — by only 24 to 36 cents for each dollar of increased earnings. But without BBCE, a family can lose substantial SNAP benefits from a small earnings increase that raises its gross income over SNAP's eligibility threshold (130 percent of the federal poverty line, or $2,252 per month for a family of three in fiscal year 2019).[3] BBCE allows states to lift this threshold and phase benefits out more gradually, which lets households close to that threshold take higher-paying work and still benefit from SNAP.
- **Lets low-income households save for the future.** Modest assets enable low-income families to avoid debt, weather unexpected financial disruptions, and better prepare to support themselves in retirement. Under regular federal SNAP rules, countable assets cannot exceed $2,250 for most households and $3,500 for households with members who are elderly or have a disability; BBCE lets states increase or eliminate those limits for SNAP. Low-income households in states that have used the policy to raise asset limits are likelier to have a bank account and have at least $500 in it, a recent Urban Institute study found.
- **Simplifies SNAP administration.** BBCE reduces the complexity of the SNAP application process for states and households. It also lowers "churn," which occurs when SNAP households stop participating in SNAP (for procedural reasons or because they briefly become ineligible) and then reapply within a very short period. Churn creates added work for state workers and benefit gaps for SNAP households.

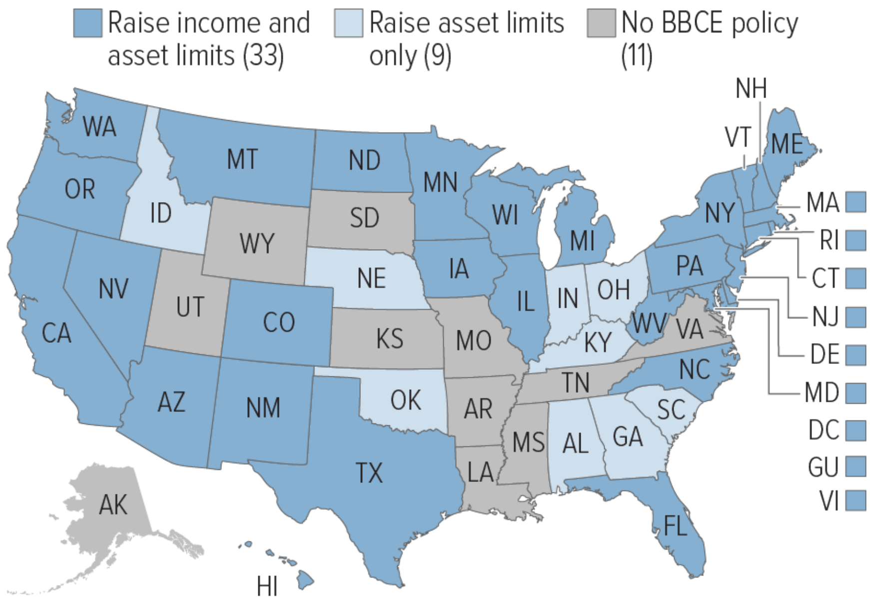
Moreover, BBCE does not contribute substantially to SNAP costs. Only about 4 percent of SNAP program costs (and about 8 percent of SNAP participation) are due to BBCE, the Administration estimates.[4]

[3] Households that contain individuals with disabilities or seniors do not face a gross income test under federal rules. BBCE allows states to create parity across all households with respect to this rule.

[4] The Congressional Budget Office (CBO) has estimated that BBCE accounts for only about 2 percent of SNAP costs and about 5 percent of SNAP participation. These estimates are based on CBO's re-estimate of President Trump's 2020 budget proposal to restrict SNAP categorical eligibility to only households receiving cash assistance under TANF. (CBO's re-estimate of this policy is available at https://www.cbo.gov/system/files/2019-05/55215-snap.pdf.) The CBO estimate of the number of participants eligible because of BBCE is based on 2016 SNAP household characteristics data and earlier CBO estimates of the number of people who would be affected by eliminating BBCE.

FIGURE 1

## Over 40 States Use Broad-Based Categorical Eligibility




Note: Broad-based categorical eligibility (BBCE) enables states to qualify certain low-income households for SNAP if they receive a non-cash benefit funded by the Temporary Assistance for Needy Families block grant.

Source: Department of Agriculture, “Broad-Based Categorical Eligibility,” October 2018

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## What Is Broad-Based Categorical Eligibility?

Low-income households receiving cash assistance from Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), or General Assistance have long been considered automatically (or "categorically") eligible for SNAP, which means they do not separately have to pass SNAP's asset or gross income tests.

The 1996 law that replaced AFDC with Temporary Assistance for Needy Families (TANF) broadened SNAP categorical eligibility because of the flexibility it gave states to offer *non*-cash benefits funded under the TANF block grant, such as child care assistance or employment-support services. This policy is known as "broad-based categorical eligibility" (BBCE) to distinguish it from traditional categorical eligibility. States using BBCE have elected to offer a TANF-funded benefit or service to a large segment of SNAP applicants as a way to lift the SNAP income and/or asset test and allow more low-income households to qualify for SNAP while simplifying SNAP administration. Other SNAP eligibility and benefit rules continue to apply.[a]

For categorically eligible households, states still must review fully each household's income and other circumstances to determine its SNAP benefit. (BBCE does not give the state any flexibility on the benefit amounts for which a household is eligible.) And, like all SNAP households, categorically eligible households must complete a SNAP application, have an interview with a state official, document their financial and other circumstances, report changes in their circumstances, and regularly reapply for SNAP.

BBCE does not cause substantial SNAP benefits to go to non-needy families because households can only qualify for a sizable SNAP benefit if they have high expenses that leave them with little income available for food. Only about 0.2 percent of SNAP benefits went to households with monthly disposable incomes (net income after deducting certain expenses) above the federal poverty line in 2017.

By providing a TANF-funded benefit with a less restrictive asset or income limit to many or all households that apply for SNAP, a state can:

- **Raise SNAP's gross income limit.** Regular federal SNAP rules require families with no elderly or disabled members to have gross income below 130 percent of the poverty line.[b] BBCE lets states import a higher gross income limit (up to 200 percent of poverty) from a TANF-funded program.
- **Lift the asset test.** BBCE lets states align their SNAP asset test with their TANF-funded programs to determine the amount of financial resources — and/or what vehicle — a household may own and remain eligible. For example, Texas has used this flexibility to allow SNAP households to own one vehicle worth up to $15,000 and have savings of up to $5,000. Under regular federal SNAP rules, countable assets cannot exceed $2,250 for most households and $3,500 for households with members who are elderly or have a disability, and vehicles count toward the asset test to the extent their resale value exceeds $4,650.[c]
- **Make additional low-income children eligible for free school meals.** Children in households that receive SNAP are automatically eligible for free school meals without having to complete a separate application. Without BBCE, children whose families lose SNAP when their incomes rise above the program threshold also would lose this automatic link to free school meals.

[a] For more details, see Congressional Research Service, "The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility," updated January 4, 2019, https://crsreports.congress.gov/product/pdf/R/R42054.

[b] Gross income is total income before deductions SNAP allows for certain expenses, such as high housing and utility costs and child care and medical expenses. The SNAP benefit formula deducts these costs because these amounts are not available to the household to cover the cost of food. For detail on the SNAP benefit formula, including deductions,

see “A Quick Guide to SNAP Eligibility and Benefits,” Center on Budget and Policy Priorities, updated October 16, 2018, http://www.cbpp.org/research/a-quick-guide-to-snap-eligibility-and-benefits.

[c] Under BBCE, states may lift the asset test for households with gross income up to 200 percent of the federal poverty level. Countable income for SNAP includes unearned income such as interest and dividends.

## BBCE Helps Working Families Afford Adequate Food, Eliminates Benefit Cliff

SNAP encourages and supports work.[5] The majority of SNAP participants who can work, do work. Among adults participating in SNAP who did not receive disability benefits in a typical month in mid-2012, 52 percent worked in that month, and about 74 percent worked at some point in the year before or after that month.[6]

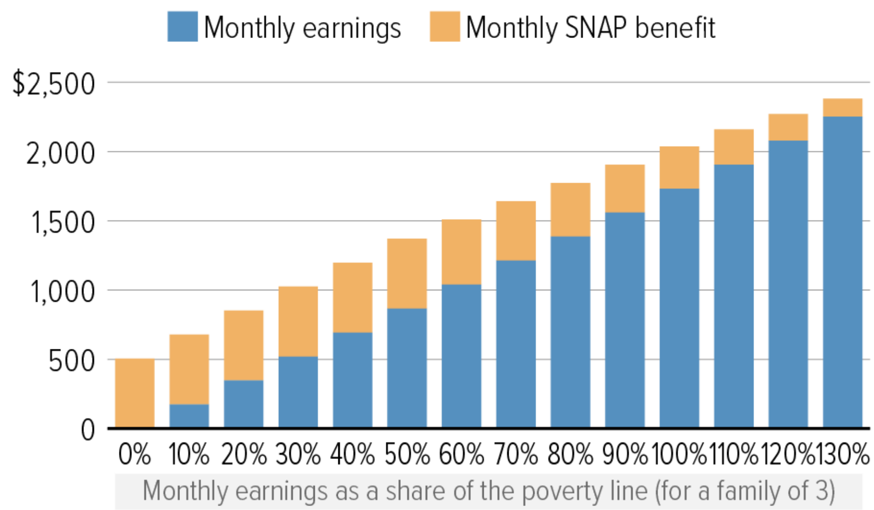
Some policymakers argue that because SNAP benefits fall when participants' earnings rise, workers might be better off financially by avoiding employment gains that could put their benefits at risk. In reality, however, SNAP's benefit structure rewards earnings over unearned income, incentivizing participants to work and to seek greater income through higher wages or more hours. SNAP's earned income deduction disregards 20 percent of participants' earned income when calculating their income, and benefits phase out only gradually as income rises (by 24 to 36 cents per additional dollar of earnings; see Figure 2). As a result, the vast majority of SNAP workers will see an *increase* in their total income — that is, earnings plus SNAP — when their earnings increase, which gives them an incentive to take a job or work more or at a higher wage.

[5] Elizabeth Wolkomir and Lexin Cai, “The Supplemental Nutrition Assistance Program Includes Earnings Incentives,” Center on Budget and Policy Priorities, June 5, 2019, https://www.cbpp.org/research/food-assistance/the-supplemental-nutrition-assistance-program-includes-earnings-incentives.

[6] Brynne Keith-Jennings and Raheem Chaudhry, “Most Working-Age SNAP Participants Work, But Often in Unstable Jobs,” Center on Budget and Policy Priorities, March 15, 2018, https://www.cbpp.org/research/food-assistance/most-working-age-snap-participants-work-but-often-in-unstable-jobs.

FIGURE 2

**SNAP Benefits Gradually Phase Out as Earnings Rise**




Note: This chart shows the phase out for a family of three with earned income that claims the $164 standard deduction and the 20 percent earned income deduction, and that has $1,209 in monthly shelter costs (the median value for working households of three with children that have incomes at or above 125 percent of poverty based on the fiscal year 2017 SNAP household characteristics data, inflated to 2019 dollars).

Source: CBPP calculation based on fiscal year (FY) 2019 SNAP federal benefit parameters and FY 2017 SNAP household characteristics data.

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One aspect of SNAP can create a benefit cliff, in which a worker may not be better off financially from increasing her or his income. SNAP's gross income limit of 130 percent of the federal poverty line creates a benefit cliff for households that increase their earnings above that level. The cliff occurs for working families whose income is close to the gross income limit and who have high expenses — including housing and child care — that absorb a large share of their income. Families with large deductible expenses have less disposable income from other sources with which to purchase food, so they receive higher SNAP benefits. As a result, they have more to lose from becoming ineligible for food assistance if a modest increase in earnings pushes them above the federal income threshold. If their earnings do not rise by more than their SNAP benefit loss, working more or at a higher wage leaves them worse off, overall.

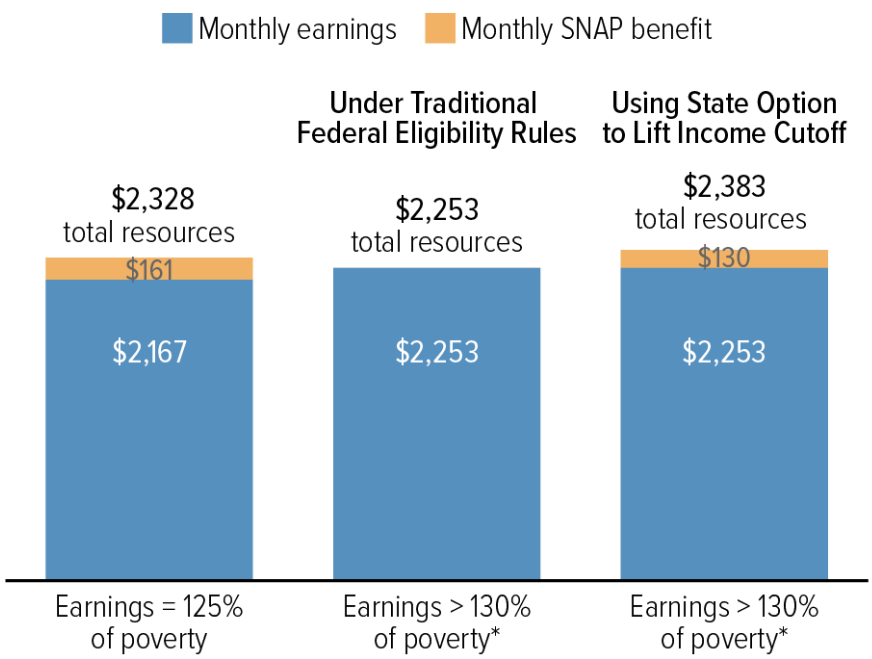
This is where BBCE comes in. It allows states to lift the gross income limit and provide SNAP benefits to these working families. Consider, for example, a single mother with two children working full time at $12.50 an hour; her income is 125 percent of the poverty level and she receives about $161 a month from SNAP, making up about 7 percent of her total monthly income.[7] If her hourly wage rises by just 50 cents (or $86 a month), lifting her slightly above 130 percent of poverty, she

[7] The calculation assumes the family has only earned income, claims the $164 standard deduction and 20 percent earned income deduction, and has $1,209 in monthly shelter costs (the median value for working households of three with children that have incomes at or above 125 percent of poverty based on the fiscal year 2017 SNAP household characteristics data adjusted to 2019 dollars).

loses her $161 a month in SNAP benefits, leaving her family about $75 a month worse off. But with BBCE, a 50-cent raise would reduce her SNAP benefit by only $31 per month (to about $130), leaving the family $55 per month *better* off due to her wage increase. (See Figure 3.)

FIGURE 3

**SNAP's Broad-Based Categorical Eligibility Encourages Work**




*Earnings are equal to 130.1% of poverty or $2,253 per month, just above the federal gross income threshold in fiscal year 2019.

Note: SNAP broad-based categorical eligibility allows states to raise income cutoffs by aligning SNAP's income limit to that of a household's Temporary Assistance for Needy Families-funded benefit. This chart shows monthly earnings and SNAP benefits for a family of three with earned income that claims the $164 standard deduction, the 20 percent earned income deduction, and has $1,209 monthly shelter cost.

Source: CBPP calculation based on fiscal year (FY) 2019 SNAP federal benefit parameters and FY 2017 SNAP household characteristics data.

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Thus, BBCE helps households close to the income threshold accept higher-paying work while staying connected to SNAP. This issue affects a small share of SNAP households: only 3 percent of SNAP households with no members who are elderly or have a disability have earnings between 120 and 130 percent of the poverty line.

More than 30 states use this policy to ease SNAP's modest benefit cliff. (See Figure 1.) In an average month, approximately 2 million low-income individuals receive food assistance as a result of the flexibility under BBCE to ease SNAP's income eligibility limit. The average household helped by the higher gross income limit receives about $100 a month in SNAP benefits, and about 90 percent of the benefits provided to low-income households that qualify for SNAP because their state uses a higher gross income limit go to working families with children.

As noted, BBCE primarily helps households with high expenses: more than 90 percent of the resulting benefits go to households whose rent or mortgage and utility costs exceed half of their net income, and about 50 percent go to households that pay for dependent care for a child or elderly or disabled household member.[8] Three-quarters of the benefits go to households with gross income between 131 percent and 150 percent of the poverty line.

Children in households that receive SNAP because of BBCE also can receive free lunches and breakfasts at school without completing an additional application, because children in SNAP households are directly certified to receive free school meals. About half a million children would lose automatic eligibility for free school meals because of the changes in the proposed rule, according to unpublished Administration estimates.[9] Virtually all children whose families would lose SNAP if BBCE were rolled back would qualify for reduced-price meals, but they would have to file an application, which not all would do. As a result, while many would pay the reduced price (about $15 per month per child), some children would lose school meals altogether.[10]

## BBCE Lets Families, Seniors, People With Disabilities Save for the Future

The BBCE policy also lets states lift SNAP's very low asset test, which disqualifies families from food assistance if they have managed to save as little as $2,250 (or $3,500 for households with elderly or disabled members, who are very unlikely to be able to replenish any assets they spend down.)[11] Building assets can help low-income families and individuals invest in their future, avert a financial crisis that could push them deeper into poverty or into homelessness, and avoid accumulating debt that can impede economic mobility. Savings also help people prepare for retirement or potential disability for themselves or a family member. Policies that support asset-building are particularly important for people of color, who have historically been disadvantaged in accumulating wealth due to discrimination.

More than 40 states have used BBCE to drop the asset test in SNAP, thereby eliminating the program's savings disincentive and encouraging savings as a means to support greater opportunity.

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[8] Based on a CBPP analysis of the fiscal year 2017 SNAP household characteristics data. These figures are for an average month of the fiscal year for households that would be ineligible if the aspect of BBCE that allows states to raise their income limits were eliminated; they do not include the effect of the aspect that allows states to lift their asset tests.

[9] Press Statement of Representatives Richard Neal, Bobby Scott, and Collin Peterson, July 23, 2019, https://neal.house.gov/press-releases/chairmen-neal-scott-and-peterson-oppose-administrations-unilateral-proposal-kick, and Suzy Khimm, "Trump plan failed to note that it could jeopardize free school lunches for 500,000 children, Democrats say," NBCnews, July 29, 2019, https://www.nbcnews.com/politics/white-house/trump-plan-failed-note-it-could-jeopardize-free-school-lunches-n1035281.

[10] Families with income at or below 130 percent of the federal poverty line qualify for free school meals. Children in households that receive SNAP are considered categorically eligible for free school meals, and states use a data match to certify them based on their SNAP participation (this is known as "direct certification"). Children in households at or below 185 percent of poverty qualify for reduced-price meals.

[11] Under federal SNAP rules, resources that could be available to the household to purchase food, such as amounts in bank accounts, count as assets. Items that are not accessible, such as the household's home, personal property, and retirement savings, do not count. The rules count the market value of most vehicles above $4,650 toward the asset limit. In the absence of BBCE, states would retain flexibility to apply less restrictive vehicle asset rules under another state option, but they would have to modify state policy to do so.

(See Figure 1.) In these states, low-income households that would be denied SNAP can instead receive food assistance in at least three situations.

- Participating SNAP households can begin building modest savings without losing food assistance. This may help them weather financial emergencies and invest in their future, for example by obtaining a vehicle that lets them find and keep a job, buying a home, or saving for their children's education.
- Families that lose their jobs or experience another short-term financial crisis (such as a divorce or unexpected temporary disability) do not have to liquidate their savings before they can receive help affording groceries from SNAP.
- Households with seniors or people with disabilities, who may have limited ability to save because they no longer work, can receive SNAP benefits to purchase groceries while they maintain a cushion that can help them weather future financial emergencies.

**Many households, including most low-income households, have few savings.** Many Americans have difficulty saving enough to withstand a financial disruption, research shows. Four in ten American adults, across the income spectrum, say they either could not cover an emergency expense of $400 or would need to sell something or borrow to do so. The rates for people of color without a high school degree are even higher: 58 percent of Black respondents and 48 percent of Hispanic respondents without a high school degree say they could not cover a $400 emergency expense.[12]

Households participating in SNAP have even lower assets. Only 48 percent of SNAP households have *any* liquid assets, and the median value among those who do have assets is just $450. (The median value is even lower — $250 — if retirement accounts are excluded, as is the case under SNAP rules.) Just over half of SNAP households have a bank account, and the median amount in the account is just $150.[13]

**Savings help low-income households weather emergencies.** Unexpected life events and unplanned expenses affect all households, but for households with low income that may have trouble meeting routine costs each month, a financial shock such as a job loss, unanticipated car repair, or medical expense can cascade into a major problem and lead to severe hardship.[14] Even modest assets can help a family or individual with fixed income (such as a senior citizen) weather such shocks, research shows. One study found that households with liquid savings of up to $2,000 are significantly less likely than otherwise-similar households with no liquid assets to experience

[12] Board of Governors of the Federal Reserve System, "Report on the Economic Well-Being of U.S. Households in 2018," May 2019, https://www.federalreserve.gov/consumerscommunities/files/2018-report-economic-well-being-us-households-201905.pdf.

[13] Caroline Ratcliffe *et al.,* "Asset Limits, SNAP Participation, and Financial Stability," Urban Institute, June 2016, https://www.urban.org/sites/default/files/2000843-asset-limits-snap-participation-and-financial-stability.pdf.

[14] Signe-Mary McKernan, Caroline Ratcliffe, and Katie Vinopal, "Do Assets Help Families Cope with Adverse Events?" Urban Institute, December 14, 2009, https://www.urban.org/research/publication/do-assets-help-families-cope-adverse-events.

multiple hardships, such as food insecurity or a utility shutoff, and that "progressively larger effects are found with larger asset holdings."[15]

Moreover, researchers have found that low assets contribute to food insecurity, or inadequate access to food at some point during the year. Households lacking even small savings have fewer options when faced with an unexpected financial shock. One study found that households without a bank account are 15 percent likelier to be food insecure and 34 percent likelier to experience very low food security, a more severe form of food insecurity.[16]

Savings also can help low-income families avoid the spiraling costs associated with predatory financial products, such as payday loans.[17]

**BBCE may encourage modest savings, research suggests.** SNAP households in states that have raised the asset limit using BBCE are likelier to have at least $500 in assets and to have a bank account, compared to similar households in states that maintain the federal asset limit, an Urban Institute study found. The authors concluded that "changes to reinstate federal SNAP asset limits will harm family financial stability and security."[18]

Other research has looked at asset limits in TANF (or AFDC before 1996). A study in the mid-2000s found that higher TANF asset limits are associated with higher rates of families with a bank account and higher liquid assets overall. It also found that these positive effects grew with the length of time since a state raised its asset limits, suggesting there is a learning period for participants to understand when rules change.[19] An earlier study found that higher AFDC asset limits were strongly associated with higher savings among current and potential AFDC recipients: each $1 increase in asset limits raised savings among female household heads by $0.25.[20]

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15 Gregory Mills and Joe Amick, "Can Savings Help Overcome Income Instability?" Urban Institute, December 2010, https://www.urban.org/sites/default/files/publication/32771/412290-Can-Savings-Help-Overcome-Income-Instability-.PDF.

16 Katie Fitzpatrick, "Bank Accounts, Nonbank Financial Transaction Products, and Food Insecurity among Households with Children," American Council on Consumer Interests, September 7, 2017, https://onlinelibrary.wiley.com/doi/abs/10.1111/joca.12158.

17 "Payday Lending in America: Who Borrows, Where they Borrow, and Why," Pew Charitable Trusts, July 2012, https://www.pewtrusts.org/~/media/legacy/uploadedfiles/pcs_assets/2012/pewpaydaylendingreportpdf.pdf.

18 The study found that living in a state that adopted BBCE increases the likelihood that a low-income household has savings of at least $500 (by 8 percent) and has a bank account (by 5 percent). Caroline Ratcliffe *et al.,* "The Unintended Consequences of SNAP Asset Limits," Urban Institute, July 2016, https://www.urban.org/sites/default/files/publication/82886/2000872-The-Unintended-Consequences-of-SNAP-Asset-Limits.pdf.

19 Yunju Nam, "Welfare Reform and Asset Accumulation: Asset Limit Changes, Financial Assets, and Vehicle Ownership," *Social Science Quarterly,* Vol. 89, No. 1, March 2008.

20 Elizabeth T. Powers, "Does means-testing welfare discourage saving? Evidence from a Change in AFDC Policy in the United States," *Journal of Public Economics,* Vol. 68, 1998. Other studies, however, have found no statistically significant relationship between asset limits and households' liquid assets. The inconclusive research literature likely reflects the fact that most low-income families hold very few assets, so the SNAP asset limits are not binding for the vast majority of households that apply for (or consider applying for) SNAP, and lifting them thus has little impact on most households as a result.

**Allowing SNAP households to build and retain savings helps in a small way to correct for the nation's large racial disparities in wealth.** People of color have historically faced barriers to accumulating wealth by buying homes or building other assets. These barriers, deeply rooted in discriminatory public policies and private actions, have led to vast disparities in income and wealth. The median net worth of white families is about ten times that of Black families and roughly eight times that of Hispanic families.[21]

The federal and state tax codes include many incentives for asset building, such as special treatment of retirement and education savings and mortgage interest, as well as tax breaks on capital gains and other income from wealth. Low-income families, including many people of color, historically could not take advantage of these asset-building opportunities, largely because the economic barriers they face mean they have much less discretionary income. Policies that help support asset building among low-income families, like BBCE, can help begin addressing some of these disparities. Without BBCE, senior citizens — including those who are people of color — need to spend all but $3,500 of their savings before they can receive any help from SNAP in affording groceries.

## BBCE Improves Administrative Efficiency

States have embraced BBCE because it helps them better serve working families and those saving for the future, as described above. It also helps states streamline their operations.

Few low-income households that apply for SNAP have assets above the federal limits, but states that have not used BBCE to raise the asset limit must ask about assets during the application process and eligibility interview. In many cases, households and state workers will need to gather documents about households' assets, even when such assets are too small to disqualify the household from SNAP. These activities increase administrative workload and costs for states. Adopting BBCE thus can make state operations more efficient.

In addition, because the reduced paperwork makes SNAP's recertification process less complicated, BBCE has been found to reduce administrative churn, which creates unnecessary administrative burdens and costs for states as well as for SNAP households. In states that have adopted the policy, households are 26 percent less likely to experience churn over the course of a year than similar households in other states, a recent Urban Institute study found.[22]

Any changes to BBCE would require states to alter their SNAP eligibility rules, modify their computer systems, retrain staff, and revise applications and program manuals. Such changes also would make SNAP rules considerably more complicated — and inconsistent with the rules in states' TANF and Medicaid programs. As Mississippi Executive Director of Human Services John Davis testified before the House Agriculture Committee in June 2019, reinstating the asset test would cost

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21 William R. Emmons *et al.,* "The Demographics of Wealth, 2018 Series, Executive Summary," Center for Household Financial Stability, the Federal Reserve Bank of St. Louis, September 2018, https://www.stlouisfed.org/~/media/files/pdfs/hfs/essays/hfs_essay3_2018.pdf?la=en.

22 Ratcliffe *et al.,* June 2016, *op. cit.*

the state at least $1.5 million because "automation would be very expensive."[23] Similarly, Wisconsin Lieutenant Governor Mandela Barnes testified that "eliminating categorical eligibility could cost taxpayers 2 million dollars and likely would take about 18 months to implement. . . . Income maintenance agencies and counties across Wisconsin would also see increased costs if this option was eliminated, because it would take them longer to complete member interviews, request verifications, and process those verifications."[24] And Urban Institute Senior Fellow Elaine Waxman told the committee:

> The evidence we have discussed today … suggests that eliminating or significantly restricting BBCE could in fact undermine several key goals for [SNAP]: to reduce food insecurity, to encourage work and increased earnings, to permit the building of basic assets that can help buffer income shocks and reduce disparities across the U.S., and to minimize the burden on states as they prioritize their limited resources.[25]

## BBCE Has Not Substantially Increased SNAP Caseloads or Costs

States' use of BBCE accounts for only about 4 percent of SNAP program costs and about 8 percent of SNAP participation, the Administration estimates.[26] Many states implemented the policy during the Great Recession, partly to lower their workloads at a time when caseloads were rising rapidly due to the severe downturn. However, only about 10 percent of the caseload increase during the recession was due to BBCE, according to recent studies.[27]

## Conclusion

States leverage BBCE as a means to adopt less restrictive income and asset tests and thereby better coordinate SNAP with other state-operated programs. On a bipartisan basis, Congress has repeatedly rejected proposals to cut SNAP by rolling back BBCE, most recently in the farm bill enacted late last year. States widely use the policy to extend SNAP's reach to low-income households that struggle to afford food but might not otherwise meet SNAP's rigid income and asset tests. Rolling back BBCE would cause millions of low-income individuals to lose their SNAP benefits

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[23] Testimony of John Davis, Executive Director, Mississippi Department of Human Services, before the Subcommittee on Nutrition, Oversight, and Department Operations, Committee on Agriculture, June 20, 2019, https://agriculture.house.gov/uploadedfiles/hhrg-116-ag03-wstate-johndavisj-20190620.pdf.

[24] Testimony of Mandela Barnes, Lieutenant Governor of Wisconsin Before the Subcommittee on Nutrition, Oversight, and Department Operations, Committee on Agriculture, June 20, 2019, https://agriculture.house.gov/uploadedfiles/hhrg-116-ag03-wstate-barnesm-20190620.pdf.

[25] Testimony of Elaine Waxman, Senior Fellow, Income and Benefits Policy Center, Urban Institute before the Subcommittee on Nutrition, Oversight, and Department Operations, Committee on Agriculture, June 20, 2019, https://agriculture.house.gov/uploadedfiles/hhrg-116-ag03-wstate-waxmane-20190620.pdf.

[26] See note 4.

[27] For example, Ganong and Liebman found that this option accounted for about 8 percent of the increase between 2007 and 2011, and Dickert-Conlin *et al.,* found that BBCE "only explains up to 12 percent of the recent caseload increase." Peter Ganong and Jeffrey B. Liebman, "The Decline, Rebound, and Further Rise in SNAP Enrollment: Disentangling Business Cycle Fluctuations and Policy Changes," *American Economic Journal: Economic Policy*, Vol. 10, No. 4, November 2018, pp.153-176, https://www.aeaweb.org/articles?id=10.1257/pol.20140016&&from=f; Stacy Dickert-Conlin *et al.,* "The Downs and Ups of the SNAP Caseload: What Matters?" SSRN, December 1, 2016, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3052570.

entirely and undermine the program's role in promoting opportunity for those who are working and seeking to save for the future.