

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: September 18, 2019

TO: Honorable Members of the Rules, Elections & Intergovernmental Relations Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst

Council File No: 19-0002-S153  
Assignment No: 19-08-0807

SUBJECT: Resolution to OPPOSE the United States Department of Agriculture (USDA)'s proposed rule change relating to broad-based eligibility for the Supplemental Nutritional Assistance Program (SNAP).

CLA RECOMMENDATION: Adopt Resolution (Ryu – Wesson) to include in the City's 2019-2020 Federal Legislative Program, opposition to the USDA's proposed rule change which would change the definition of "benefits" to mean ongoing and substantial benefits and restrict the non-cash assistance which qualifies recipients for categorical eligibility for SNAP to subsidized employment, work training, and child care.

SUMMARY

The Resolution (Ryu – Wesson), introduced August 13, 2019, advises that Temporary Assistance for Needy Families (TANF) is a federal block grant program that provides funding to states for the provision of assistance to low income families. Through "broad-based categorical eligibility," those who are eligible for TANF assistance automatically qualify to receive assistance from SNAP, more commonly known as food stamps. Categorical eligibility reduces the bureaucracy between assistance and those who need it, allowing families to receive benefits without going through additional application and income eligibility processes. On July 24, 2019, the USDA released a proposed rule change which would change the definition of benefits (in relation to broad-based categorical eligibility for SNAP) to mean ongoing and substantial benefits, and restrict the non-cash assistance that would qualify recipients for categorical eligibility for SNAP to subsidized employment, work training, and child care.

The Resolution further advises that the proposed rule change would result in 3.1 million people losing their SNAP benefits and up to 265,000 children losing eligibility for free or reduced-price school meals. The proposed change is misguided and falsely justified as fraud prevention, fiscal responsibility, and helping families achieve self-sufficiency. Several studies have found that fraud relating to SNAP is negligible and that eligibility provides assistance to those who may not have otherwise received them. The proposed change follows a pattern of austerity measures targeting vulnerable populations, in spite of tax benefits given to corporations and the wealthy. The proposed rule change would result in millions of Americans being left without the means to pay for food, endangering the health and proper nutrition of needy families.

The Resolution recommends that the City oppose to the USDA's proposed rule change which would change the definition of benefits to mean ongoing and substantial benefits and restrict the non-cash

assistance which qualifies recipients for categorical eligibility for SNAP to subsidized employment, work training, and child care.

## BACKGROUND

TANF is a federal program administered by the USDA which provides grant funds to states and territories to provide families with financial assistance and other support services. TANF-funded programs administered by states include childcare, job preparation, and work assistance. Although requirements may change slightly from state to state, to qualify the applicant must be responsible for a child under 29 years of age and be low-income or unemployed. SNAP, commonly known as food stamps, provides nutritional benefits for low-income households and recipients must earn no more than 130 percent of the Federal Poverty Level.

Section 5(a) of the Food and Nutrition Act of 2008 allows households which receive benefits under TANF-funded programs to be categorically eligible for SNAP. Categorical eligibility simplifies the application process for both households and state agencies by reducing the amount of information that must be verified if a household qualifies for assistance from a separate program. Categorical eligibility regulations currently broadly interpret “benefits” to mean cash assistance and non-cash benefits or services from any TANF-funded program. Due to the flexibility afforded to states in the construction of TANF-funded programs, households who would not otherwise qualify for SNAP due to their income or resources, are able to receive SNAP benefits. Categorical eligibility encourages low-income families to create savings and increase their income without risking the loss of benefits, allowing them to move closer to self-sufficiency. In 2017, only 0.2 percent of SNAP benefits went to beneficiaries with net incomes above the poverty line.

The USDA posted the proposed changes on the Federal Register for public comment on July 24, 2019. Under the proposed regulations, benefits would need to be received for at least 6 months and be valued at a minimum of at least \$50 a month in order to qualify a recipient for categorical eligibility for SNAP. In addition, the proposed changes limit the types of non-cash TANF benefits that confer categorical eligibility to those that focus on employment and childcare. The proposed changes would also require states to inform the USDA’s Food and Nutritional Service of all non-cash TANF benefits that confer categorical eligibility.

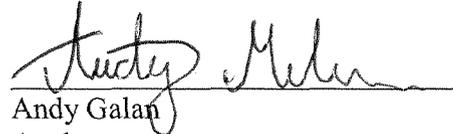
The Trump Administration has previously proposed limiting access to benefits that support low-income households. These proposals include altering the public charge rule to discourage those seeking changes in residence status from applying for benefits, adding work requirements to benefits currently offered, and continually proposing cuts or elimination of programs which provide assistance to needy families.

The proposed changes are expected to affect 3.1 million SNAP benefit recipients (8 percent of total) in the 43 states that use utilize categorical eligibility for SNAP. The changes would also affect 265,000 children whose reduced school lunches would be at risk due to a loss of SNAP eligibility for their parents. Requiring TANF recipients to undergo more stringent SNAP income eligibility processes may result in low-income families spending down their savings in order to meet eligibility requirements, and would further discourage saving for risk of losing SNAP benefits. A USDA report released in May of 2019 demonstrated that SNAP benefits boosted the local economies in non-metropolitan counties, creating more jobs, especially during the Great Recession.

The proposed rules changes will be posted on the Federal Register for public comment until September 23, 2019.

DEPARTMENTS NOTIFIED

None

  
Andy Galan  
Analyst

Attachments: 1. Resolution (Ryu –Wesson)

RESOLUTION RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Temporary Assistance for Needy Families (TANF) is a federal block grant program that provides funds to states for the provision of assistance to low income families including food, housing, childcare, and job training; and,

WHEREAS, those who are eligible for TANF assistance are also given eligibility for food assistance under the Supplemental Nutritional Assistance Program (SNAP), more commonly known as food stamps, through "broad-based categorical assistance;" and,

WHEREAS, broad-based categorical eligibility reduces the bureaucracy between assistance and those who need it by allowing families to automatically qualify for SNAP benefits without going through an additional application and income eligibility process; and,

WHEREAS, on July 24, 2019, the United States Department of Agriculture (USDA) released a proposed rule change which would change the definition of "benefits" (in relation to broad-based categorical eligibility for SNAP) to mean ongoing and substantial benefits, and restrict the non-cash assistance that would qualify recipients for categorical eligibility for SNAP to subsidized employment, work training, and child care; and,

WHEREAS, the proposed rule change would result in 3.1 million people in 43 states to lose their SNAP benefits and would further result in up to 265,000 children losing eligibility for free or reduced-price school meals; and,

WHEREAS, the proposed change to the broad-based categorical eligibility is misguided and falsely justified by the USDA as fraud prevention, fiscal responsibility, and aid to help families achieve self-sufficiency; and,

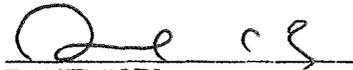
WHEREAS, several studies have found that fraud relating to SNAP is negligible and that broad-based eligibility provides assistance to those who may not have otherwise received them; and,

WHEREAS, the proposed change follows a pattern of austerity measures targeting vulnerable populations in the name of fiscal responsibility, despite the concurrent provision of tax benefits to corporations and the wealthy; and,

WHEREAS, the proposed rule change would result in millions of Americans being left without the means to pay for food, endangering the health and proper nutrition of needy families and taking benefits away from those who need them the most;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 Federal Legislative Program OPPOSITION to USDA's proposed rule change relating to broad-based eligibility for SNAP which would change the definition of "benefits" to mean ongoing and substantial benefits and restrict the non-cash assistance which would qualify recipients for categorical eligibility for SNAP to subsidized employment, work training, and child care.

PRESENTED BY:



DAVID RYU

Councilmember, 4<sup>th</sup> District

SECONDED BY:



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