

## Memoranda

**TO:** Ken Schatz, Commissioner, Department for Children and Families

**FROM:** Nicole Tousignant, Senior Policy and Operations Director, Department for Children and Families/Economic Services Division

**DATE:** August 6, 2019

**SUBJECT:** SNAP Proposed Rule – Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program

On July 24, 2019, Food and Nutrition Services published a proposed rule updating the regulations governing broad-based categorical eligibility for the Supplemental Nutrition Assistance Program (SNAP). The stated purpose of this rule is to close a “loophole” in the regulations which has allowed states to offer the benefits of categorical eligibility to households beyond those typically eligible. In Vermont, this has meant that currently (and in the past) more vulnerable households experiencing food insecurity have been served than otherwise would have been. Categorical eligibility eliminates the need for a resource test, increases the allowable gross federal poverty income level and increases the allowable net poverty income level.

In Vermont there are two types of categorical eligibility: standard categorical eligibility and broad-based categorical eligibility:

- **Standard categorical eligibility** is granted when all members of a household are: Supplemental Security Income recipients, receiving post-secondary education, on Reach-Up, on Reach First, on Reach Ahead, or receiving the Vermont Earned Income Tax Credit with a child in the household.
- **Broad-based categorical eligibility** is granted to households that have gross income at or below 185% FPL and do not qualify for standard categorical eligibility.

Federal Poverty Levels are as follows:

Household Size	Annual Income		
	100% Poverty	130% Poverty	185% Poverty
1	\$12,490	\$16,237	\$23,107
2	\$16,910	\$21,983	\$31,284
3	\$21,330	\$27,729	\$39,461
4	\$25,750	\$33,475	\$47,638
5	\$30,170	\$39,221	\$55,815
6	\$34,590	\$44,967	\$63,992
7	\$39,010	\$50,713	\$72,169
8	\$43,430	\$56,459	\$80,346



The proposed rule will impact those households that receive broad-based categorical eligibility. There are 3 major changes:

- Households will be subject to either a \$3,500 or \$2,250 resource test. The amount of the allowable resources is based on household composition.
- The allowable gross income will reduce from 185% FPL to 130% FPL for some households.
- The allowable net income will now be 100% FPL.

Failure to meet any of the above criteria will make the household ineligible to receive a benefit. The following chart outlines the number of households impacted:

<b>Household Composition</b>	<b>Impact of Rule</b>	<b>Number of Households that Will Lose Eligibility</b>	<b>Number of Children that will Lose Eligibility</b>	<b>Average Monthly Benefits that will be Lost</b>
Households with at least 1 member age 60/over or disabled, and: <ul style="list-style-type: none"> <li>• not eligible for standard categorical eligibility</li> <li>• gross income up to 185% FPL</li> <li>• Net income 100% or less</li> </ul>	Households will be subject to a \$3,500 resource test	1790	47	\$129.99
Households with at least 1 member age 60/over or disabled, and: <ul style="list-style-type: none"> <li>• not eligible for standard categorical eligibility</li> <li>• gross income up to 185% FPL</li> <li>• Net income over 100%</li> </ul>	All households in this category will lose eligibility as net income is above 100% FPL	595	220	\$24.41
Households with no members who are 60/over or disabled, and: <ul style="list-style-type: none"> <li>• not eligible for standard categorical eligibility</li> <li>• gross income up to 130% FPL</li> <li>• Net income 100% or less</li> </ul>	Households will be subject to a \$2,250 resource test	687	1023	\$280.01
Households with no members who are 60/over or disabled, and: <ul style="list-style-type: none"> <li>• not eligible for standard categorical eligibility</li> <li>• gross income up to 130% FPL</li> <li>• Net income over 100%</li> </ul>	All households in this category will lose eligibility as net income is above 100% FPL	665	1262	\$131.97
Households with no members who are 60/over or disabled, and: <ul style="list-style-type: none"> <li>• not eligible for standard categorical eligibility</li> <li>• gross income 130% to 185% FPL</li> </ul>	All households in this category will lose eligibility as gross income is above 130% FPL	1467	2067	\$124.72
<b>Total</b>		<b>5,204</b>	<b>4,619</b>	

It is estimated that 5,204 households will lose SNAP eligibility. This is 13% of the current SNAP caseload. This equates to \$7,524,816 in annual benefits to Vermonters.

This change will also impact eligibility for free meals through the National School Lunch Program and School Breakfast Program. When a household is eligible for SNAP, the children in that household are automatically eligible for free meals through direct certification. Children who lose SNAP eligibility may still be eligible for free or reduced-price meals but will need to complete an application and meet the income guidelines of the program. Of the 4,619 children who will lose SNAP eligibility, the school age children will also lose direct certification for free and reduced meals.

In the 2018-19 school year, 17,750 of the approximately 33,600 students who were eligible for free and reduced meals in Vermont were eligible because they were directly certified based on their participation in SNAP. When 40% or more of the students at a school or group of schools are directly certified for free meals, then the school can provide free meals to all students through the Community Eligibility Provision. If fewer students are eligible for SNAP, fewer schools will be able to participate in the Community Eligibility Provision, or participation in CEP may require a larger contribution of local/non-federal funding.

Furthermore, the anticipated drop in students who are directly certified for free school meals will likely mean lower free and reduced percentages across the board for Vermont schools. This will especially be true if the affected families don't qualify for free or reduced-price meals by submitting applications. (It is typical for families to not fill out the applications.) This data (often called FRL) is used as a metric for student poverty in a wide variety of other programs. Lower FRL percentages could impact eligibility for:

- E-rate programs for school & library technology
- The TCLI program (student loan forgiveness for teachers in low income schools)
- Open summer and after school meal sites for children ages 0-18
- The Fresh Fruit and Veggie Grant Program for low income elementary schools

The data is also used for equity determinations for state and federal accountability systems, and distribution of Title 1 funds among Vermont schools. This is not an exhaustive list, and there may be additional programs impacted by lower FRL percentages.

Written comments must be submitted by September 23, 2019. DCF is holding a meeting with community providers, advocates and other stakeholders in two weeks to discuss the proposed changes.