

Issue BRIEF

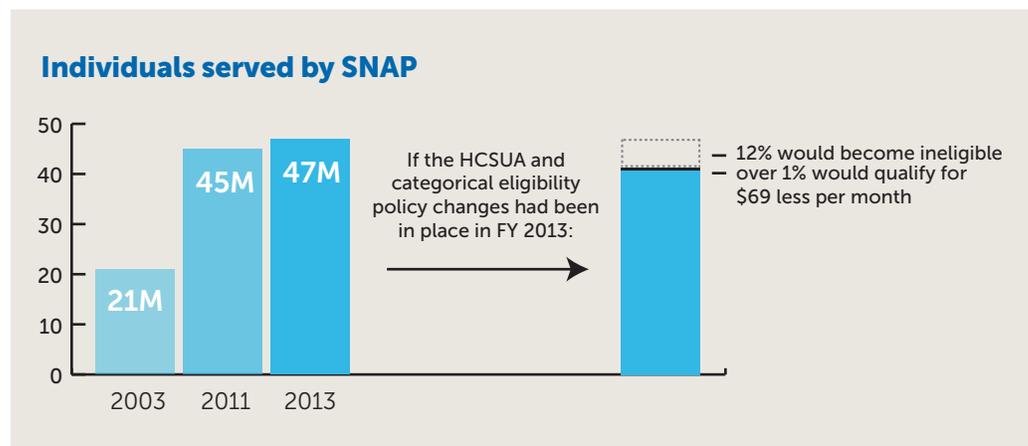
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The Effects of Proposed Changes to the Supplemental Nutrition Assistance Program on Eligibility, Participation, and Benefits

INTRODUCTION

The recent upswing in the cost of the Supplemental Nutrition Program (SNAP) has pushed it toward the top of the congressional agenda as policymakers work to reauthorize federally funded agriculture and nutrition programs. Legislation now before Congress proposes to reduce federal spending on SNAP in two ways: (1) by restricting when the receipt of benefits from the Low Income Home Energy Assistance Program (LIHEAP) permits SNAP participants to use the Heating and Cooling Standard Utility Allowance (HCSUA) and (2) by eliminating categorical eligibility for SNAP conferred through Temporary Assistance for Needy Families (TANF) programs that provide a non-cash benefit. The estimated effects of these changes are discussed in Leftin et al. (2013). The report was supported by the Health Impact Project, a collaboration of the Robert Wood Johnson Foundation and The Pew Charitable Trusts (Health Impact Project 2013). This issue brief updates and summarizes some of the estimates presented in that report.

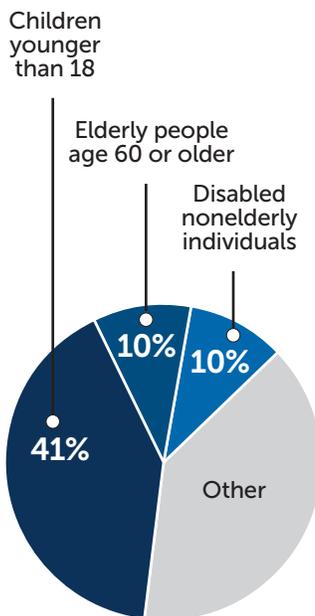
If the two policy changes described above had been in place in fiscal year (FY) 2013, an estimated 12 percent of the SNAP caseload would not have been eligible, and over 1 percent would have qualified for lower benefits. Participants who would become ineligible under the policy changes received an average monthly SNAP household benefit of \$203 in FY 2013, and



those who would qualify for a lower benefit would receive an average of \$69 less per month. If just the HCSUA policy change had been implemented in FY 2013, more than one percent of the SNAP caseload would have seen their benefits drop. A majority of individuals who would be affected under either scenario live in poverty, and a substantial percentage are children under 18, elderly people age 60 or older, or nonelderly disabled individuals.

SNAP ELIGIBILITY AND PARTICIPATION IN FY 2013

SNAP participants in FY 2013



SNAP is the nation's largest domestic food and nutrition program, providing millions of low-income individuals with the means to purchase food for a nutritious diet. The program eases the burden of having to choose between buying enough food and meeting other needs such as housing, clothing, and health care.

To be eligible for SNAP, most households without elderly or disabled people must have the following: gross income at or below 130 percent of the U.S. Department of Agriculture (USDA) poverty guideline, net income after allowable deductions at or below 100 percent of USDA's poverty guideline, and countable assets at or below \$2,000. Households that do have elderly or disabled people are exempt from the gross income limit and may have up to \$3,250 in countable assets. SNAP benefits are calculated by subtracting 30 percent of a household's net income from the maximum SNAP benefit for that household's size and location.

According to USDA's Food and Nutrition Service (FNS), SNAP served over 47 million people in an average month in FY 2013, up from nearly 45 million in FY 2011 and 21 million in 2003. Costs in FY 2013 reached over \$76 billion in total SNAP benefits, over three times the cost of benefits in FY 2003.

According to estimates from a microsimulation model developed by Mathematica Policy Research, 73 million individuals in 36 million households were **eligible** for SNAP in FY 2013. Most were either children younger than 18 (36 percent), elderly people age 60 or older (20 percent), or disabled nonelderly individuals (7 percent). While more than 60 percent were in households that had income at or below the USDA poverty guideline, about half were in households with earnings. The average monthly benefit for which eligible households qualified was \$195.

Not all eligible individuals choose to participate in SNAP. Among those who did **participate** in FY 2013, an estimated 41 percent were children, 10 percent were elderly people, and another 10 percent were disabled nonelderly people. Relative to people eligible for SNAP, more participants lived in poverty: 83 percent had a gross income at or below the USDA poverty guideline, and 42 percent had a gross income at or below 50 percent of the poverty guideline. Nearly all participants (98 percent) were in households with a net income below 100 percent of poverty. The average household benefit was \$292 a month.

Mathematica's microsimulation model uses the methodology described in Nord (2006) to determine food security, which measures whether an individual has access to enough food for a healthy, active lifestyle. Of the SNAP participants for whom food security could be estimated, 77 percent were food secure, 14 percent were food insecure, and 9 percent were very food insecure.

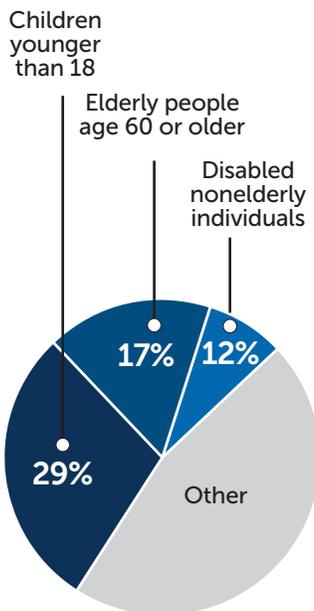
POLICY CONTEXT

Current SNAP policy allows a household that receives any energy assistance to claim the HCSUA. Doing so generally lowers a household's net income and thus increases its SNAP benefit. Some states give households a nominal LIHEAP benefit for the express purpose of allowing them to claim an HCSUA. Both the House and the Senate proposals would discourage this practice by setting a minimum energy assistance benefit, such as \$10 or \$20, that a household would have to receive in order to claim an HCSUA.

House proposals would also eliminate categorical eligibility for SNAP for some households. Forty-one states now confer broad-based categorical eligibility (BBCE) on households through TANF or state Maintenance of Effort programs that provide a non-cash benefit, such as a brochure on assistance programs. Categorically eligible households are not subject to federal income and asset limits, although they do need to meet state income and asset requirements. Most states with a BBCE policy set a limit on gross income (from 130 to 200 percent of poverty) but not on assets. The House provision would not affect the categorical eligibility of households in which all members receive cash assistance from programs such as TANF or Supplemental Security Income, also known as “Pure Public Assistance households.”

HOUSE LEGISLATION WOULD REDUCE SNAP CASELOAD AND BENEFITS

SNAP participants estimated to lose eligibility



If new HCSUA and categorical eligibility policies were enacted, an estimated 12 percent of individuals who participated in SNAP in FY 2013 would no longer be eligible, and an additional 1 percent would see their benefits drop.

Twenty-nine percent of the participants estimated to **lose eligibility** are children, 17 percent are elderly individuals, and 8 percent are disabled nonelderly individuals. Slightly over half of all participants who would become ineligible are in households with earnings, and 86 percent are in households with countable assets, such as a checking account. About 71 percent would become ineligible because their assets exceed the asset threshold, 25 percent would become ineligible because their income exceeds an income threshold, and the remaining 5 percent would become ineligible because of both. Among participants whose food security status has been estimated, the vast majority estimated to lose eligibility are food secure (88 percent), about 8 percent are food insecure, and 4 percent are very food insecure.

About 10 percent of school-age children participating in SNAP in FY 2013 could lose the ability to be directly certified for free or reduced-price lunch under the National School Lunch Program because they would not be participating in SNAP.

The average FY 2013 monthly benefit for participating households that would become ineligible was \$203. Households with children had higher average benefits (\$340), and those with elderly or with disabled nonelderly individuals had lower average benefits (\$157 and \$65, respectively). The average benefit for households with a net income below the poverty guideline was \$249.

Had the House legislation been in effect in FY 2013, 28 percent of all participants who would **qualify for lower SNAP benefits** would be children, 18 percent would be elderly individuals, and 21 percent would be disabled nonelderly individuals. A vast majority of this group (88 percent) would be in poverty. Participating SNAP households that would qualify only for lower benefits would have received an average of \$69 less.

SENATE LEGISLATION TARGETS HCSUA ONLY

If the HCSUA policy were the only SNAP policy change, an estimated 1 percent of SNAP participants would see their benefits drop. As a result, a small fraction (about 0.1 percent of all participants) would likely opt out of the program, and total SNAP benefits would fall by about one half of one percent.

Under the Senate legislation, the number of individuals with reduced benefits as a result of a change in HCSUA policy is slightly higher than under the House legislation because some households that would receive reduced benefits under the Senate version would instead lose their eligibility entirely under the House version due to the categorical eligibility change. Otherwise, SNAP participants who would lose their benefits under both versions are very similar.

THE MICROSIMULATION METHOD

Microsimulation modeling is used by many federal agencies to estimate the effect of policy changes on program caseloads and participants. For this analysis, Mathematica used a microsimulation model developed for and used by FNS to estimate the effects of proposed changes to SNAP on people who are eligible for and participating in the program. The model is based on 2011 data from the Survey of Income and Program Participation (SIPP) and incorporates data from the Current Population Survey Annual Social and Economic Supplement.

We began the analysis by simulating SNAP eligibility, participation, and benefit levels under FY 2013 SNAP rules. To estimate the effects of the two proposed policy changes, we revised the eligibility simulation to do the following separately and in combination: (1) allow the use of an HCSUA only for households that had actual utility expenses or that received energy assistance of at least \$20 and (2) require all households that were not Pure Public Assistance households to meet the federal SNAP income and asset criteria.

The analysis was supported by a grant from the Health Impact Project (Health Impact Project 2013). Current and proposed SNAP policies, simulations, and earlier findings are detailed in Leftin et al. (2013). Those findings were derived from two models: one based on 2009 SIPP data and another based on SNAP administrative data.

REFERENCES

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