Feature: Food & Nutrition Assistance July 07, 2014 | PRINT | PDF | EMAIL

2014 Farm Act Maintains SNAP Eligibility Guidelines and Funds New Initiatives

by **Laura Tiehen**

The Nutrition title of the Agricultural Act of 2014 reauthorizes USDA's Supplemental Nutrition Assistance Program (SNAP), the Nation's largest food and nutrition assistance program. In fiscal 2013 (October 2012-September 2013), an average of 47.6 million people received SNAP benefits each month, and Federal spending for the program totaled $79.8 billion, accounting for over half of USDA outlays in that year. In contrast with many other programs serving low-income households, SNAP eligibility does not depend on family structure, age, or disability status, so benefits reach a broad range of needy households.

SNAP's Basic Eligibility Guidelines Are Unchanged

Although a major topic of debate in the negotiations leading up to the 2014 Farm Act, SNAP's eligibility requirements are unchanged by the legislation. States retain the option, within certain Federal guidelines, to apply a policy of "broad-based categorical eligibility" for SNAP that coordinates eligibility requirements with other Federal assistance programs.

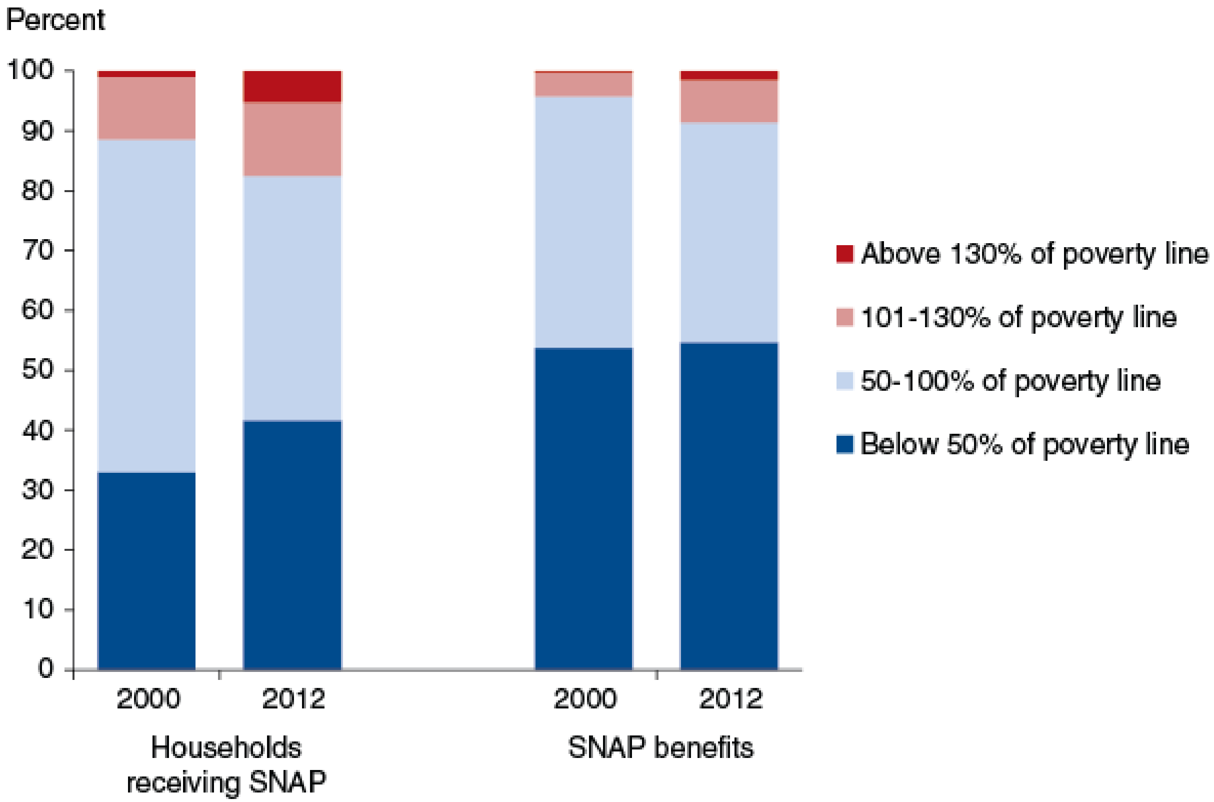
Highlights:

- The Agricultural Act of 2014 reauthorizes the Supplemental Nutrition Assistance Program (SNAP), maintaining the program's basic eligibility guidelines while amending criteria under which households may qualify for a utility cost deduction that can increase benefits.
- Additional SNAP funding is provided to increase the variety of healthy food options available to recipients, enhance employment and training activities, and expand anti-fraud efforts.
- Other provisions create new opportunities to broaden the selection of fruits and vegetables offered at schools, increase funding to emergency feeding organizations, and improve food access in low-income communities.

Federal SNAP eligibility rules stipulate that households must meet three financial criteria to be eligible for SNAP: the gross income, net income, and asset tests. A household's gross income before taxes in the previous month must be at or below 130 percent of the poverty line ($2,116 per month in fiscal 2014 for a three-person household). In addition to the gross income test, a household must have net monthly income at or below the poverty line. Net income is calculated by subtracting a standard deduction amount and certain expenses from gross income. Finally, income-eligible households must have assets (excluding the value of a home) less than $2,000 (or $3,000 for households with someone over age 60 or disabled). States using broad-based categorical eligibility are allowed to eliminate the asset limit and increase the monthly gross income limit from 130 percent of the Federal poverty line up to 200 percent when determining SNAP eligibility.

The broad-based categorical eligibility option is part of a number of legislative and regulatory efforts since the 1996 welfare reform legislation to simplify SNAP administration and increase program access, especially for low-income working families. During the discussions leading up to the 2014 Farm Act, concerns were raised that the broad-based categorical eligibility option has allowed the assistance to expand beyond the poorest Americans. USDA administrative data show that a higher percentage of SNAP households had incomes above 130 percent of the Federal poverty line in 2012 (5.2 percent) than in 2000 (1.0 percent). Of the $74.6 billion of total SNAP benefits in 2012, $1.1 billion (1.5 percent) was received by households with monthly gross incomes above the historical limit of 130 percent of the Federal poverty line.

In 2012, 91 percent of SNAP benefits went to households with incomes at or below the Federal poverty line



SNAP = Supplemental Nutrition Assistance Program.
Source: USDA, Economic Research Service calculations based on USDA, Food and Nutrition Service data.

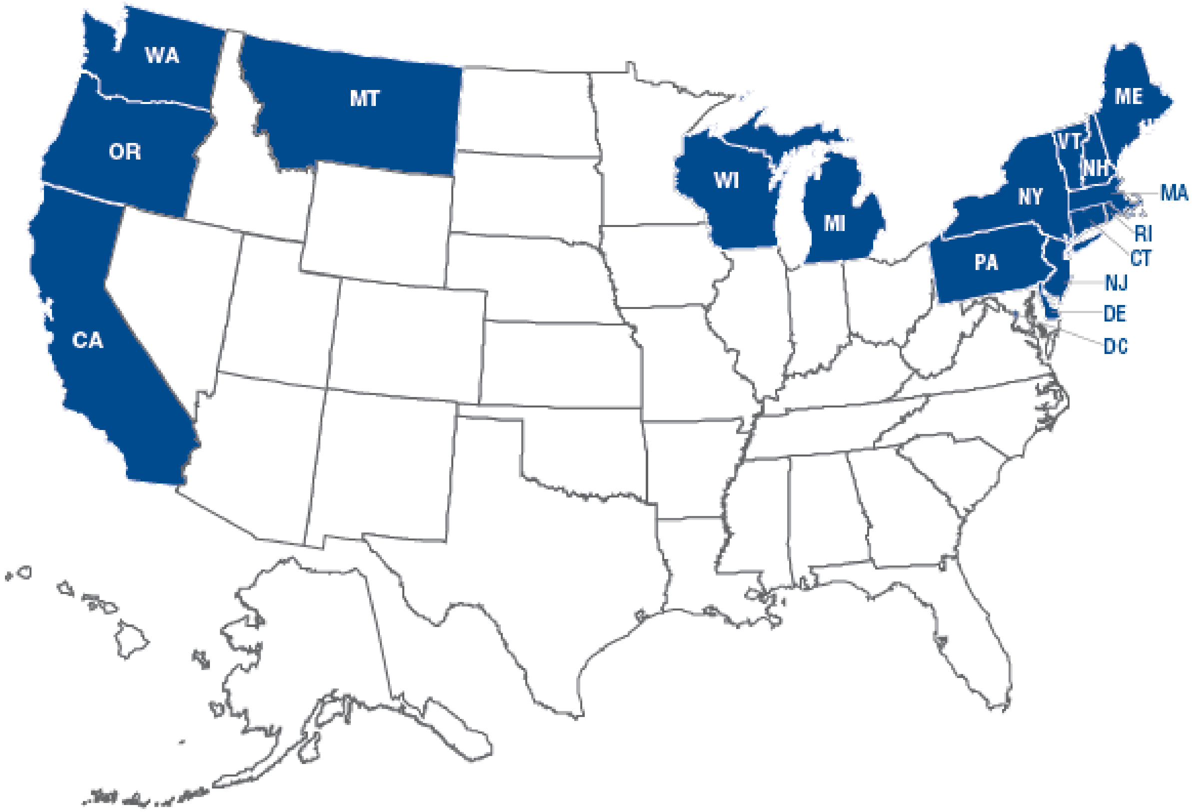
States Face a Higher Hurdle To Use a "Heat and Eat" Policy To Increase SNAP Benefits

The 2014 Farm Act includes a provision that imposes a minimum level of Federal energy assistance required to claim a State-determined income deduction for utility costs when calculating SNAP benefits. The Federal energy assistance is part of the Low-Income Home Energy Assistance Program (LIHEAP), a federally funded block grant that is designed to help eligible low-income households meet their home energy needs. The State-determined income deduction, referred to as the SNAP heating or cooling standard utility allowance (HCSUA), is determined by individual States and subtracted from income when calculating SNAP benefits. States can allow households to use the HCSUA, rather than calculating their actual heating or cooling utility costs, thereby simplifying program administration.

Prior to the 2014 Farm Act, SNAP households receiving any LIHEAP benefit automatically qualified for the HCSUA. Since SNAP benefits are higher when a household's disposable income (net of allowable deductions) is lower, subtracting the HCSUA from income can result in higher SNAP benefits. Households that do not receive LIHEAP must provide alternate documentation of heating and cooling expenses to qualify for the HCSUA.

In 16 States and the District of Columbia, nominal LIHEAP payments (typically $1 to $5 per year) have been issued to trigger additional SNAP benefits for some households. The practice is known as adopting a "Heat and Eat" policy, a term coined by advocates to bring attention to the choices faced by low-income households trying to stretch scarce resources to cover energy and food expenses. Under the Heat and Eat policy, some States have issued nominal LIHEAP payments to allow some SNAP recipients to claim the HCSUA, even though their heating and cooling expenses are included in their rent.

Prior to the 2014 Farm Act, 16 States and the District of Columbia offered nominal LIHEAP payments that triggered additional SNAP benefits for some households



Note: LIHEAP = Low Income Home Energy Assistance Program. New Hampshire does not provide nominal LIHEAP payments, but a LIHEAP applicant is treated as a participant, based on a reasonable anticipation of benefit receipt.
Source: USDA, Economic Research Service calculations based on USDA, Food and Nutrition Service data.

The 2014 Farm Bill seeks to curb this practice by requiring households to have received a LIHEAP payment greater than $20 in the past year in order to automatically qualify for the HCSUA. The Congressional Budget Office estimated that the LIHEAP provision would reduce SNAP expenditures by $8.6 billion over 10 years, which represents about a 1-percent decline in overall SNAP program costs. The provision is estimated to reduce the SNAP benefit levels of the 850,000 affected households by an estimated average of $90 per month.

Recent ERS research suggests that the benefit reduction could increase their likelihood of very low food security, characterized by reduced food intake and disrupted eating patterns. ERS research examined the decline in SNAP benefits after the temporary boost provided by the 2009 stimulus legislation and estimated that reducing the SNAP maximum benefit by 10 percent would increase the number of households with very low food security by about 29 percent. However, the ultimate effect of the LIHEAP provision is somewhat uncertain. As of May 2014, 11 of the 16 “Heat and Eat” States have already increased or indicated that they plan to increase LIHEAP payments to over $20, in order to avoid the SNAP benefit cuts.

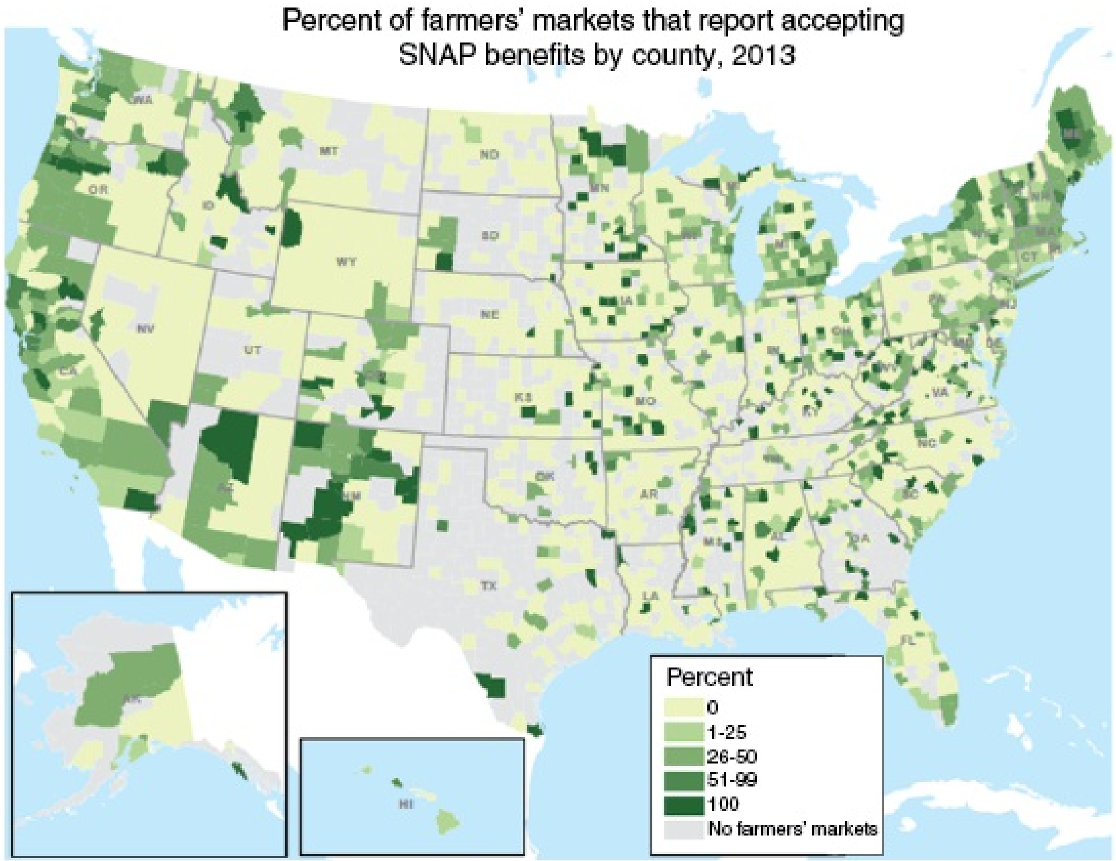
2014 Farm Act Strives To Improve Access to Healthy Foods...

Access to healthy foods has received increased attention from the public and policymakers in recent years. The 2014 Farm Act contains a number of provisions that reflect the growing emphasis on improving access to healthy food options; two of those provisions target the options available to SNAP participants. First, the legislation establishes that retailers authorized to accept SNAP benefits must stock at least seven items in each of four basic categories: (1) fruits and vegetables; (2) bread or cereal; (3) dairy; and (4) meat, poultry, or fish. Previously, SNAP retailers were required to stock at least three items in each category. In addition, at least one fresh or frozen item must be offered in at least three of the categories, rather than the minimum of two categories specified in prior law.

The legislation also establishes a Food Insecurity Nutrition Incentives grant program, which is designed to increase fruit and vegetable purchases by SNAP recipients by providing incentives at the time of purchase. The grant program is funded at $100 million over 5 years, with an additional $5 million authorized per year through fiscal 2018. Grants can provide up to 50 percent in Federal matching funds to SNAP-authorized food providers. Priority for grants will be given to providers that sell agricultural products directly to individuals, such as farmers’ markets; provide locally or regionally produced fruits and vegetables; or are located in underserved communities.

A number of SNAP incentive programs, funded by private foundations, non-profit organizations, and local governments, are already operating at farmers’ markets. These projects provide “bonus dollars” in the form of tokens or paper coupons for fruits and vegetables purchased with SNAP benefits. A farmers’ market would have to be authorized by USDA and be able to accept SNAP benefits in order to implement a SNAP benefit incentive program. The number of farmers’ markets that accept SNAP benefits has grown steadily in recent years, and over 2,000 markets (representing 25 percent of all markets nationwide) reported accepting SNAP in 2013.

Counties in the Northeast, Southwest, and West have a relatively high percentage of farmers' markets that report accepting SNAP



SNAP = Supplemental Nutrition Assistance Program.
Source: USDA, Economic Research Service, Food Environment Atlas.

Although the legislation states that priority be given to providers of locally produced food, Food Insecurity Nutrition Incentives grants could also be awarded to SNAP-authorized retail stores, particularly those that operate in underserved communities. In fact, a SNAP benefit incentive program, created by the nonprofit Fair Food Network, is operating at three grocery stores in Detroit. The program allows SNAP participants who purchase $10 worth of fruits and vegetables with their SNAP benefits to receive another $10 of benefits for the purchase of Michigan-grown produce.

… and Increase Employment of SNAP Participants

SNAP has become increasingly important to the working poor. According to USDA administrative data, almost one-third of all SNAP households in 2012 had an adult who was working during the month of SNAP receipt, up from one-fifth of SNAP households in 1994. A recent University of Kentucky study shows that while education levels of SNAP recipients have increased over time, roughly 30 percent of those who headed a SNAP household in 2011 had not graduated from high school. To help SNAP recipients gain the skills, training, or work experience needed to increase their ability to obtain regular employment, the SNAP Employment and Training (E&T) Program was established in the mid-1980s. The 2014 Farm Act reauthorizes this program through fiscal 2018 and provides funding to evaluate new strategies to encourage employment of SNAP recipients.

SNAP recipients are required to register for work at the appropriate State employment agency and accept a suitable job if offered, unless they qualify for an exemption. SNAP recipients who do not qualify for the work registration exemption are also required to participate in the SNAP E&T Program if mandated by the State. Many SNAP recipients—85 percent in fiscal 2012—are exempt from SNAP work registration and training requirements because of their age or disability status, or because they are working, in school, taking care of a young child or incapacitated person, in a drug or alcohol treatment program, or complying with the work-related requirements of another assistance program. Of those subject to SNAP work requirements in fiscal year 2012, roughly half (3.3 million SNAP participants) reported participation in an E&T Program.

Each State is required to operate a SNAP E&T Program, but they have flexibility in the program's design. In recent years, concerns have been raised about the need to assess the effectiveness of the methods used in SNAP E&T Programs. New provisions in the 2014 Farm Act are designed to fill this knowledge gap. The legislation provides $200 million in funding for pilot projects to allow up to 10 States to develop and evaluate innovative strategies to increase employment of SNAP recipients in E&T Programs. The legislation also requires USDA to establish expected outcomes of all State SNAP E&T Programs and to evaluate and regularly report on those outcomes.

SNAP's Anti-Fraud Efforts Enhanced Through Information Technology

A central challenge in the design of an assistance program like SNAP is to balance the goals of making program benefits accessible to eligible individuals and screening out ineligible individuals and the fraudulent use of benefits. SNAP has a rigorous screening process to determine eligibility and benefits, and in fiscal year 2012, less than 3 percent of SNAP benefits were deemed overpayments. The illegal exchange of benefits for cash—referred to as SNAP trafficking—is estimated to comprise roughly 1 percent of total benefits in fiscal 2009-11.

Although SNAP trafficking is rare, research shows that it is more common in smaller, independently owned stores than in larger supermarkets, and in stores located in areas with higher-than-average poverty rates. Increasing the number of SNAP-authorized stores, particularly in high poverty areas where many SNAP participants are likely to live, can increase access to stores in which to redeem SNAP benefits but can also increase the complexity of fraud prevention. In fiscal 2012, small grocery stores and convenience stores accounted for 46 percent of the nearly 250,000 retailers authorized to accept SNAP, but less than 7 percent of SNAP benefits redeemed. The 2014 Farm Bill provides $15 million in funding in 2014 for efforts to identify and prevent SNAP trafficking, and it authorizes an additional $5 million per year through fiscal 2018, dependent on annual appropriations. The 2014 Farm Act further enhances SNAP integrity by requiring all States to use a variety of data matching-methods to verify participant eligibility and income.

The Nutrition Title Reauthorizes Other Food Assistance Programs…

The Nutrition title reauthorizes the Food Distribution Program on Indian Reservations (FDPIR), an alternative to SNAP that provides packages of nutritious foods to low-income American Indians who live on or near reservations. In fiscal 2013, the program served an average of 75,600 participants per month and cost roughly $100 million. While SNAP is administered by State agencies, FDPIR is often administered by Indian Tribal Organizations (ITOs). Currently, there are 276 tribes receiving benefits under FDPIR through 100 ITOs and 5 State agencies. The recent legislation provides $1 million for USDA to evaluate the feasibility of having ITOs administer other USDA food assistance programs in addition to FDPIR.

Two other programs that provide food assistance were also reauthorized by the 2014 Farm Act. The Commodity Supplemental Food Program (CSFP) provides food packages to low-income elderly and pregnant and post-partum women, infants, and children. The program served 580,000 participants in an average month in fiscal 2013 at a cost of almost $203 million. The legislation phases out the eligibility of pregnant and post-partum women, infants, and children, allowing current participants to remain on the program until their eligibility certification period expires. Pregnant and post-partum women, infants, and children comprise less than 3 percent of CSFP participants, and they can instead be served by USDA’s Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The Emergency Food Assistance Program, which provides USDA foods and administrative funds to nonprofit emergency food providers such as food banks, was reauthorized with a funding increase of $205 million over 10 years.

... and Includes Provisions To Improve the Food Environment at Schools and in Local Communities

USDA's child nutrition programs—including the National School Lunch Program (NSLP) and School Breakfast Program (SBP)—are authorized under separate legislation, most recently by the 2010 Healthy and Hunger-Free Kids Act. However, the 2014 Farm Act includes provisions aimed at increasing the variety of healthy foods available to school children throughout the school day, including pilot projects in the NSLP and the Fresh Fruit and Vegetable Program. The Fresh Fruit and Vegetable Program, which makes fresh fruit and vegetable snacks available at no cost to all children in participating schools, is targeted to schools with a high proportion of students receiving free or reduced-price school meals.

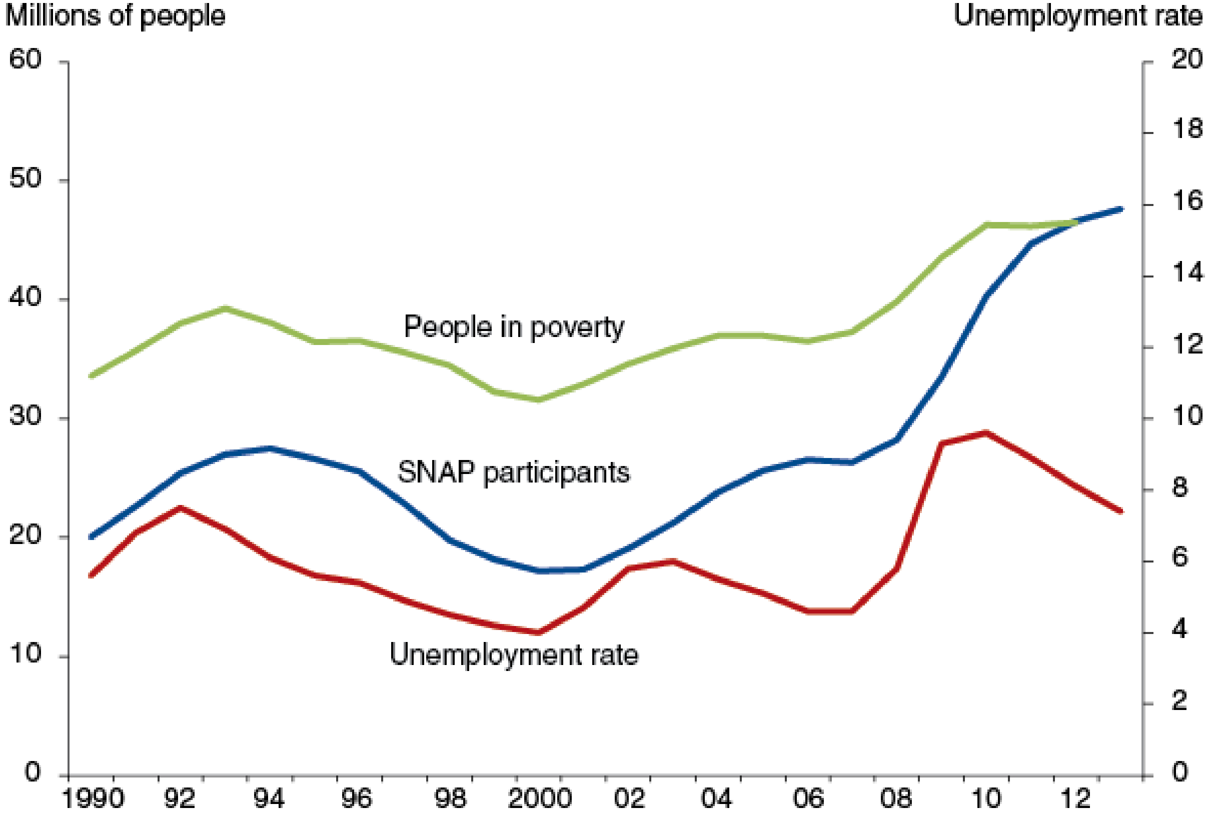
The NSLP pilot projects, carried out in up to 8 States, will give schools more flexibility to purchase unprocessed fruits and vegetables from multiple sources, including local suppliers. The Fresh Fruit and Vegetable Program pilots, to be implemented and evaluated in at least 5 States, will allow for the use of frozen, canned, and dried fruits and vegetables in the school snack program.

The legislation also reauthorizes USDA's Community Food Projects grants program and increases funding from $5 million to $9 million annually, beginning in fiscal 2015. The program provides Federal matching grants to eligible nonprofit organizations to increase the ability of low-income communities to meet their food needs. The grant program was established in 1996 and has funded projects such as the establishment of farmers' markets and community gardens, as well as local nutrition and health education efforts.

Growth in SNAP Caseload Slowing Down

Spending on SNAP was at the highest levels in the program's history during much of the debate over the 2014 Farm Act, which may have prompted the calls for stricter eligibility limits in the debate over the program. By design, SNAP participation and spending expands when the economy falters, and the 2007-09 recession and its aftermath played a major role in the high number of SNAP participants. Although the final legislation did not change SNAP eligibility criteria, historical evidence suggests that SNAP expenditures will decline as the caseload contracts in response to improving economic conditions. In fact, growth in SNAP participation has slowed significantly in recent years, from a growth rate of 20 percent in fiscal 2010 to 2 percent in fiscal 2013.

SNAP caseload growth has slowed in recent years as economic conditions have improved



SNAP = Supplemental Nutrition Assistance Program.
Source: USDA, Economic Research Service calculations based on data from USDA, Food and Nutrition Service data, U.S. Bureau of Labor Statistics, and U.S. Census Bureau.

Provisions in the 2014 Farm Act are designed to encourage SNAP recipients to choose healthy foods and to build the skills needed to increase their employment options. Increased efforts to prevent SNAP trafficking will strengthen the program, ensuring that benefits are redeemed in accordance with program guidelines. The legislation also bolsters a number of other food assistance efforts, with an emphasis on increasing low-income families' access to healthy foods.

This article is drawn from...

Effects of the Decline in the Real Value of SNAP Benefits From 2009 to 2011, by Mark Nord, USDA, Economic Research

Service, August 2013

The Extent of Trafficking in the Supplemental Nutrition Assistance Program: 2009–2011, by Richard Mantovani, Eric Sean Williams, and Jacqueline Pflieger, USDA, Food and Nutrition Service, August 2013

Why Are So Many Americans on Food Stamps?, by James Ziliak, University of Kentucky Center for Poverty Research, Discussion Paper DP2013-01, September 2013

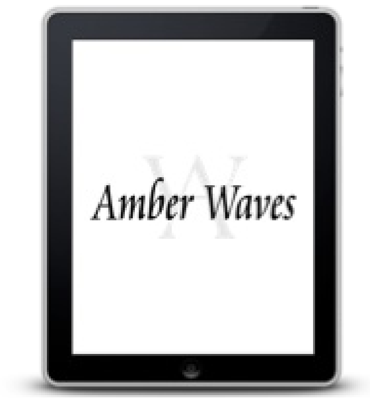
You may also be interested in...

The Food Assistance Landscape: FY 2013 Annual Report, by Victor Oliveira, USDA, Economic Research Service, February 2014

What's Behind the Rise in SNAP Participation?, by Margaret Andrews and David Smallwood, USDA, Economic Research Service, March 2012

Food Environment Atlas, by Vince Breneman and Michele Ver Ploeg, USDA, Economic Research Service, September 2015

SNAP Policy Database, by Laura Tiehen, USDA, Economic Research Service, December 2013



Amber Waves on Your Tablet

On the go? Stay connected with our *Amber Waves* app for tablets. Subscribe to the monthly magazine on **iTunes** or **Google Play**.