Program Design Branch
Program Development Division
Food and Nutrition Service, USDA
3101 Park Center Drive
Alexandria, Virginia 22302

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

Dear program design branch,

Thank you for the opportunity to comment in opposition to the Proposed Rule of the US Department of Agriculture (USDA) the on Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP). I am a Senior Research Associate at the National Center for Children in Poverty (NCCP), a research center formerly located within Columbia University and currently at Bank Street Graduate School of Education. At NCCP, I work in the Family Economic Security unit and specialize in understanding how public policy decisions – especially at the state level – can help or hinder family finances and work incentives. NCCP is a nonpartisan research center, dedicated to objective analysis. I am submitting this comment as a private citizen informed by my research there.

The proposed rule limits state options for utilizing Broad Based Categorical Eligibility (BBCE), which enables families with gross earnings between than 130% and 200% of the federal poverty guideline (FPG) to be eligible for receiving SNAP benefits. I am sure that other citizens, including advocates and researchers, have by now submitted comments asserting that this rule will cause children and their families to lose access to food assistance, jeopardizing their food security and economic stability. I agree wholeheartedly with that assertion, but I am writing this comment specifically to describe how this rule will not only damage the economic stability of families who would otherwise benefit from BBCE, whose gross earnings are above 130% FPG, but that this rule would also weaken incentives among families making below 130% of FPG, who would remain eligible for SNAP under this new rule.

Part of my work at the National Center for Children in Poverty is researching the marginal tax rates of various public benefit programs like TANF, SNAP, and Medicaid. All means-tested public benefit programs have eligibility requirements based on income, and many of them result in declining benefits as income rises. For families whose income falls below SNAP's gross income limits, the marginal tax rate is generally 30% -- each dollar gained results in 30 cents less of SNAP benefits. However, when family incomes are within a dollar of the SNAP gross income eligibility limit – which BBCE allows states to set between 130% FPG and 200% FPG – one dollar more in family income results in a family no longer being eligible for SNAP and potentially losing thousands of dollars in SNAP benefits, resulting in marginal tax rates at these income limits that can be higher than even 1,000%.

These "benefit cliffs" among people enrolled in SNAP exist far less frequently in states that have higher gross income limits, since the higher limits allow SNAP benefits to decline more gradually at a 30% marginal tax rate. Simply from a tax policy, removing BBCE policies create an inefficiency that, like all very high marginal tax rates, can disincentivize work and earnings.

The reason why many of the families projected to lose SNAP eligibility under the proposed rule are families that either include children or include people with disabilities is because families with gross income below SNAP's gross income limits are allowed to deduct all child and dependent care costs from their gross incomes in calculating their net income. After deducting dependent care costs and other deductions from gross income to arrive at a family's net income, SNAP benefits are calculated after comparing a portion (30%) of a family's net income against a maximum SNAP monthly benefit allotment. There are very few ways that the other SNAP deductions that families with gross incomes exceeding 130% FPG can claim can result in a net income low enough to receive SNAP benefits. This means that, for the most part, the families that would be suffering under this rule have very high dependent care costs, and that these same families would experience severe benefit cliffs should the SNAP gross income limit be universally 130% FPG, as this rule would require.

The severity and frequency of these cliffs could also be addressed by measures aimed at dramatically reducing the cost of child care, dramatically expanding government subsidies for child care providers to service low-income families (for example, through the Child Care and Development Fund), expanding public school to include younger children (e.g. through expanding access to Pre-K programs), and dramatically expanding the federal child and dependent care tax credit while also making that tax credit refundable. The proposed rule would be more justifiable – at least as it pertains to families with children – had it been accompanied by any of the above approaches, but sadly it does not. Rather, it creates a problem for many families without offering any solution to that problem.

The proposed rule is asserts that the revisions it contains "would create a clearer and more consistent nationwide policy that ensures categorical eligibility" by conferring categorical eligibility only to programs "designed to assist households and move them towards self-sufficiency." Yet the SNAP program as currently constructed is designed to do that – it provides an additional incentive for parents to work by essentially subsidizing their child care payments by allowing families to claim this deduction. Absent any accompanying policy change to reduce the cost of child care or provide additional incentives to earnings, families will be less inclined to earn greater than 130% FPG and lose their SNAP benefits. It does not appear that in its Regulatory Impact Analysis (RIA) of the proposed rule, USDA has taken into account the impact of how damaging these disincentives to work will be for these families, meaning that the damage this rule will cause extends well beyond the 3.1 million people they estimate will lose their SNAP benefits. This will not only damage the economic mobility of this family and families facing similar circumstances, but in doing so, will damage the economy as a whole, as people will be less inclined to seek higher paying jobs or increase their productivity when their children or relatives require child or dependent care.

For the sake of these families and the economy as a whole, as there is no alternative policy that is being simultaneously presented as a means to retain these incentives to work, I urge you to withdraw this harmful proposal in the absence of any other incentive.

Thank you.

Sincerely,
Seth Hartig