

September 10, 2019

SNAP Program Design Branch,
Program Development Division
Food and Nutrition Service
3101 Park Center Drive
U.S. Department of Agriculture
Alexandria, VA 22302

Re: Notice of Proposed Rule Making -- Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP) RIN 0584-AE62

Dear SNAP Program Design Branch:

The Center for Public Policy Priorities (CPPP) appreciates the opportunity to comment on USDA's Notice of Proposed Rule Making on a Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP). In addition to its harmful impacts on health and well-being, the proposed changes would undermine the ability of low-wage workers to feed their families, cost the state millions of dollars in administrative expenses and weaken the effectiveness of SNAP in stimulating the Texas economy particularly during recessionary times. The proposed rule should be withdrawn.

At CPPP, we believe that every Texan should have the chance to be healthy and financially secure. We use data, analysis, and targeted education to fight for a portfolio of issues that break down barriers and create opportunities for all Texans. CPPP has worked on food insecurity issues in Texas for decades. In collaboration with the Food Research and Action Center (FRAC), CPPP led the Texas Childhood Hunger Identification Project which in 1995 first documented the state's high rates for childhood food insecurity. CPPP has continued to be a leader on anti-hunger issues and Texas policymakers widely regard the Center as an indispensable source of credible, accessible, and timely research and policy analysis. CPPP is committed to protecting and strengthening SNAP as it plays a critical role in addressing hunger and food insecurity in our state.

Despite record low unemployment rates, Texas continues to be one of the hungriest states in America and SNAP is the first line of defense for 3.3 million low-income Texans who rely on it to help feed their families.¹

According to recent data for 2018 from the Economic Research Service, 14 percent of Texas households were food insecure; well above the national average of 11.7 percent for the same time period.² That means 1.5 million households in Texas worried about how they were going to put food on the table at some point during the year. Texas is tied with California for the largest population of food insecure households in the country and SNAP is vital to their health and financial well-being.

Hunger disproportionately impacts Texans of color and low-income households. Nationally food insecurity rates were 5 percentage points higher for Hispanics than the general population, and 10 percentage points higher for Blacks.³ For low-income households, those below 185 percent of

poverty, a staggering 29.1 percent were food insecure in 2018.⁴ While food insecurity data by race and income for Texas are not available, per capita incomes are much lower for Black (\$23,471) and Hispanic (\$18,228) Texans leading to increased food insecurity and making SNAP critical to family food budgets.⁵

By allowing households to purchase a more adequate diet, SNAP not only fights hunger but research has found that receipt of SNAP in early childhood improved high school graduation rates, adult earnings, and adult health.⁶ SNAP lifted 3.6 million Americans out of poverty in 2016, according to the Census Bureau's Supplemental Poverty Measure. SNAP is nearly as effective as the Earned Income Tax Credit in lifting families above the poverty line, and far more effective than any other program in lifting families out of deep poverty.⁷

For all these reasons SNAP matters to Texas and the proposed rule would undermine the effectiveness of the program and hurt struggling Texans.

The proposed rule would greatly reduce states' flexibility under the Broad-based Categorical Eligibility (BBCE) option. It would gut states' ability to eliminate SNAP asset tests and use a higher income test to serve more working households that have significant expenses for other basic needs, such as shelter and child care. In doing so, it will produce a "cliff effect" that abruptly takes food support away from low-income families who are working their way up the economic ladder and get a raise or take a new job with slightly higher pay.

For Texas the proposed rule would be especially damaging. Since 2001, Texas has used BBCE to set the state's gross income limit to 165 percent of poverty and to establish an allowable resource limit of \$5,000 in countable cash and a vehicle worth up to \$15,000 (any excess vehicle value is counted towards the cash resource limit). Applicants must still have a net income below 100 percent of poverty after deductions to qualify for SNAP benefits, but the higher limits soften the benefit cliff effect that discourages work and also allow elderly Texans with some assets but high expenses to get assistance.

The proposed rule's requirement that states return to the thoroughly outdated federal limit of \$4,650 per vehicle will be particularly devastating. Texas emphasizes a mandatory work model with its SNAP program. In addition to the income and asset restrictions, to receive SNAP in Texas most adults must work or be looking for work through the SNAP Employment & Training (SNAP E&T) program for at least 30 hours per week unless they are exempt. Able bodied adults without dependents (ABAWDs) who are not able meet the 30 hours a week requirement are time limited and can only receive SNAP for up to 3 months every 3 years. Parents unable to meet the 30 hours a week requirement are sanctioned and lose their benefits from one to six months and if they are the primary wage earner the entire household is sanctioned.

As most Texans are required to work in order to maintain their SNAP benefits, access to reliable transportation is critical. As public transportation options are extremely limited, 91 percent of Texans drive to work⁸ and maintaining steady employment requires owning a vehicle capable of passing the state's rigorous inspection system. Imposing a \$4,650 vehicle limit will exclude the vast majority of cars available in Texas and families will be forced off of SNAP either because their cars are above the limit or because they lose their jobs due to unreliable transportation.

FNS's own Regulatory Impact Analysis of the rule estimates that 11 percent of households in Texas will lose their SNAP eligibility if the state is forced to roll back the income limit to 130 percent.⁹ A more detailed analysis of the rule's impact by Mathematica calculates that 15 percent of households in Texas will lose eligibility and it will disproportionately hurt the poor and elderly.¹⁰ Of the 233,000 households in Texas expected to be thrown off of SNAP by this proposed rule, 28.3 percent contain children, 46.4 percent have an elderly member and a stunning 73.6 percent live in poverty.¹¹ These estimates quite likely underestimate the impact of the rule as they do not account for the interplay of lowering the vehicle limit and mandatory work requirements.

Children who lose their SNAP eligibility will be doubly punished by this rule as they would also lose their automatic eligibility for free school meals. Not only would families be burdened with new paperwork requirements to determine if their children qualify for free breakfast and lunch, school meal programs across the state would be at risk. Thanks to the Community Eligibility Provision (CEP), schools where at least 40 percent of students are directly eligible for free meals due to their SNAP participation are able to feed all of their students for free. High poverty schools in Texas have embraced CEP with 2,700 schools providing free meals to 1.5 million students each school day. As the proposed rule would lead to fewer children being directly eligible for school meals, hundreds of schools may lose the ability to offer CEP and children will go hungry.

By USDA's own estimates, the proposed rule would cut SNAP benefits over five years by \$10.543 billion, while increasing SNAP administrative costs by \$2.314 billion. As states bear 50 percent of all administrative cost increases, that will force states to absorb \$1.157 billion in increased costs in the next 5 years. As Texas accounts for 9 percent of the nation's total SNAP caseload, this rule would cost the state an estimated \$100 million in state funds in the next 5 years. This new unfunded mandate would force state leaders to either cut services or raise taxes in order to balance the state's budget.

The cuts to SNAP benefits will reduce the economic stimulative effect of SNAP, particularly during recessionary periods. According to recent studies, it is estimated that \$1 of SNAP benefits leads to between \$1.50 and \$1.80 in total economic activity during a recession. Economists find SNAP to be one of the stimulus policies with among the highest "bangs for the buck."¹² Because SNAP benefits are so urgently needed by families, they are spent quickly — 97 percent of benefits are redeemed by the end of the month of issuance — thereby bolstering local economies and softening the impact of local or national recessions.¹³

USDA's Economic Research Service has reported that new SNAP spending has relatively large effects on manufacturing and trade and transportation sectors. Those sectors include businesses, such as food and beverage manufacturers, packaging manufacturers, grocery stores and food and other wholesalers, and trucking and rail freight industries. But other sectors are impacted as well, including health and social services and agriculture.¹⁴

SNAP's positive economic impacts are felt not only by businesses. SNAP dollars help many food retailers operating on thin margins to remain in business, which improves food access for all residents. In 2018 Texans spent \$5 billion in SNAP benefits at the 20,000 authorized retailers throughout the state.¹⁵ The proposed rule would cut benefits to households throughout the state and retailers and the communities they serve will be hurt.

Congress has repeatedly rejected efforts to gut the BBCE option, including as recently as the 2018 Farm Bill enacted last December. Even the House version of the Farm Bill which failed to make it into law acknowledged that the existing asset and vehicle limits are outdated and significantly raised the limits. This USDA rulemaking is an attempt to side step Congress and is outside USDA's authority.

USDA should be strengthening the positive impacts of SNAP for health, well-being and economic activity, not eliminating eligibility for 3.6 million Americans and slashing SNAP benefit spending. We strongly oppose the proposed rule and request it be withdrawn.

We strongly oppose the proposed rule that would cut SNAP food benefits, exacerbate food insecurity, and undermine the positive economic impacts that SNAP has for Texas and the nation.

Sincerely,

Rachel Cooper
Senior Policy Analyst
Center for Public Policy Priorities

¹ Source: USDA Food and Nutrition Service, SNAP State Level Participation for June 2019.

² Coleman-Jensen, Alisha, Matthew P. Rabbitt, Christian A. Gregory, and Anita Singh. 2019. Household Food Security in the United States in 2018, ERR-270, U.S. Department of Agriculture, Economic Research Service.

³ Coleman-Jensen et al., 2019.

⁴ Coleman-Jensen et al., 2019.

⁵ Source: U.S. Census Bureau, 2017 American Community Survey 1-Year Estimates.

⁶ <http://frac.org/wp-content/uploads/frac-facts-snap-strengths.pdf>

⁷ <http://frac.org/wp-content/uploads/frac-facts-snap-strengths.pdf>

⁸ Source: U.S. Census Bureau, 2017 American Community Survey 1-Year Estimates.

⁹ See "Regulatory Impact Analysis 7 CFR Part 273 Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)", available at <https://www.regulations.gov/document?D=FNS-2018-0037-0002>

¹⁰ See "State-by-State Impact of Proposed Changes to 'Broad-Based Categorical Eligibility' in SNAP" available at <https://www.mathematica-mpr.com/dataviz/impact-of-bbce-proposal-on-snap-caseloads>

¹¹ "State-by-State Impact of Proposed Changes to 'Broad-Based Categorical Eligibility' in SNAP"

¹² See "The Supplemental Nutrition Assistance Program (SNAP) and the Economy: New Estimates of the SNAP Multiplier, USDA Economic Research Service, July 2019, available at <https://www.ers.usda.gov/webdocs/publications/93529/err-265.pdf?v=8010.7> pages 6-8 and Table 1 (regarding research by Blinder and Zandi)

¹³ <http://frac.org/wp-content/uploads/frac-facts-snap-strengths.pdf>

¹⁴ See "The Supplemental Nutrition Assistance Program (SNAP) and the Economy: New Estimates of the SNAP Multiplier, USDA Economic Research Service, July 2019, available at <https://www.ers.usda.gov/webdocs/publications/93529/err-265.pdf?v=8010.7> page 25

¹⁵ Source: Texas Health and Human Services SNAP data.