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SNAP—PROGRAM RULES AND STATE FLEXIBILITY

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You asked for general information about the SNAP (formerly Food Stamps) program, including eligibility rules, how benefits can be used, and enforcement activities. You also want to know to what extent federal law governs states' flexibility administering the program.

SUMMARY

The SNAP program offers food assistance to low-income individuals and families. The program is jointly administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Services (FNS) and the states. FNS (1) pays the full cost of SNAP benefits, (2) shares the states' administrative costs, (4) promulgates program regulations, (4) ensures that state officials administer the program in compliance with these rules, and (5) approves the program's retailers.

States administer the program by (1) determining whether households meet eligibility requirements, (2) calculating monthly benefits for those who do qualify, and (3) issuing benefits through an electronic benefits transfer (EBT) system. (The 1996 federal welfare reform law required states to convert their programs from coupon-based to electronic benefits transfer (EBT) programs to minimize program fraud and ease states' administrative burden.) The Department of Social Services (DSS) administers the SNAP program in Connecticut.

Benefit amounts vary depending on the items that a household can deduct from its income. FNS sets federal maximum allotment amounts and the benefit is the difference between the allotment and 30% of the household's net income. In FFY 2011, Connecticut's average monthly benefit was just over \$140 per person and \$260 per household. Households can spend their SNAP benefits on any food item that will be consumed at home.

Although federal law limits the duration of benefits for able-bodied adults without dependent children, the federal government has allowed for ongoing benefits to this group in states with persistently high unemployment rates, including Connecticut.

Because the federal government cedes program administration to the states, quality control is a big concern and states must minimize the errors they make in determining eligibility and allocating benefits or risk financial sanctions. Connecticut has had one of the highest error rates in the country in recent years, primarily from over-paying benefits. More recently, the federal government has focused on the exchange of SNAP benefits for cash (called "trafficking"), with FNS presenting new anti-fraud rules in response to 2008 legislation.

In addition to its high error rates, Connecticut has been largely unsuccessful in processing applications in a timely manner (generally within 30 days of application). As a result, legal aid attorneys requested, and a U.S. district court recently granted, a preliminary injunction against DSS, directing it to meet its obligations under the law. While the state adopted some federal options that enable DSS to either increase program availability or streamline the eligibility process, there may be more the state could do to address these issues.

SNAP—ELIGIBILITY

Income

Households applying for SNAP must pass an income test unless they are receiving Temporary Assistance for Needy Families (TANF)-funded assistance, Supplemental Security Income (SSI), or in some places, General Assistance (i.e., they are categorically eligible). Most must pass both a gross and net income test (after certain deductions, see below), although households with a person age 60 or older or who is receiving certain types of disability payments must meet only the net income test. Table 1 shows the gross and net income levels for FFY 13.

Table 1: FFY 13 Snap Income Limits

Household Size	Gross Monthly Income (130% of FPL)	Net Monthly Income (100% of FPL)
1	\$1,211	\$931
2	1,640	1,261
3	2,069	1,591
4	2,498	1,921
5	2,927	2,251
6	3,356	2,581
7	3,785	2,911

Source: USDA, FNS website last visited 12/10/2012

Connecticut actually has a higher income limit of 185% of the FPL. The reason is because in July 2009, DSS created a new program called “Help for People in Need” using a portion of its TANF block grant. The program consists of an informational brochure that refers clients to programs that will help them. To qualify for the brochure, a household may have income up to 185% of the FPL. Since the program is TANF-funded, participants are considered categorically eligible for SNAP.

Assets

Households generally may have up to \$2,000 in assets, unless a household member (1) is age 60 or older, (2) has a disability, or (3) is categorically eligible for assistance and has income under 185% of the FPL, in which case no asset test applies. Certain assets are not counted, such as a home and most retirement income.

States determine procedures for handling vehicles and can substitute the TANF vehicle rules for SNAP rules if the former results in a lower attribution of household assets. Some states, including Connecticut, exclude the entire value of the household’s primary vehicle.

SNAP BENEFITS

Benefit Levels

When it calculates a household's SNAP benefit, DSS must deduct certain items from its gross income, including allowable housing, medical, and utility expenses.

The deductions include:

1. a 20% deduction from earned income;
2. a standard deduction of \$149 for household sizes of one to three people and \$160 for a larger family;
3. a dependent care (i.e., child care) deduction when needed for work, education, or education;
4. medical expenses exceeding \$35 per month that are not paid for by insurance or someone else that an elderly or disabled household member incurs;
5. legally owed child support payments;
6. a \$143 shelter deduction for homeless shelter residents (in some states); and
7. excess shelter costs (a maximum of \$469 except for the elderly and disabled) that are more than half of the household's income after the other deductions, including fuel costs for cooking and heating and the basic fee for one telephone. (Some states allow a set amount for utility costs instead of actual costs.)

Once the deductions are taken, "net" income is multiplied by 0.30. This product is then subtracted from the federally established "maximum monthly allotment" and the difference is the amount of SNAP benefits the household receives. Table 2 shows the FFY 13 maximum monthly allotments for a household size of one to seven people.

Table 2: FFY 13 Snap Maximum Allotments

Household Size	Maximum Monthly Allotment
1	\$200
2	367
3	526
4	668
5	793
6	952
7	1,052

Source: USDA, FNS website, last visited 12/10/2012

Benefit Trends in Connecticut and Surrounding States

According to FNS, in FFY 11, Connecticut's average monthly benefit was \$142.47 per person and \$262.18 per household. Of the six New England states and New York, Connecticut ranked third in both categories, behind New York and Rhode Island. Table 3 shows the average monthly individual and household benefit for these states for the last five years.

Table 3: Average Monthly SNAP Individual and Household Benefits in New York and New England States (FFYs 2007-2011)

State/FFY	2007	2008	2009	2010	2011
Connecticut	\$99.21	\$105.31	\$134.65	\$141.26	\$142.47
	\$186.32	\$196.86	\$249.36	\$263.07	\$262.18
Maine	87.42	94.52	121.20	129.17	128.43
	173.85	189.17	245.01	259.83	252.36
Massachusetts	86.20	96.65	122.90	129.70	132.29
	163.99	183.47	229.53	238.54	240.76
New Hampshire	88.10	93.58	122.40	121.21	119.54
	180.46	190.45	251.24	255.39	250.43
New York	107.49	109.78	141.90	150.63	148.63
	203.54	206.82	267.54	283.92	278.56
Rhode Island	97.57	105.77	138.85	142.49	142.91
	203.20	216.06	275.54	271.85	265.08
Vermont	88.16	92.77	114.66	121.11	122.10
	178.08	187.42	233.56	244.13	243.04

Source: USDA, FNS website, last visited December 17, 2012

How Benefits May be Spent

The Food and Nutrition Act of 2008 (codified in 7 USC 2012(f)) establishes what constitutes “food” in very broad terms. Specifically, it defines food as any food or food product for home consumption (including seeds and plants that produce foods for consumption) by SNAP households. FNS offers further guidance on its website, listing the types of items on which SNAP benefits may be spent. These include:

1. breads and cereals;
2. fruits and vegetables;
3. meats, fish, and poultry; and
4. dairy products.

In some areas of the country, restaurants can be authorized to accept SNAP from qualified homeless, elderly, or disabled people in exchange for low-cost meals.

The FNS website further states that households may not use SNAP to buy:

1. beer, wine, liquor, cigarettes or tobacco;
2. any nonfood items, such as pet foods, soaps, paper products, and household supplies;
3. vitamins and medicine;
4. food that will be eaten in the store; and
5. hot foods.

Soft drinks, candy, cookies, and other snacks are considered food items and can be purchased with SNAP benefits. Likewise, energy drinks that have a nutrition facts label are eligible. Gift baskets that contain both food and non-food items can be purchased with SNAP benefits if the value of the food items is at least 50% of the purchase price.

Benefit Issuance—EBT

The federal 1996 Personal Responsibility and Opportunity and Work Reconciliation Act (P.L. 104-193 § 825) generally required states to convert their coupon-based programs to EBT. In most states, benefits are issued on debit cards each month, which can be used at any USDA-authorized retailer. When a client makes a food purchase, he or she swipes the debit card at a point-of-sale machine at the grocery checkout and the purchase amount is deducted from the client's balance; no change is ever given. This results in the transfer from a federal account to the retailer. (According to FNS' FFY 10 SNAP *State Activity Report*, five states were still running older demonstration "cash-out" programs, giving clients cash rather than food assistance.)

WORK REQUIREMENTS

Federal law limits, to only three months in a 36-month period, the amount of SNAP benefits able-bodied adults between the ages of 18 and 50 who do not have dependent children (ABAWD) can receive if they do not work or participate in a workfare or employment and training program other than a job search. This requirement is waived in certain areas with high unemployment rates. With some exceptions, ABAWDs between ages 16 and 60 must minimally register for work, accept suitable employment, and take part in an employment and training program to which they are referred by the SNAP office. Failure to comply can result in program disqualification.

Under SNAP regulations, a state can qualify for a 12-month statewide waiver of the durational benefit limit if the U.S. Department of Labor's Unemployment Insurance Service determines it meets the criteria for extended unemployment benefits. The USDA's FNS can approve the waiver if the state's unemployment rate triggers the criteria for the extended benefit (EB), regardless of whether the state has elected the option to offer the EB (7 CFR § 273.24(f)(2)).

According to the FNS, 46 states, including Connecticut, met the emergency unemployment compensation criteria for 2012, and they may suspend the time limits on ABAWDs through at least September 2013. Connecticut plans to do this.

SNAP ENFORCEMENT ACTIVITIES

Error Rates and Fraud Prevention and Control

The federal government is particularly concerned about potential errors in benefit issuance and requires states to closely monitor program activities. Each state SNAP agency conducts monthly quality control reviews of a statistical sample of participating households (active cases) and households for which participation was denied or terminated (negative cases). These reviews measure the validity of SNAP cases at a given time. The reported state dollar and case error rates are based on these reviews and states must take corrective measures to improve error rates that are too high or face financial penalties. The error rate is the sum of benefit over- and underpayments as a percentage of total benefits paid.

FNS' FFY 10 quality control report shows that during that period, the nation as a whole had the lowest error rate in the history of the program (3.81%). A closer look at individual states reveals that Connecticut's error rate was double the national rate, with both its over- and underpayment rates exceeding those of the surrounding states listed in Table 3. Only three states had active error rates higher than Connecticut in FFY 10, according to the report (USDA, FNS, Program Accountability and Administration Division, Quality Control Branch, *Supplemental Nutrition Assistance Program Quality Control--Annual Report, FY10* (September 2011)).

Trafficking

There is growing concern that SNAP benefits are increasingly being exchanged for cash, a practice known as "trafficking." This is prohibited and the federal government has taken steps to limit its occurrence. EBT has given FNS new tools to identify, track, and take action. The agency uses the electronic "audit trail" from EBT transactions to identify suspicious activities. The Anti-Fraud Locator EBT Retailer Transactions (ALERT) system is used to monitor suspicious stores to be analyzed and investigated. The FNS has a team of analysts and investigators dedicated exclusively to SNAP retailer compliance. They analyze retailer data, conduct undercover investigations, and process cases, including imposing fines and administrative disqualifications, against violators. FNS also works with state law enforcement authorities to provide them with SNAP benefits that are used in sting operations, supporting anti-trafficking actions at the local level.

This past July, the USDA announced additional anti-fraud strategies for SNAP aimed at retailers who accept the benefits. The Farm Bill of 2008 (P.L. 110-246) authorized the USDA to tighten sanctions on retailers who defraud the program. In July 2012, the agency proposed implementing rules that would (1) allow a civil penalty to be imposed in addition to program disqualification, (2) raise the allowable penalties per violation, and (3) give the agency greater flexibility for addressing minor violations.

Retailers engaging in this behavior can be permanently disqualified from the program. Current program rules allow a civil penalty to be imposed instead of program disqualification; under the new rules, both penalties and disqualification could be levied.

Retailers who take SNAP benefits for “common ineligible” products (e.g., paper products) are also subject to program disqualification, although only temporarily. The proposed rules would provide the option to apply the disqualification only to repeat offenders. And first-time offenders would be subject to a civil penalty of \$1,000 in lieu of program disqualification. These rules would give retailers the ability to take corrective actions.

STATE OPTIONS

Federal law, regulations, and waivers provide state agencies with various policy options to adapt their programs to meet the needs of their eligible low-income population; some of these have been discussed above. The USDA periodically surveys states to see which options they are using. The latest survey we found was published in November 2010.

For example, states can simplify the reporting requirements for households. Federal law requires households certified for SNAP for more than six months to submit a periodic report at least once every six months, but no more frequently than once every four months, during the certification period. States have the option to certify households for 12 months, with a periodic report at six months. Some states, including Connecticut, have a 24-month certification period with a 12-month periodic reporting requirement for households in which all members are elderly or disabled (7 CFR § 273.12(a)).

States can also offer transitional benefits to help support families as they move off cash benefits under their TANF programs. The benefits can be offered for up to five months in an amount equal to what the household received before the termination, with adjustments made for the loss of the cash assistance (7 CFR § 273.26). Connecticut does not offer this option.

States likewise have the option of mandating verification of any other factor that affects household eligibility or benefit allotment level. Common factors include child support, housing, and child care costs. Connecticut mandates verification for all three.

While Connecticut has taken advantage of some of these options, its persistently high error rate and delays in processing applications may suggest a need to look at further ways to streamline SNAP administration. DSS' modernization project, which includes online applications, will mitigate some concerns once it is up and running sometimes in early 2013.

To access the most recent survey of states exercising their SNAP options, go to http://www.fns.usda.gov/snap/rules/Memo/Support/State_Options/9-State_Options.pdf

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