



# SNAP and Working Families: Solutions for Good Health



The Supplemental Nutrition Assistance Program (SNAP) is the preeminent nutrition assistance program in the U.S. that helps income-eligible families with children, seniors, and people with disabilities to purchase food and stay healthy. Research has consistently shown SNAP to be effective at reducing food insecurity, improving health, decreasing health care costs, and supporting educational success.<sup>1,2</sup>

Over half of households with children participating in SNAP had earned income in fiscal year 2017.<sup>3</sup> Employed SNAP participants often work in unstable, low-wage jobs in sectors like hospitality and retail.<sup>4</sup> These jobs often have unpredictable schedules, sporadic overtime, small wage increases, and/or seasonal hours, which can result in volatile and unpredictable income.

Fluctuations in income can mean that families may move near or above the income eligibility cut-off month to month, resulting in a SNAP benefit reduction or loss. However, the income increase is often insufficient to make up for the lost benefit, leaving them worse off than before they increased their work income. In turn, the changes can have serious ripple effects that jeopardize children's and family health. Furthermore, many families have limited assets to protect them from economic shocks such as a benefit reduction or losing eligibility to participate in SNAP.<sup>5</sup>

## Summary of Findings

The Supplemental Nutrition Assistance Program (SNAP) provides nutritional support for income-eligible families, most of whom have working adults. However, as families increase their income, they may experience a reduction or loss of SNAP benefits that leaves them with fewer overall resources. Children's HealthWatch research demonstrated that working families that increased their income and whose SNAP benefits were subsequently reduced or cut off were significantly more likely to experience food insecurity, other economic hardships, and adverse health outcomes compared to those with consistent SNAP benefit levels.

## SNAP-Focused Policy Solutions

1. Retain Broad Based Categorical Eligibility (BBCE) without change.
2. Increase eligibility limits and remove asset tests.
3. Create a more gradual decline in benefits across assistance programs that avoid an abrupt reduction or loss of SNAP and provide a smooth off-ramp for families in the workforce.
4. Adopt the Low Cost Food Plan as the basis for calculating SNAP benefits.
5. Account for income fluctuations by calculating income over a longer period of time and implement longer recertification periods.
6. Improve the SNAP benefit eligibility calculation to accurately reflect the real costs of housing.
7. Expand the medical deduction to include all family members with health care expenses

## SNAP benefits are inadequate for a healthy diet and income volatility may leave families with even fewer or no benefits.

The monthly SNAP benefit is calculated based on a family's income and a defined list of expenses.<sup>6</sup> The United States Department of Agriculture (USDA) calculates one third of a family's net income as the money spent on food each month. In other words, after allowed expenses are deducted from gross income, the family is expected to contribute 30 percent of the remaining amount. If that remainder is less than the maximum SNAP benefit for an applicant's household size, the household receives the difference between the two as their monthly SNAP benefit allotment. There are serious flaws with the assumptions underlying this calculation.<sup>7,8</sup>

The SNAP benefit allotment has been repeatedly documented to be inadequate to purchase a healthful diet.<sup>7-14</sup> Many families who participate in SNAP struggle to afford food for the entire month.<sup>13</sup> Currently, SNAP is based on the Thrifty Food Plan (TFP), which has not been updated since 2006 and is based on unrealistic expectations of food purchasing and preparation.<sup>15</sup> Using the TFP as the basis of the SNAP calculation means that benefits do not cover the cost of a meal in 99 percent of counties in the continental US.<sup>7,8,13,14</sup> Further, because the TFP is not adjusted for regional food price variation, SNAP benefits are less effective in addressing food insecurity and promoting health and school attendance in regions with high food costs compared to those with low food costs.<sup>16</sup>

Theoretically, SNAP provides gradually declining benefits as participants' household income increases. In practice, income fluctuations, even if temporary, can trigger rapid reductions in SNAP benefits or loss of SNAP benefits, which federal regulations base on the previous month's income. This rapid reduction or loss of benefits then leaves families with fewer resources to afford food and sometimes fewer resources than before their income increased.

## Definitions

**Food insecurity:** When families lack access to enough food for all members to lead active, healthy lives because of insufficient family resources.

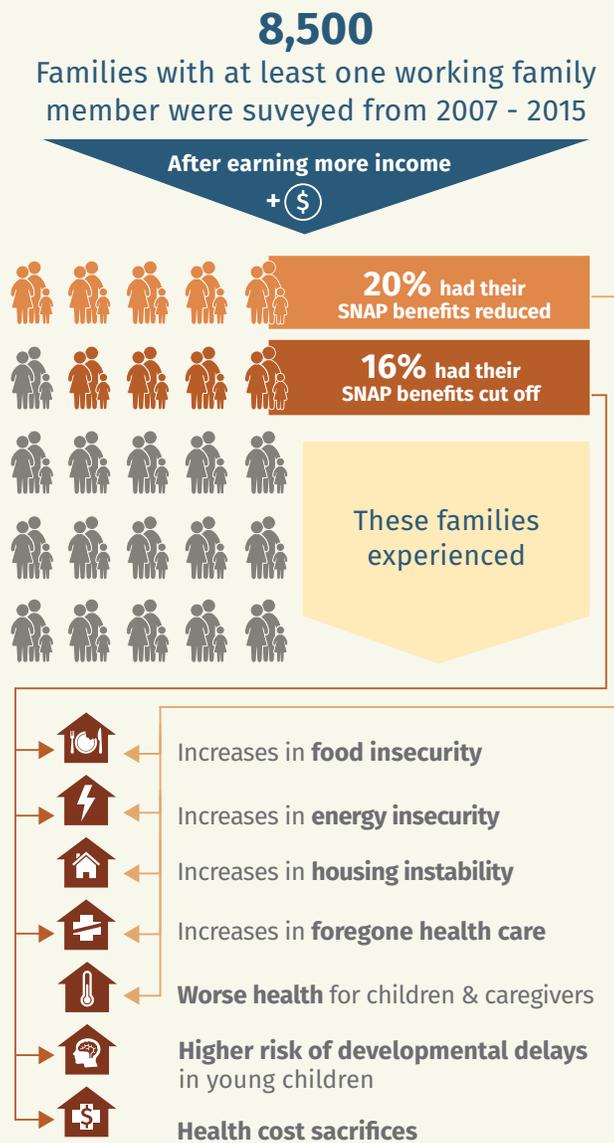
**Child food insecurity:** When children in the household experience reductions in the quality and/or quantity of meals because caregivers can no longer buffer them from inadequate household food resources.

**Energy Insecurity:** When families have limited or uncertain access to enough household electricity and/or gas to sustain a healthy and safe life.

**Housing Instability:** When families experience at least one of the following: being behind on rent in the past year, moving twice or more in the past year, or experiencing homelessness during the child's lifetime.

**Forgone Health Care:** When families delay or forgo receiving medical care or filling prescriptions because they cannot afford them.

**Health Cost Sacrifices:** When families struggle to afford other basic needs because of out-of-pocket medical spending.



Source: Ettinger de Cuba, et al. Health Affairs, 2019.<sup>17</sup>

This research illustrates how basic needs in family budgets are interrelated. Reductions or losses in one area of a family's budget can negatively impact ability to pay for other needs. Furthermore, if a family is cut off from SNAP, there is potential for a cascade of consequences such as losing access to benefits that are linked to participation in SNAP, including utility rate discounts or automatic certification of school-age children for free school meals. In some states, loss of SNAP participation

can also mean a temporary loss of Medicaid benefits, resulting in the need to reapply for Medicaid or other benefits. This is known as 'churn' and it is costly in time and effort both for families and for state governments.<sup>18</sup> Moreover the avalanche effect of multiple losses of support can harm the health and wellbeing of children and adults, especially the youngest children, and their families and threaten the economic stability of families.

## SNAP-Focused Policy Solutions

As the nation's preeminent nutrition assistance program, improvements to SNAP can help to further protect and improve the health and wellbeing of children and their families. The policy recommendations detailed below will support families and improve child health as they move closer to exiting SNAP and toward economic stability. We recommend the following:

### 1. Retain Broad Based Categorical Eligibility (BBCE) without changes

BBCE provides states the ability to allow households to become eligible for SNAP if they qualify for cash or non-cash means tested benefits and enables states to confer SNAP eligibility to meet asset and income limits. BBCE provides access to SNAP for working families across the country as they seek to increase income and build assets while also having resources necessary to feed their children.

### 2. Increase eligibility limits and remove asset tests

More than 80% of families with children who receive SNAP include adults who worked in the year prior to or after receiving SNAP. However, many low-income families still struggle to provide enough food for their families even when employed because, in some states, employment puts them over the income limit for SNAP. SNAP calculations should encourage progress toward economic stability, such as savings for emergencies, by removing limits on savings (known as asset tests) and accounting for temporary income increases (e.g. holiday overtime or seasonal work).

### 3. Create a more gradual decline in benefits across assistance programs that avoid an abrupt reduction or loss of SNAP and provide a smooth off-ramp for families in the workforce

SNAP has a logical phase-down of benefits as income increases. Still, when people abruptly lose all SNAP benefits at the top end of income eligibility, they do not have enough time to adapt to new income realities and may report that they experience food insecurity despite higher wages. Congress should allow states to offer a temporary extension of SNAP benefits at the preexisting level to all households leaving SNAP for employment that pays sufficiently to end their program eligibility. The additional time will help them navigate pay lags and adjust household food budgeting.

### 4. Adopt the Low Cost Food Plan as the basis for calculating SNAP benefits

The National Academies of Science, Medicine, and Engineering (formerly known as the Institute of Medicine), Children's HealthWatch and others have shown that the SNAP benefit calculation is based on outdated assumptions about the real cost of a healthy diet. Fruits, vegetables,

and lean meats are more expensive than energy-dense, nutrient-poor processed foods,<sup>19</sup> yet the market basket of food used to calculate the maximum monthly SNAP benefit (called the Thrifty Food Plan) does not adequately take this into account. Therefore, the expectation for what can be purchased with SNAP benefits leads to calculations that do not sufficiently support families in purchasing healthy food options.<sup>13</sup> Adopting the USDA's Low Cost Food Plan would bring the market basket in line not only with the most updated nutrition guidelines but also with more realistic costs of food, in turn supporting SNAP participants in purchasing a healthier diet and smoothing the SNAP off-ramp for families in the workforce because SNAP would be based on a higher benefit. This approach might also decrease the severity of nutritional-sensitive health conditions and thus decrease medical costs.

### 5. Account for income fluctuations by calculating income over a longer period of time and implementing longer recertification periods

a. Families who earn low wages often have incomes that fluctuate based on

seasonal earnings and irregular hours.<sup>20</sup> Peaks and valleys in income not only make it difficult to plan a family budget but can also make it challenging for families to stay connected to programs such as SNAP because the family may appear to be over income one month and yet qualify the next. Unpredictable income can result in reduced or lost SNAP benefits when families must report these temporary earnings to their local SNAP office. Considering income over a longer period would help to define a more accurate average family income. For example, states could average income over three or more months rather than the current four weeks.

**b.** The time period for which families are approved to participate in SNAP (known as certification) varies by state, with a minimum period of four months. Longer recertification and lengthened or adjusted reporting periods (the

time in which families are required to notify their caseworker about changes in income) would reduce paperwork for caseworkers and can help families to bolster and stabilize their income as they continue to make progress towards earning enough to consistently meet basic expenses. This approach would also decrease the administrative costs of SNAP.<sup>21</sup>

### 6. Improve the SNAP benefit calculation to accurately reflect the real costs of housing

The current SNAP calculation limits the deduction families can take for their shelter costs leading to an inaccurate accounting of the support families need. By rethinking and potentially removing the cap on shelter costs would provide a more accurate accounting of families' real expenses, especially in areas with high housing costs.

### 7. Expand the medical deduction to include all family members with health care expenses

Federal SNAP rules only allow individuals who are disabled (defined as receiving a disability-based benefit) or elderly to claim out-of-pocket medical expenses.<sup>22</sup> However, all households incur a range of out-of-pocket health care expenses not covered by Medicaid or other insurance programs. For example, children with special health care needs, such as those with asthma, can incur extra costs for copayments, medicines, in-home treatments and transportation to and from appointments. In fact, as families increase their income, health costs often increase as they move onto private insurance. Expanding the medical deduction to all households would better align SNAP benefits with expenses of daily living.

## Conclusion

SNAP benefit reductions or loss of all SNAP benefits, even as families increase their earned income, may have a ripple effect on family financial stability resulting in housing instability, energy insecurity, food insecurity, forgone health

care for children or other family members, or health cost sacrifices. It is imperative that policymakers retain aspects of SNAP that support working families and implement improvements to the program that will ensure that SNAP continues to help families put food on the table as they increase their incomes.

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