

September 23, 2019

Program Design Branch
Program Development Division
Food and Nutrition Service
United States Department of Agriculture
3101 Park Center Dr., Alexandria, VA 22302

RE: Docket ID Number [FNS–2018–0037], Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)

SNAP Program Design Branch:

Thank you for the opportunity to comment on the Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP) (Docket ID Number [FNS–2018–0037]). As one of the nation’s largest nonprofit community development support organizations, Local Initiatives Support Corporation (LISC) strongly supports the goal of helping low-income and vulnerable members of local communities obtain and keep quality jobs that enable them to achieve economic security. We are deeply concerned that the proposed SNAP revision is counterproductive to this goal and will increase food and financial insecurity. This proposal would terminate food assistance for 3.1 million individuals from working families who are struggling to meet their monthly expenses, find stable employment that pays a livable wage, and live with dignity.¹ Broad Based Categorical Eligibility (BBCE) allows states to target assistance to vulnerable populations in meaningful ways that produce the best outcomes for their respective demographics. The proposed revision to BBCE would inhibit states seeking to keep citizens – who despite working and saving modestly are still on the cusp of poverty – from a downward economic spiral. The proposed regulation will not only undercut states’ ability to channel resources to populations who need them the most, but also undermine the innovative work of local community based organizations who run integrated service delivery models² and utilize income supports like SNAP to help their clients attain financial and employment stability. BBCE is an effective policy that yields positive results. We strongly urge the Administration to withdraw this proposed regulation due to the significant harm it will cause to individuals, families, and local communities.

About LISC

Established in 1979, LISC is one of the nation’s largest nonprofit community development support organizations dedicated to connecting hard-to-tap public and private resources with hard-to-reach communities struggling to revive. With local offices in 34 cities and 89 partners across 45 states throughout rural America, we seek to catalyze opportunity to empower residents and communities, transform places, support local economies, and foster leadership and innovation. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments; local, statewide and national policy support; and technical and management assistance. Since 1980 we have invested \$18.6 billion in communities around the country, resulting in \$56 billion in total development.

LISC’s financial stability programs connect low-to-moderate income families with the financial and labor market mainstream. Through our Financial Opportunity Center (FOC) model, we’ve learned that

¹ <https://www.regulations.gov/document?D=FNS-2018-0037-0002>

² <http://www.lisc.org/our-initiatives/financial-stability/financial-opportunity-centers/>

integrated or “bundled” services lead to concrete gains in net income and job retention. Research shows that FOC clients who take advantage of combined services – financial coaching, access to income supports, and employment and career counseling – are 50 percent more likely to land a well-paying job than people receiving employment services alone.³ Additionally, long-term job retention—holding a job for a year or more almost doubles when financial coaching reinforces the work of employment counseling.

Implications of the Proposed Revision of Categorical Eligibility in SNAP

More than 40 states currently use BBCE to tailor income supports to meet the needs of low-income working families and people with disabilities. They utilize the BBCE flexibility in order to allow families operating at the cusp of poverty to build modest assets, become more financially stable and avoid a benefit cliff (a situation in which income increases marginally – placing an individual/household over the threshold for program eligibility – but earnings are insufficient for self-sufficiency) as their income rises. States are smart in utilizing BBCE to influence economic stability of vulnerable populations for the following reasons:

BBCE Promotes Asset Building

For more than two decades, states have had the flexibility to lift SNAP’s very low asset tests, which disqualify families and individuals from food assistance if they have managed to save as little as \$2,250 (or \$3,500 for households with elderly or disabled members, who are very unlikely to be able to replenish any assets they spend down). By using the current option, states can open SNAP eligibility to low-wage families with an income that qualifies them for SNAP, but who would otherwise be ineligible because they have managed to build modest savings above the restrictive federal limit. We know firsthand how important income supports – including SNAP – are to low-wage individuals seeking to improve their economic prospects. Sixty-percent of our FOC clients eligible for income support benefits were approved for at least one benefit, and 31% of clients approved for income supports are receiving SNAP benefits. Food assistance is essential to helping our clients along the path to financial stability. Many contend with costly housing or child care expenses that consume a sizeable share of their income, and SNAP helps them to be able to afford adequate food. Additionally, an Urban Institute study found that SNAP households in states that have raised the asset limit using BBCE are more likely to have at least \$500 in assets and to have a bank account, compared to similar households in states that maintain the federal asset limit.⁴ BBCE allows families to maintain a “rainy day” cushion that can help them to endure financial emergencies caused by unexpected health emergencies, natural disasters, or an unforeseen separation from employment.

BBCE Encourages Work

The nature of today’s low-wage labor market is characterized by unstable and low-quality jobs, meaning workers often need SNAP to help pay for food. Among those working, many do not earn enough to make ends meet. Employment that once provided workers with economic security has been replaced by temporary, part-time, and other contingent work arrangements, which are often low-wage and low-quality.⁵

BBCE allows states to support households in meeting their basic food needs by allowing those close to the income threshold to accept higher-paying work while staying connected to food assistance. According

³ http://www.lisc.org/media/filer_public/f6/5d/f65d0869-8d4e-4c81-ad0d-24e18062d7a8/102616_foc_financial_well-being_bi-fold.pdf

⁴ <https://www.urban.org/sites/default/files/publication/82886/2000872-The-Unintended-Consequences-of-SNAP-Asset-Limits.pdf>

⁵ National Employment Law Project, “The Low-Wage Recovery and Growing Inequality,” August 2012, <http://www.nelp.org/content/uploads/2015/03/LowWageRecovery2012.pdf>.

to the Center on Budget and Policy Priorities (CBPP), more than 30 states use this policy to ease SNAP's modest benefit cliff.⁶ This is particularly important for individuals like those in our FOC network, who are unemployed or underemployed and accessing training and credentialing programs in order to secure a living-wage job. Stripping those households of food security just as they are moving into greater economic stability is a disincentive to seeking more skilled, higher wage employment.

BBCE Makes Government and Community Based Organizations Work Smarter

States that do not use BBCE to raise the SNAP asset limit will have to apply new asset tests for low-income applicants – i.e., states will have to ask applicants to provide information and specific documentation about their household assets in order to determine their eligibility for the program. According to CBPP, the current BBCE policy streamlines this process and reduces the administrative activities and workload that pose a cost for states. Restrictive modifications to BBCE would require states to alter their SNAP eligibility rules, modify their computer systems, retrain staff, and revise applications and program manuals. Such changes also would make SNAP rules considerably more complicated — and inconsistent with the rules in states' TANF and Medicaid programs.⁷ Eliminating state administrative burden has a positive trickle-down effect for community-based organizations (CBOs) that underpin local communities and help route individuals and families to the critical services and supports that they need. CBOs are a key component of the continuum upon which agencies rely to route individuals to a vast array of social service and income supports, but are consistently underpaid to perform essential services. Drastic changes to state program administration may pose significant challenges to CBOs already facing numerous challenges, some of which are specific and unique to the adoption of technology.⁸

Conclusion

Low-income families in the communities that we serve utilize SNAP as a bridge to improve their circumstances and maintain a dignified standard of living. The proposed revision would have negative implications for basic health and wellness, undercut pathways to financial stability in low-income households, and undermine innovative strategies that many states, local governments, and community based organizations implement in order create thriving communities where people have stable employment and modest savings. Income supports like SNAP play a key role in helping low-income individuals achieve financial stability. Reducing the ability of states to waive the asset test runs counter to SNAP program goals of reducing hunger and promoting economic stability. We strongly encourage the Administration to withdrawal this proposal.

Thank you for the opportunity to offer feedback on the proposed rule. If you have any questions about our work or our public comments, please contact Nicole Barcliff, LISC Policy Director at (202) 739-9296 or nbarcliff@lisc.org.

Sincerely,



Matt Josephs
Senior Vice President for Policy
Local Initiatives Support Corporation

⁶ <https://www.cbpp.org/research/food-assistance/snaps-broad-based-categorical-eligibility-supports-working-families-and>

⁷ https://www.cbpp.org/research/food-assistance/snaps-broad-based-categorical-eligibility-supports-working-families-and#_ftnref18

⁸ <https://www.governing.com/topics/health-human-services/gov-social-service-nonprofits-report-financial-government.html>