

MODEL POLICY | Health & Harvest

# STATE POLICYMAKERS CAN END BROAD-BASED CATEGORICAL ELIGIBILITY IN SNAP

## BACKGROUND

Administered by the U.S Department of Agriculture's (USDA) Food and Nutrition Service (FNS), the [Supplemental Nutrition Assistance Program \(SNAP\)](#), formerly known as food stamps, is the nation's largest nutrition assistance program that provides monthly benefits to low-income households to supplement their grocery budgets. Per federal law, traditional applicants are subject to gross income and asset tests for financial eligibility. Traditional eligibility, under the Food and Nutrition Act of 2008, requires SNAP households to have a gross monthly income equal to or lower than 130% of the Federal Poverty Level (FPL) and a net income equal to or lower than 100% of the FPL. Its statutory asset limits are currently \$3,000 in countable resources (cash or bank account balance), or \$4,500 in countable resources for those with an elderly or disabled household members.

SNAP benefits have historically been 100% federally funded and administered by state SNAP agencies. This dynamic of one facet of governments administering tax dollars that are not their own and not properly being held accountable, in addition to former USDA policies arbitrarily increasing SNAP allotments, has led to waning program integrity, waste, fraud, and abuse. Since 2019, SNAP has expanded considerably – from nearly 36 million people benefiting monthly to nearly 42 million people benefiting monthly (of our nation's current population of [343 million](#)), and from costing \$60 billion to nearly \$100 billion annually.

With SNAP's expansion, [erroneous SNAP payments](#) (or improperly made payments) have simultaneously increased over the past decade. The national SNAP payment error rate was 10.93% in FY 2024, compared to 3.66% in FY 2014.

Congress in 2025 took historic action to hold states accountable for their ever-expanding SNAP payment error rates. Notably, the recently enacted H.R. 1 maintains that states with SNAP error rates at 6% or higher start shouldering up to 15% benefits costs starting in FY 2028. Again, for context, the most recent national SNAP error rate was 10.93% in FY 2024. H.R. 1 also requires states to pay 75% of administrative costs (up from 50%) starting in FY 2027. These upcoming requirements are all the more reason for states to start better managing the program.

Fortunately, the current administration is doing its part and has already begun taking bold action to ensure that SNAP is more accountable to U.S. taxpayers: 800,000 recipients have been moved off the program since January of 2025. This year, USDA discovered that 186,000 deceased individuals in 28 states were receiving SNAP benefits. Additionally, about 500,000 individuals were collecting SNAP benefits in more than one state. However, there is more work to be done. States that administer SNAP have various opportunities to ensure that SNAP operates as a hand-up and not a handout.

## BROAD-BASED CATEGORICAL ELIGIBILITY IN SNAP

One policy contributing to SNAP's expansion is broad-based categorical eligibility (BBCE), a policy adopted by 44 states. BCCE is a state option that allows households to automatically qualify for SNAP based on their current eligibility for less substantial, non-cash welfare benefits, including receiving a brochure or hotline referral "benefits" from the Temporary Assistance for Needy Families (TANF). Notably, under this policy, applicants can bypass SNAP's traditional income and asset tests. In fact, through BBCE, states can adopt higher gross income limits (200% of the FPL vs. 130% of the FPL) and waive asset tests entirely (all but four states currently waive asset tests under BBCE).

For states, BBCE results in greater enrollment and administrative workloads, and therefore greater propensity for state SNAP payment errors – erroneous payments of which states are increasingly receiving pressure to better manage. It is estimated that 5 million individuals have enrolled in SNAP who otherwise would not qualify or meet its traditional income limits and asset tests through BBCE.

## REAL-WORLD EXAMPLES

National attention has been devoted to Minnesota millionaire Rob Undersander, who applied, qualified, and enrolled in SNAP in 2019, despite telling government officials about his assets. Such information was irrelevant because Minnesota waives asset tests through BBCE. Over 19 months, Undersander received \$6,000 from SNAP, which he ultimately donated.

Leroy Fick won a \$2 million lottery prize from Michigan's "Make Me Rich" lottery in 2010. He took a lump sum payment option of \$850,000 after taxes. However, because Michigan waived asset tests at the time, because he was unemployed, and because he was receiving SSI, he was able to continue receiving SNAP through BBCE, even after winning the lottery. Former Michigan Governor Rick Snyder later installed \$5,000 asset limits in Michigan in 2011, but this restriction was repealed in 2023.

## SOLUTION

State policymakers have a choice: either continue to allow individuals with sufficient resources to access SNAP through BBCE, or eliminate BBCE loopholes and reserve the program for those truly in need.

State policymakers have options when it comes to eliminating their BBCE loopholes. For states that want to codify the elimination of BBCE, and reserve SNAP for those demonstrating true financial need, we propose the following model state legislative policy:



## PROPOSED STATE LEGISLATIVE TEXT

### SECTION I. SHORT TITLE.

An Act Ending the Broad-Based Categorical Eligibility Loophole for the Supplemental Nutrition Assistance Program.

### SECTION II. STATEMENT OF PURPOSE.

The purpose of this act is more closely align state SNAP eligibility with SNAP's statutory requirements and promote more consistent eligibility structures including asset tests. This act will thereby restore Congress' the original intent for SNAP.

It is the intention of the legislature that no household shall be categorically, or automatically, eligible for the federal Supplemental Nutrition Assistance Program under 7 USC § 2014(a), or 7 CFR § 273.2(j)(2)(ii)-(iii) based solely upon eligibility for any other non-cash, in-kind, or other benefit unless expressly required by federal law.

### SECTION III. DEFINITIONS.

For purposes of this Act:

- (1) "Non-Cash Benefits" shall mean and include, but is not limited to, all goods, services, referrals, informational materials, hotline access, brochures, digital resources, or other non-monetary benefits funded in whole or in part using funds made available under the federal Temporary Assistance for Needy Families program, under 42 U.S.C. §601, et seq., or any other State Maintenance-of-Effort funded benefits.
- (2) "Cash Assistance" shall mean and include any and all ongoing, recurring monetary payments, in the sum of no less than \$75 monthly for at least six consecutive months, provided to eligible households under the State's Temporary Assistance for Needy Families cash assistance program, which includes a full financial eligibility determination using income and resource standards no more permissive than those set forth under federal law.

### SECTION IV. LIMITATION ON USE OF OTHER BENEFITS FOR SNAP CATEGORICAL ELIGIBILITY.

- (1) Prohibition on Use of Non-Cash TANF Benefits for Eligibility Determinations.

The [State Agency] shall not designate, identify, or utilize any Non-Cash TANF Benefit as a qualifying benefit for purposes of conferring categorical eligibility for the federal Supplemental Nutrition Assistance Program under 7 USC § 2014(a) or 7 CFR § 273.2(j)(2)(ii)-(iii).

- (2) Permitted Basis for Categorical Eligibility.

The [State agency] may only confer federal Supplemental Nutrition Assistance Program categorical eligibility upon households in which each member receives:

- (A) Cash Assistance under the State's Temporary Assistance for Needy Families program;
- (B) Supplemental Security Income, pursuant to 42 U.S.C. § 1381 et seq.; or
- (C) General Assistance cash benefits, if applicable.

**SECTION V. PROHIBITION ON USE OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES, STATE MAINTENANCE-OF-EFFORT FUNDED BENEFITS, OR RESOURCE POLICIES TO EXPAND SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM ELIGIBILITY.**

- (1) The [State agency] shall not adopt or apply any federal Supplemental Nutrition Assistance Program income or resource exclusion, disregard, or deduction solely on the basis that such income or resources are excluded under this State's Temporary Assistance for Needy Families program or Medicaid programs unless expressly required by federal law.
- (2) The [State agency] may adopt income or resource policies for eligibility for the federal Supplemental Nutrition Assistance Program only to the extent:
- (A) The [State agency] is independently required to do so by federal law; and
  - (B) Such adaptations do not result in the effective elimination of the Supplemental Nutrition Assistance Program's asset limit or expansion of gross income standards above federal maximums.

**SECTION VI. AUTHORIZED REGULATIONS.**

The State agency shall adopt rules and regulations necessary to implement this Act no later than [x] days after enactment.

**SECTION VII. SEVERABILITY.**

If any provision of this Act is held invalid, the remaining provisions shall remain in full force and effect.

**SECTION VIII. EFFECTIVE DATE.**

This Act shall take effect on January 1st following enactment and shall apply to all Supplemental Nutrition Assistance Program applications and recertifications processed on or after that date.

