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IssueBRIEF

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Simulating Proposed Changes to the Supplemental Nutrition Assistance Program: Countable Resources and Categorical Eligibility

As Congress works to resolve differences between House and Senate versions of the 2018 farm bill, proposed changes to the Supplemental Nutrition Assistance Program (SNAP) continue to dominate ongoing nutrition-related policy discussions. Although the Senate version of the bill leaves eligibility requirements largely untouched, the House version (H.R.2, The Agriculture Improvement Act of 2018) would, among other things, change SNAP policies related to countable resources and state categorical eligibility options.

This issue brief, the first in a new series of briefs analyzing the impact of proposed changes to SNAP, provides insight into how changes to SNAP eligibility requirements could impact SNAP participants, including children, seniors (age 60 or older), and people with disabilities. With support from the Robert Wood Johnson Foundation, Mathematica is using a microsimulation model developed for the U.S. Department of Agriculture's Food and Nutrition Service (FNS) to estimate the effect of the changes proposed in the House version of the farm bill on SNAP participants. The model simulates fiscal year 2015 federal and state SNAP policies using 2011 data from the Survey of Income and Program Participation and fiscal year 2014 SNAP Quality Control data.

Countable resources include cash, resources easily converted to cash, and some non-liquid resources.

The federal gross income standard is 130 percent of the federal poverty guideline for a household's size and location, or $2,213 for most three-person households in fiscal year 2018; this applies only to households without an elderly member or a member with a disability.

Proposed changes to countable resources. SNAP eligibility criteria allow most households to have up to $2,250 in countable resources; households with at least one member who is elderly or has a disability are allowed $3,500. The House version of the farm bill raises the resource standards to $7,000 and $12,000, respectively, and exempts $2,000 in savings from countable resources. Countable resources include a portion of the value of a household's vehicle(s). However, states may align their vehicle policy with that of a Temporary Assistance for Needy Families (TANF)-funded program that excludes some or all vehicles from countable resources. The House version of the farm bill eliminates the state vehicle policy option while increasing the amount of most vehicles' value that is excluded from countable resources from $4,650 to $12,000.

Proposed changes to state categorical eligibility options. Currently, states may establish broad-based categorical eligibility policies that enable households receiving a TANF-funded noncash benefit to qualify for SNAP by meeting the financial criteria of the TANF-funded program rather than federal SNAP criteria. Programs conferring broad-based categorical eligibility may have a higher gross income standard than the SNAP standard, eliminate the resource standard, or both. Categorically eligible households must meet SNAP's nonfinancial eligibility criteria, such as adhering to work requirements, and their benefits are determined under the same rules as other eligible households. The House version of the farm bill eliminates state broad-based categorical eligibility.

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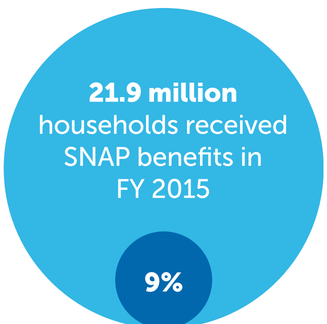
We estimate that, among households that participated in SNAP in fiscal year 2015, 9 percent—almost 2 million households—would no longer be eligible for SNAP benefits.



Of the **2 million** households participating in FY 2015 that would lose eligibility

- 34% include seniors
- 23% include children
- 11% include members with a disability

EFFECT OF PROPOSED CHANGES ON SNAP ELIGIBILITY AND PARTICIPATION

If the proposed policy changes detailed above are enacted, we estimate that among households that participated in SNAP in fiscal year 2015, 9 percent—almost 2 million households—would no longer be eligible for SNAP benefits while an estimated 283,000 households would be newly eligible and choose to participate. Overall, the proposed policy changes would result in an estimated 8 percent drop in eligible participating households.

Participating households that would lose eligibility under the proposed policy changes have (1) countable resources greater than the SNAP resource standard, (2) income greater than the SNAP income standards, or (3) both. Among households participating in fiscal year 2015, almost 1.3 million would lose eligibility because of their level of resources. The effect of eliminating broad-based categorical eligibility is somewhat offset by some of the proposed changes to countable resources. If Congress eliminated broad-based categorical eligibility without enacting the changes to countable resources, about 2.1 million households would lose eligibility due to their resources.

The majority of households that would lose eligibility under the proposed changes have incomes below the SNAP gross income standard. Among households participating in fiscal year 2015 that would lose eligibility,

- 64 percent (1,284,000 households) had incomes below the SNAP gross income standard and
- 36 percent (715,000 households) had incomes above the SNAP gross income standard.

Because some states' broad-based categorical eligibility programs use a higher gross income standard than the SNAP standard, households with incomes above the SNAP gross income standard would be disproportionately affected—67 percent of this group would lose eligibility.

Among households that would be newly eligible and choose to participate in SNAP, most but not all have incomes below the SNAP gross income standard. We estimate an additional 1 percent of households with income below the SNAP gross income standard (252,000 households) and 3 percent of households with incomes above the SNAP gross income standard (32,000 households) would be newly eligible and participate in SNAP.

Because age and disability status can affect income and resources, the combined changes would affect households with seniors, children, and members with disabilities differently. Among fiscal year 2015 participating households that would lose eligibility,

- 34 percent included a senior (677,000 households),
- 23 percent included a child (469,000 households), and
- 11 percent included a member with a disability (214,000 households).

Among households that would gain eligibility and choose to participate, an estimated 10,000 include a member with a disability, 89,000 include a senior, and 128,000 include a child.

Snapshot of households with children participating in fiscal year 2015 that would lose eligibility under the proposed policy changes:

- **6 percent** also included a senior and 10 percent included a member with a disability
- **53 percent** lived in poverty and 28 percent had incomes above the SNAP gross income standard
- **59 percent** included a member with earned income and 12 percent included a member receiving Social Security benefits
- **63 percent** qualified for monthly SNAP benefits over $200

MICROSIMULATION

Microsimulation modeling provides policymakers with crucial information about the effects of proposed policy changes on SNAP participants. Mathematica has worked with FNS for more than four decades to develop and use the microsimulation models that FNS relies on to assess proposed changes to SNAP policy, develop annual budgets, and conduct supporting research. These simulations and tabulations help inform the debate over proposed changes to SNAP and allow policymakers to better understand the populations potentially affected by such changes.

For detailed estimates of the effects of the policy changes discussed in this brief, or for more information about SNAP microsimulation modeling or Mathematica's work in this area, contact Senior Researcher Karen Cunnyngham at KCunnyngham@mathematica-mpr.com or (202) 264-3480.

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