

Proposed House Farm Bill Would Harm Workers, Bring Back “Cliff Effects”

The Supplemental Nutrition Assistance Program (SNAP)¹ helps low-income households put food on the table and is proven to reduce poverty² and food insecurity.³ SNAP is arguably our nation’s most important nutrition program and provided a modest monthly benefit to 42 million people in 2017.⁴ The program has also been shown to support and encourage work,⁵ stimulate economic growth,⁶ and improve health outcomes⁷ among recipients. The 2018 Farm Bill, introduced on April 12 by the House Agriculture Committee,⁸ proposes significant changes to SNAP that would force millions of working households off the program, making it harder for them to afford basic needs.⁹

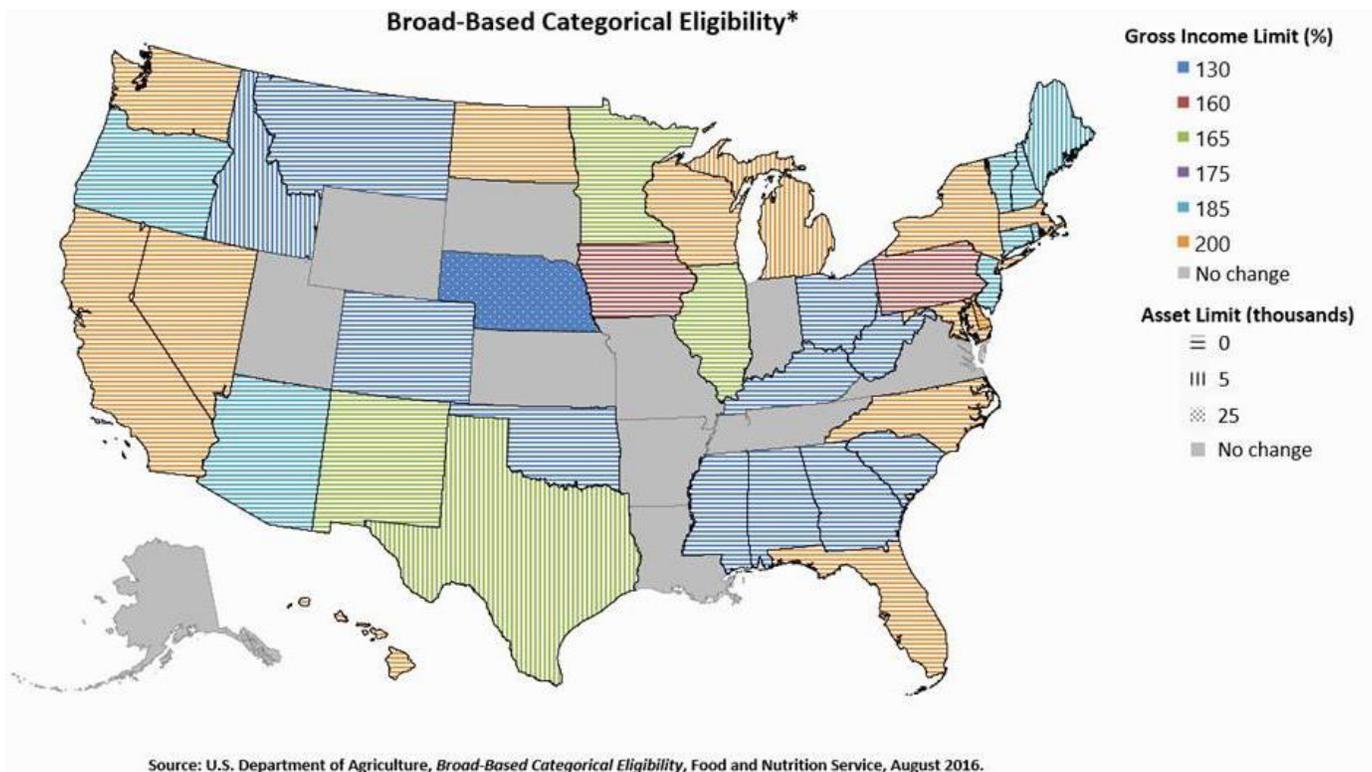
The U.S. Department of Agriculture (USDA), which establishes the SNAP benefit amount and eligibility criteria, uses a variety of tools to support employment and wage growth among SNAP participants.¹⁰ These include deductions for earned income and other unavoidable household expenses. This allows a household’s monthly food benefit to slowly decrease as earnings rise.

Another policy lever that supports wage growth is Broad Based Categorical Eligibility (BBCE).¹¹ BBCE allows states to raise the federal gross income limit—which looks at income before any deductions are applied—to improve the gradual phase down of SNAP benefits. BBCE allows states to reflect cost of living, wages, and other local economic conditions by raising the gross income limit from the current standard of 130 percent of the federal poverty level (FPL). Despite BBCE’s ability to strengthen SNAP’s work incentive effect, the 2018 Farm Bill effectively eliminates BBCE except for some households under very narrow conditions.¹²

State Flexibility

Thirty-one states and territories (see map) use BBCE to raise the gross income limit—with states currently raising the limit to as high as 200 percent of FPL. An additional 10 states have not increased the gross income limit but have used BBCE’s flexibility to raise or eliminate the limit on household assets, which the proposed Farm Bill would also disallow. The remaining nine states do not use BBCE in their SNAP programs.

The flexibility provided to states by BBCE is vital because the federal gross income limit cuts off SNAP benefits completely when a household reaches 130 percent of FPL. For a parent with two children, this equates to an annual income of just \$27,014, or \$11.51 per hour if working 35 hours a week (the U.S. Bureau of Labor Statistics’ definition of full-time work) year-round. This abrupt cut off can create an economic “cliff effect,” which occurs when a worker’s relatively small pay raise results in a complete loss of benefits (see table). This cliff effect can be especially harmful for those with high housing or child care expenses. The proposed House Farm Bill will re-institute the 130 percent of FPL limit on all states, regardless of their economic and labor conditions.



The chart below illustrates how a worker benefits when a state has raised the gross income limit. For example, should a worker at 125 percent of FPL earn a \$1.14 per hour raise, he or she is *significantly* better off in a state that has raised the gross income limit, like Nevada, compared to a state that chooses not to, such as Georgia. The worker in Georgia who earned an hourly raise of just over a dollar now faces an economic “cliff.” Though this cliff may be modest for many families, those who are close to income eligibility limits and have high housing and child care expenses experience a steep loss in benefits that exceeds a nominal raise. States that have raised the gross income limit have virtually eliminated incidences of this cliff effect.

State	Georgia (Did not raise GIL)		Nevada (Raised GIL)	
Income Status	Before Raise	After Raise	Before Raise	After Raise
Gross Monthly Earnings	\$2,165	\$2,338	\$2,165	\$2,338
Gross Hourly Earnings	\$14.39	\$15.53	\$14.39	\$15.53
% of Poverty	125%	135%	125%	135%
SNAP Benefit	\$193	\$0	\$193	\$151
Income + SNAP	\$2,358	\$2,338	\$2,358	\$2,489
Change in Total Resources	N/A	-\$20	N/A	\$131

Worker in a family of 3 working 35 hours all year with \$1,400 in monthly housing and utility costs.

Supporting Successful Transitions to Work

House Speaker Paul Ryan has often argued that cliff effects create a work disincentive.¹³ And yet, this Farm Bill, while claiming to promote work, would bring back cliff effects in states from California to Maine, including Texas, the home state of House Agriculture Committee Chairman Mike Conaway. These states are successfully utilizing BBCE to support people as they transition from unemployment and low-wage work to higher earnings. Taking away this flexibility would put more families at risk of the cliff effect. To build upon SNAP's effective structure, policymakers should be guided by research and evidence about what actually strengthens the program's design,¹⁴ not what weakens it.

Endnotes

¹ U.S. Department of Agriculture, "Supplemental Nutrition Assistance Program," Food and Nutrition Service, February 2018, <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap>.

² Nune Phillips, "SNAP Provides a Lifeline for Millions Each Year," Center for Law and Social Policy, September 2017, <https://www.clasp.org/blog/snap-provides-lifeline-millions-each-year>.

³ Executive Office of the President of the United States, "Long-Term Benefits of the Supplemental Nutrition Assistance Program," December 2015, https://obamawhitehouse.archives.gov/sites/whitehouse.gov/files/documents/SNAP_report_final_nonembar.go.pdf.

⁴ U.S. Department of Agriculture, "Supplemental Nutrition Assistance Program Participation," Food and Nutrition Service, April 2018, <https://fns-prod.azureedge.net/sites/default/files/pd/34SNAPmonthly.pdf>.

⁵ Nune Phillips, "SNAP and Work," Center for Law and Social Policy, February 2018, <https://www.clasp.org/publications/fact-sheet/snap-and-work>.

⁶ Nune Phillips, "SNAP Contributes to a Strong Economy," Center for Law and Social Policy, August 2017, <https://www.clasp.org/sites/default/files/SNAP-Contributes-to-a-Strong-Economy.pdf>.

⁷ Steven Carlson and Brynne Keith-Jennings, "SNAP Is Linked with Improved Nutritional Outcomes and Lower Health Care Costs," Center on Budget and Policy Priorities, January 2018, <https://www.cbpp.org/research/food-assistance/snap-is-linked-with-improved-nutritional-outcomes-and-lower-health-care>.

⁸ House Agriculture Committee, "Agriculture and Nutrition Act of 2018," April 2018, https://agriculture.house.gov/uploadedfiles/agriculture_and_nutrition_act_of_2018.pdf.

⁹ Nune Phillips, "House Farm Bill Would Sabotage SNAP," Center for Law and Social Policy, April 2018, <https://www.clasp.org/blog/house-farm-bill-would-sabotage-snap>.

¹⁰ U.S. Department of Agriculture, "Am I Eligible for SNAP?," Food and Nutrition Service, April 2018, <https://www.fns.usda.gov/snap/eligibility>.

¹¹ U.S. Department of Agriculture, "Broad-Based Categorical Eligibility," Food and Nutrition Service, February 2018, <https://fns-prod.azureedge.net/sites/default/files/snap/BBCE.pdf>.

¹² Ed Bolen, Lexin Cai, Brynne Keith-Jennings, Dottie Rosenbaum, Elizabeth Wolkomir, and Catlin Nchako, "Chairman Conaway's Farm Bill Would Increase Food Insecurity and Hardship," Center on Budget and Policy Priorities, April 2018, <https://www.cbpp.org/research/food-assistance/chairman-conaways-farm-bill-would-increase-food-insecurity-and-hardship>.

¹³ Speaker Paul Ryan, "A Better Way," <https://abetterway.speaker.gov/>.

¹⁴ Carrie Welton, "From Rhetoric to Reality: What it takes for Public Benefits to Work Better for Workers," Center for Law and Social Policy, August 2017, <https://clasp.org/sites/default/files/publications/2017/08/From-Rhetoric-to-Reality-What-it-takes-for-Public-Benefits-to-Work-Better-for-Workers.pdf>.