New Hampshire Fiscal Policy Institute

October 23, 2019

Three Proposed Rules Changes to SNAP

Requirements for Able-Bodied Adults Without Dependents

Able-bodied adults without dependents (ABAWDs) must comply with all standard work requirements outlined for SNAP eligibility, unless exempted for reasons such as a disability. ABAWDs must comply with additional work requirements if they require benefits for more than three months in a 36-month period. In areas with a lack of sufficient jobs, states can apply for certain areas to become waiver-eligible, where ABAWDs can have this time limit on benefits waived. Currently, there are several ways for a state to allow these waivers. To be waiver-eligible: an area must have a 12-month rolling average unemployment rate over 10 percent; an area must have an unemployment rate at least 20 percent higher than the national level; or the state must qualify for extended unemployment benefits. The proposed rule changes outline methods to reduce the extent of waiver coverage. Some of the rule changes include:

- An "unemployment rate floor" of 7 percent or higher;
- Requiring areas to be grouped following federally designated Labor Market Areas;
- Limiting the time that waivers are valid to one year; and
- Barring states from implementing waivers in an area before federal approval has been granted

Nationally, about two-thirds of ABAWDs would lose benefits after three months, and the federal government projected a reduction in federal spending of $7.9 billion over five years.

This proposed federal rule change was announced in February 2019 and the comment period was closed in April 2019. This rule change has not yet been implemented.

Revision of Categorical Eligibility

Broad-based categorical eligibility (BBCE) is a federal rule that has allowed states to expand the eligibility guidelines of SNAP. Thirty-nine states have some form of expanded eligibility. In New Hampshire, expanded categorical eligibility was implemented in 2009 as a result of BBCE, allowing for households with gross incomes up to 185 percent of federal poverty guidelines to be eligible for SNAP if they are receiving cash or in-kind benefits from another public assistance program, such as Temporary Assistance for Needy Families (TANF). New Hampshire is the only state requiring households have at least one dependent child to be considered under expanded categorically eligible. These households are no longer required to meet an asset test during eligibility determination, but still must have net incomes (after eligible expenses) below 100 percent of the federal poverty guidelines to receive any benefits.

The proposed revisions aim to redefine what types of TANF benefits allow for expanded categorical eligibility, specifically defining they must be "ongoing" and "substantial." A proposed value of $50 per month for cash benefits would be required, along with the fact that benefits must have been distributed or approved for at least six months. In-kind (non-cash) benefits must also have an equivalent value of at least $50 per month and be related to subsidized employment, work supports (such as transportation benefits or allowances), or child care subsidies or vouchers. The estimated impacts of these proposed revisions include:

- A national net decrease in federal SNAP benefits of $9.386 billion from 2019 through 2023
- About 3.1 million people disenrolled from SNAP with incomes under 200 percent of the federal poverty guidelines
- Negative impacts to food security levels and to the savings rate of effected households

In New Hampshire, the unique requirement that a dependent child must be in a household for it to be considered for SNAP through expanded categorically eligibility leads to the effects of this revision primarily affecting families. In the Granite State, about 3,500 households, all with children, would be disenrolled from SNAP benefits. About 12,400 individuals would be disenrolled in New Hampshire. Additionally, many children who receive SNAP benefits are directly certified to receive free or reduced-price school lunches. A federal analysis from the United States Department of Agriculture (USDA) revealed that about half a million children who receive free meals at school would either now need to pay a reduced rate or pay for a full priced lunch as a result of this proposed rule change.

The comment period for this proposed rule change was reopened on October 18, 2019 and will remain open through November 1, 2019.

Standardization of State Heating and Cooling Allowances

Households can deduct certain expenses, such as utilities and heating expenses, from their gross income when calculating their net income to determine their SNAP benefits. Currently, individual states are allowed to set their own guidelines and rates for heating and cooling standard utility allowances (HCSUAs), among other allowances for other types of utilities. This proposed rule change aims to standardize the way states calculate these types of deductions based on a consistent methodology. Additionally, it proposes adding a new utility deduction specifically for broadband internet. The proposal outlines the following changes:

- The USDA would calculate a state's HCSUA by setting at the 80th percentile rate for low-income households, and proposes using data from the American Community Survey and the Residential Energy Consumption Survey to form the baseline amounts;
- Utility costs outside of heating and cooling costs would be capped relative to heating and cooling allowances;
- These amounts would change using a specific form of inflation as an annual adjustment; and
- A new, specific deduction for broadband internet would be created and calculated nationally.

The federal government estimates this change would reduce SNAP benefits on net nationally by $4.5 billion from 2021 to 2025, with some states seeing overall increases in aid flowing and some states seeing decreases. About 16 percent of SNAP recipients would see an increase in aid, and 19 percent would see a decrease; approximately 8,000 households nationally would have their benefits eliminated by the adjustments to the utility deduction.

The comment period for this proposed rule change is open through December 2, 2019.