

BROAD BASED CATEGORICAL ELIGIBILITY (BBCE)

END THE SNAP BENEFITS CLIFF WITH BBCE

What is Broad Based Categorical Eligibility (BBCE)?

Broad-based categorical eligibility (BBCE) is a policy in which households may become categorically eligible for SNAP because they qualify for a non-cash Temporary Assistance for Needy Families (TANF) benefit.

What's at stake?

The benefits cliff impacts working poor Tennessee families. In states like Tennessee that have not adopted BBCE, SNAP can create a benefit cliff, in which a worker has a negative financial impact from increasing his or her income. The cliff occurs for working families whose income is close to the poverty line (130% FPL) and have high expenses such as housing and childcare. As a result, they have more to lose from becoming ineligible for SNAP. A modest increase in earnings pushes them above the federal income threshold and they lose more in total SNAP money to buy food. Working more or at a higher wage can leave them worse off overall and results in less money to buy food for their families.

Benefits Cliff Example

Example: Single mom with 2 children
Works full-time at **\$12.50/hour** (125% FPL)
Receives **\$161/month** SNAP ("food stamps")

Gets **\$0.50 raise!** = **\$86/month**
Puts her at **131% FPL** and loses SNAP = **(- \$161/month)**
\$161 - \$86 = \$75

She has \$75 less to feed her kids every month!

**130% = Federal
Poverty Level
(FPL)
= \$32,328 for
family of 3**

What would happen if Tennessee adopted BBCE?

Not only would adopting BBCE support working families and reduce the administrative burden for the state agency, but we estimate large quantitative benefits:

\$38,000,000

The amount of additional federal funds that would flow into the economy.

7,000 - 16,000

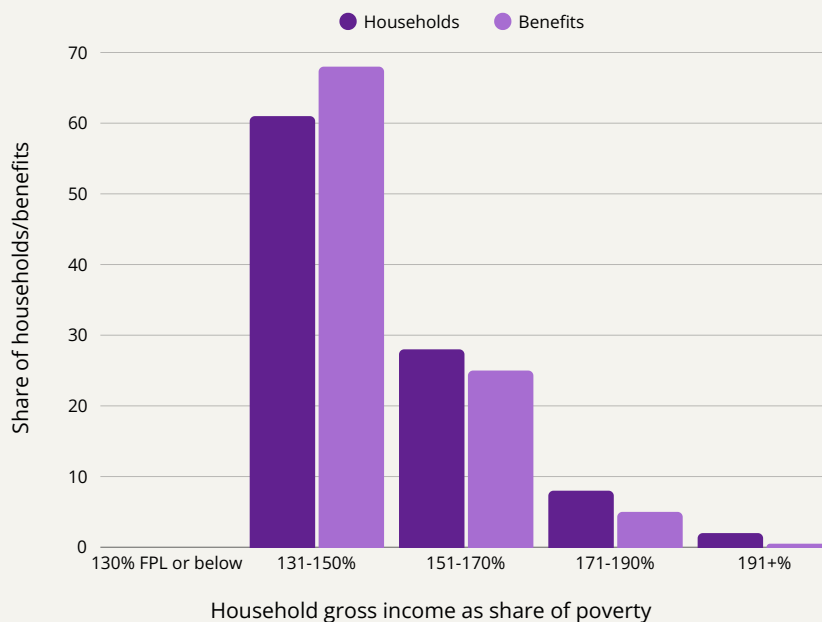
Additional households could avoid the benefits cliff and continue to receive SNAP

What we recommend for Tennessee

TN could adopt one or both administrative policy changes through BBCE to reduce the benefit cliff:

- ☑ **Raise the SNAP income eligibility limit from 130% of FPL up to 200%** so that working Tennesseans can increase hours or accept a raise without losing all SNAP benefits. Their SNAP benefit amount will decrease, but they won't lose everything like they currently do.
 - **In Tennessee**, increasing the income test from 130% to 170% of the poverty line would ensure nearly 16,000 families would avoid the benefit cliff, continue to receive some SNAP benefits, and be able to take a pay increase without losing more money by not qualifying for benefits (170% FPL for a family of 3 = annual income of \$34,714).
- ☑ **Adopt a less restrictive asset test** so that families can maintain modest savings without losing SNAP. This lets low-income families save for the future. Modest assets enable low-income families to avoid debt, weather unexpected financial disruptions, and better prepare to support themselves in retirement. TN's current asset ceiling is \$2,750. North Dakota, South Carolina, and North Carolina are among the many states that have no limit on assets for people applying to SNAP. Nebraska's asset test ceiling is \$25,000.

Most SNAP Households Helped by Raising Gross Income Limit Have Gross Income Just Above 130% FPL



Source: 2019 SNAP Household Characteristics Data



Tennessee and Mississippi are the only states in the Southeast that have done nothing to address the SNAP benefits cliff. They have not adopted any aspect of BBCE.

