Center on Opportunity and Social Mobility

PERSPECTIVES ON OPPORTUNITY

End Broad-Based Categorical Eligibility in SNAP and Address Benefit Cliffs

Angela Rachidi and Erik Randolph

September 2025

Broad-based categorical eligibility (BBCE) in the Supplemental Nutrition Assistance Program (SNAP) is an administrative function with broad implications for SNAP caseloads and expenditures. Though Congress originally established BBCE as a way to lower administrative burden and increase program efficiency, states have used it in recent decades to expand SNAP eligibility beyond statutory income eligibility limits of 130 percent of the federal poverty level and other eligibility conditions. While ending the BBCE policy would return eligibility limits to their Congressional intent, an inadvertent downside would be that benefit cliffs for SNAP participants would worsen in the states that currently use the policy to expand income eligibility limits. We propose a solution—end BBCE but realign the benefit structure to reduce benefit cliffs uniformly.

"Categorical eligibility" is a term for the policy of allowing households to automatically qualify (that is, be made "categorically eligible") for one government benefit based on their receipt of another. It is often used in connection with the Supplemental Nutrition Assistance Program (SNAP), for which categorical eligibility can be obtained through receipt of benefits from other safety-net programs, specifically Temporary Assistance for Needy Families (TANF) and Supplemental Security Income (SSI), programs providing means-tested cash benefits to families with children, seniors, or disabled individuals.

The motivation for categorical eligibility in public assistance programs is to reduce the burden on participants and agencies involved in determining eligibility for multiple programs. SNAP, TANF, and SSI are all authorized in federal law and supported fully or partially with federal funds, and they all provide benefits to low-income households. The three programs have similar eligibility rules and requirements for cash assistance, although, as described below, welfare reform in 1996 created TANF and gave states flexibility to offer noncash benefits to recipients and expand income eligibility criteria.

Conferring categorical eligibility is a sensible approach when program requirements align, as it streamlines access and reduces administrative burden. However, current law has left the door open to expanded use by federal officials and states administering benefits. When the TANF program replaced Aid to Families with Dependent Children (AFDC) in 1996, the formerly close alignment between SNAP and TANF eligibility and benefits changed. The new TANF block grant gave states broad flexibility to determine benefit eligibility and use program funds, including allowing states to provide noncash benefits to families with incomes above SNAP's limit.

Over time, federal officials have interpreted the meaning of TANF "benefits" generously, allowing states to confer SNAP eligibility on households with incomes above that program's statutory threshold—130 percent of the federal poverty level (FPL)—based on households' receipt of minimal TANF-funded benefits. Federal officials have further allowed states to waive asset tests altogether, and even ignore net income limits, by using this broader concept of TANF benefits. The federal government termed this practice "broad-based categorical eligibility" (BBCE) because it applies a broader definition of TANF benefits and services than the traditional categorical eligibility standard, and it's far broader than the monthly cash assistance that typified the previous AFDC benefits used to confer SNAP eligibility.

In the decades since 1996, federal policymakers and then state program administrators have conferred SNAP eligibility based on the beneficiary's receipt of generously defined "token" TANF benefits or services. They are viewed as token benefits because states contrive ways to use TANF-funded activities to confer SNAP eligibility on families, such as through the family's receipt of a TANF-funded brochure or a written referral to a TANF-funded hotline.

In the 2018 Farm Bill, the House of Representatives approved ending the use of BBCE based on token TANF benefits—a practice widely viewed as an effort to circumvent federal law to expand SNAP access to otherwise ineligible households. However, the provision was not included in the final legislation.[1] The US Department of Agriculture (USDA) Food and Nutrition Service (FNS) also proposed eliminating the use of BBCE through federal regulation in 2019, but that effort was disrupted by the COVID-19 pandemic.

Expanding eligibility for SNAP in this way circumvents the program's statutory requirements that Congress established for asset, gross income, and net income limits by conferring eligibility on households that never actually received cash assistance from TANF. It expands caseloads and requires additional federal funding to support eligible households. And it exposes additional households to SNAP's marriage disincentives and a benefit phaseout that discourages increased earnings.

However, BBCE presents one notable benefit that policymakers should not overlook. Although BBCE was never intended to address benefit cliffs, by allowing states to expand income eligibility to higher-income households, the practice has inadvertently made SNAP's benefit cliffs less severe. Benefit cliffs happen when a household loses more in additional earnings due to taxes and lost benefits than what it gains from the additional earnings. These cliffs typically occur due to the loss of safety-net program benefits, especially if the program insufficiently tapers benefits as income rises. A benefit cliff can also refer to a situation in which a household loses a large share of additional earnings due to taxes and lost benefits but remains financially better off, although only marginally.

If BBCE were eliminated, SNAP's benefit cliffs would worsen, and more households would experience work disincentives on the intensive margin, affecting the number of hours a person chooses to work or their efforts to increase their hourly wage.[2] For SNAP households, this would mean that as their earnings increase and they approach one of SNAP's income eligibility limits, they stand to lose a fairly large amount of government assistance. This dynamic can serve as a strong employment disincentive. Fortunately, policy adjustments can be made in tandem with ending BBCE to mitigate this abrupt change in benefits and counteract such employment disincentives for affected families. These include ensuring that the SNAP benefit structure aligns the maximum benefit, phaseout rate, and program exit point.

In what follows, we outline the history of categorical eligibility and BBCE and explain the implications of eliminating BBCE for SNAP's benefit cliffs. We conclude that ending BBCE remains sound policy, as it would curb states' ability to exploit administrative loopholes and better ensure that limited public resources are directed to the neediest families. However, this change must be

1 Agriculture Improvement Act of 2018, Pub. L. No. 115-334.

2 In addition, if BBCE were eliminated, households that earn enough to be eligible for SNAP only because of BBCE would experience larger extensive-margin work disincentives, because choosing to work would cause them to lose their entire SNAP benefit instead of only some of it.

accompanied by reforms that address benefit cliffs to avoid inadvertently disincentivizing employment. We end by reintroducing a proposal to address benefit cliffs in SNAP and discussing potential alternatives.

The History of Categorical Eligibility and Its Expansion

Categorical eligibility is meant to reduce administrative burden by granting eligibility for one program based on verified information from other programs. When eligibility standards across programs align, categorical eligibility is a reasonable practice to reduce participants' and agencies' administrative burdens, but it is important to understand its historical and contextual significance in TANF and SNAP.

Although SNAP's roots date back to the original Food Stamp Program in 1939 and its resurrection with the Food Stamp Act of 1964,[3] the first nationwide eligibility standards for program access did not emerge until the early 1970s. The first evidence of conferring eligibility based on participation in other public assistance programs also emerged then. In 1971, Congress required state agencies administering the Food Stamp Program to grant eligibility to households receiving public assistance by executing an affidavit.[4] Congress removed this provision with the Food Stamp Act of 1977, instead requiring states to notify "recipients of [AFDC], [SSI], and unemployment compensation" of the program's availability.[5]

Apparently unsatisfied with this solution, Congress incrementally reinserted certain automatic eligibility provisions for AFDC recipients throughout the 1980s (Aussenberg and Falk 2022, 3). In 1982, AFDC recipients were exempted from the Food Stamp Program's asset tests because AFDC had its own asset test.[6] In 1985, AFDC and SSI recipients became automatically eligible for food stamps, thus subjecting them to only those programs' asset and income tests and not the Food Stamp Program's tests, with a sunset date for this practice set for September 30, 1989.[7]

However, the sunset date was removed in 1988, making categorical eligibility a permanent feature of the Food Stamp Program.[8] This provision was accepted because the asset and income limits for AFDC, SSI, and the Food Stamp Program were generally aligned. In 1990 and 1991, categorical eligibility was expanded to include state and local general assistance as long as the income limits were comparable to or more restrictive than the Food Stamp Program's income limitations.[9]

This alignment of eligibility terms across programs ended with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,[10] which replaced AFDC with the TANF block grant program.[11] The law also made conforming amendments to the Food Stamp Act, clarifying that the categorical eligibility language referred to the new TANF program as it did to AFDC. While the Personal Responsibility and Work Opportunity Reconciliation Act dramatically expanded the breadth of benefits that states could provide using TANF funds, the conference report accompanying it provided no guidance defining a TANF benefit for the purposes of transferring categorical eligibility from AFDC to TANF (Kasich 1996). Nor did the

3 The 1939 program was terminated in 1943. President John F. Kennedy resurrected it as a pilot program, and President Lyndon B. Johnson signed the Food Stamp Act of 1964, which authorized a national Food Stamp Program. However, the 1964 law relied on state governments to determine eligibility for "those households whose income is determined to be a substantial limiting factor in the attainment of a nutritionally adequate diet." Food Stamp Act of 1964, Pub. L. No. 88-525, § 5(a).

4 An Act to Amend the Food Stamp Act of 1964, as Amended, Pub. L. No. 91-671.

5 The law specified that the "act may be cited as the 'Food Stamp Act of 1977.'" Food Stamp Act of 1977, Pub. L. No. 95-113, § 11.

6 Omnibus Budget Reconciliation Act of 1982, Pub. L. No. 97-253, Title I.

7 Food Security Act of 1985, Pub. L. No. 99-198, Title XV.

8 Hunger Prevention Act of 1988, Pub. L. No. 100-435, Title II.

9 Food, Agriculture, Conservation, and Trade Act Amendments of 1990, Pub. L. No. 101-624; and Food, Agriculture, Conservation, and Trade Act Amendments of 1991, Pub. L. No. 102-237.

10 Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193.

11 Social Security Act, 42 U.S.C. §§ 601–19 (2025).

question of what constituted a TANF benefit enter any of the debates on the bill or the committee reports,[12] meaning the legislative history offers little guidance on how to define a TANF benefit for this purpose.

As the statutory language indicates, categorical eligibility depends on all household members "receiving benefits" from a program, such as TANF.[13] When the Food Stamp Program was enacted, AFDC benefits were cash benefits based on each state's definition of "need," a limit on personal property, the consistent treatment of earned and unearned income, and a payment standard. Although AFDC originated during the Great Depression as the Aid to Dependent Children program, Congress began to impose various work requirements, work incentives, and job-training requirements on AFDC recipients in the 1960s. In 1981, Congress allowed states to experiment with welfare-to-work programs (Falk 2025; HHS 1998).

In 1996, Congress eliminated the AFDC program and replaced it with the TANF block grant program, which allows states to provide benefits well beyond traditional cash. Specifically, TANF gives states more flexibility to address four essential purposes:

1. Assist needy families so children may be cared for in their own homes or in the homes of relatives.

2. End needy parents' dependence on government benefits by promoting job preparation, work, and marriage.

3. Prevent and reduce out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing these pregnancies.

4. Encourage the formation and maintenance of two-parent families.[14]

To receive federal TANF funds, a state must spend its own money (generally, at least 75 percent of its former AFDC spending) on activities, programs, or projects meeting one of these four broad goals. This state spending is known as maintenance of effort (MOE).

From this beginning, TANF has continued offering cash assistance to needy families, but that has declined over time as needs and state priorities have shifted. In fiscal year (FY) 1999, 62 percent of TANF and MOE funds went to basic assistance, and 12 percent—the second-largest category—went to childcare services (HHS 2000). By FY2023, basic assistance had dropped to 24.6 percent of all funding. While that remained the largest single category, childcare services, pre-K, and Head Start edged out basic assistance, using 24.7 percent of all funds. Other top categories include program management (10.1 percent); refundable tax credits (9.0 percent); child welfare services (7.9 percent); work, education, and training activities (7.9 percent); children and youth services (3.9 percent); and transfers to the social services block grant (3.3 percent). All other services are 3 percent or less, including out-of-wedlock pregnancy prevention (0.7 percent) and fatherhood and two-parent family programs (0.5 percent) (OFA 2024).

Simultaneously, as TANF has shifted away from offering traditional cash assistance, federal programs such as the refundable earned income tax credit and child tax credit have increased in importance, growing to a combined $89 billion in cash payments to low-income families in 2025 (Swagel 2025, 6).[15] For comparison, the federal share of the TANF block grant has remained at $16.5 billion annually following welfare reform in 1996 (Falk 2024).

Since categorical eligibility for one program depends on receiving benefits from another, the definition of "benefit" is crucial. SNAP law defines "benefit" as "the value of supplemental nutrition assistance provided to a household" by electronic transfer, debit card, or other means defined by the secretary of agriculture.[16] However, while TANF and SSI are used to confer categorical eligibility in SNAP, neither defines "benefit" explicitly, making it difficult to determine what constitutes a benefit for the purposes of categorical eligibility in SNAP. In TANF, this lack of specificity has opened the door to

12 This observation is based on searching the congressional record and committee reports using ChatGPT.

13 Food Stamp Act of 1977, Pub. L. No. 95-113, § 11.

14 Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 103.

15 The $89 billion includes the refundable portion of the earned income tax credit and child tax credit only; see Table 1.

16 7 CFR § 271.2 (2025).

broad interpretations of a TANF benefit that, when combined with the program's expansion beyond basic assistance, help explain how categorical eligibility for SNAP became overly broad.

After TANF was implemented, FNS issued a memorandum on July 14, 1999, that sought to clarify the definition of "benefit" for the purposes of categorical eligibility. The guidance expanded the meaning of "benefit" from what had been traditionally understood as "cash assistance" to include noncash assistance with no means test, at each state's discretion. According to the guidance,

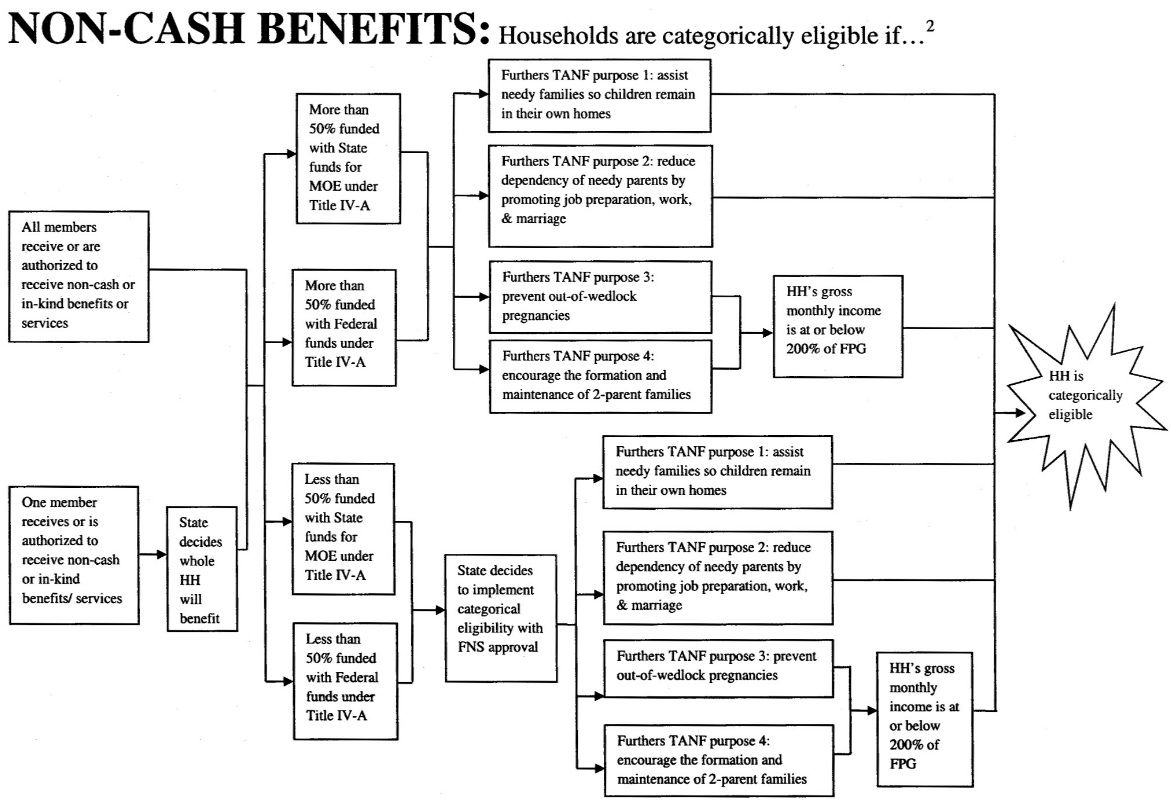
> the food stamp law requires that any time all members of a food stamp household receive or are certified to receive cash, in-kind, or other benefits funded under a State TANF program, the household is categorically eligible for food stamps. This includes only TANF programs primarily funded with Federal money under Title IV-A and programs primarily funded with State money that are counted for [MOE] purposes under the TANF program. MOE programs are included even if the program eligibility criteria are different than the TANF cash eligibility criteria.
>
> State agencies must determine whether TANF benefits are provided to all or only some members of the food stamp household. Each agency must, therefore, determine whether other people in the household are benefiting from a TANF payment or service (for example if TANF benefits are used to subsidize a job for the head of household, the entire household may benefit). . . .
>
> Because the intent of the categorical eligibility provision in the Food Stamp Act is to deem eligibility for food stamp families already subjected to an income and resource test under Title IV-A, States have discretion over whether or not they confer food stamp categorical eligibility to a recipient of TANF-funded benefits that are not limited to needy families. For example, if a State does not have eligibility criteria for benefits provided under the TANF law's third and fourth purposes, a State may at its option choose not to confer categorical eligibility to recipients of these benefits. (O'Neil 1999)

On November 21, 2000, USDA finalized the rule in federal regulations in a way that was mostly consistent with this guidance, making it clear that categorical eligibility, at each state's discretion, "applies not just to households receiving cash assistance under TANF-funded programs but also to those receiving or authorized to receive noncash or in-kind benefits or services from such programs" (USDA 2000, 70134–212, 70169).

However, the final rule varied slightly from the July 14, 1999, guidelines regarding income eligibility. Because TANF's first two purposes—providing assistance to needy families so children may be cared for in their own homes or in those of relatives and ending needy parents' dependence on governmental benefits through job preparation, work, and marriage—are based on states' definitions of "needy" families, no additional income tests for food stamps were required as long as the families met their respective states' definitions of "needy." However, TANF's third and fourth purposes—preventing and reducing out-of-wedlock pregnancies and encouraging the formation and maintenance of two-parent families—are not restricted to needy families, and USDA regulators believed it was "inappropriate to confer food stamp eligibility without income eligibility criteria" (USDA 2000, 70134–212, 70169).

Therefore, for TANF's third and fourth purposes, the regulations set an upper limit of 200 percent of the FPL for income eligibility. According to the final rule, this parameter was based on an analysis by the Department of Health and Human Services showing that for "services with income eligibility criteria, such criteria tend to be set at 200 percent of the [FPL] or lower (although some States may have income eligibility criteria at higher levels)" (USDA 2000, 70134–212, 70169). Essentially, federal regulations established a new, higher-income eligibility limit for states to confer SNAP eligibility on families receiving a TANF-funded benefit—their incomes could be as high as 200 percent of the FPL, compared with SNAP's statutory limit of 130 percent of the FPL. In 2025 dollars, that means a family of four in the contiguous 48 states or the District of Columbia could qualify for SNAP via categorical eligibility through TANF if it had an annual income as high as $62,400, whereas the maximum income for an otherwise identical family seeking eligibility only through SNAP would be $40,560.

Figure 1. FNS Noncash Benefits Guidance Diagram



Source: Shahin (2009).

The Creation of BBCE

Although the final guidelines from November 2000 established an upper income limit of 200 percent of the FPL for conferring SNAP eligibility on TANF families, the pivotal moment establishing the precise definition of a TANF benefit resulted from another administrative memorandum issued on September 30, 2009. Jessica Shahin, SNAP's associate administrator, sent a memorandum with a handout and flowchart to regional SNAP directors announcing that expanded categorical eligibility based on receipt of even minimal noncash TANF benefits would be henceforth referred to as BBCE. The memorandum went further, declaring that such noncash TANF or MOE benefits may include receiving "an informational pamphlet or 800-number" for TANF-funded services (Shahin 2009). This has provided a generous interpretation of what it means for every member of a SNAP household to receive a TANF benefit.

This memorandum appears to be the first official document permitting states to use an informational pamphlet or access to a TANF services hotline to constitute a TANF or MOE service.[17] As illustrated in a flowchart attached to the memorandum, shown in Figure 1, the requirement that all household members must benefit was weakened, allowing state agencies to make that determination. While the TANF- or MOE-funded benefit needed to be composed of more than 50 percent TANF or MOE funds to qualify, if it comprised less than 50 percent TANF or MOE funds, the state could still confer categorical eligibility with FNS approval. If the benefit was related to TANF's first and second purposes, then categorical eligibility was automatically conferred. If the service was related to TANF's third and fourth purposes, states could confer eligibility

17 The research included searches using ChatGPT.

as long as the family receiving the benefit or service had an income below 200 percent of the FPL.

Nothing in federal statute mentions using these token TANF benefits to confer SNAP eligibility on families with income up to 200 percent of the FPL. In fact, the law intends to confer eligibility on SNAP households already subject to asset and income tests according to Title IV-A of the Social Security Act, which authorizes TANF.[18] Based on the 2009 FNS memorandum, a household member could be given a pamphlet about the TANF program, access to a toll-free number for TANF services, or any of a state's MOE programs, and the state could declare that every member in the household benefited from the information. The household is eligible for SNAP as long as it is defined as "needy" for TANF's first and second purposes or meets the state's income limit for TANF's third and fourth purposes by having an income at or under 200 percent of the FPL.

As a subsequent memorandum clarified, households were subject to only the needy family income test or the BBCE income limit selected by the state. They were subject not to the SNAP asset test but the TANF asset test, if one exists. States could also decide whether households were subject to the net income test (Foley 2009). Importantly, SNAP eligibility was based on a household having income below a gross income limit and a net income limit.[19] Net income reflects gross income minus allowable deductions, and the limit is statutorily set at 100 percent of the FPL.

The definition of BBCE was expanded again on January 31, 2011, in another USDA memorandum. In addition to the beneficiary receiving a pamphlet or access to a TANF services hotline, the state agency could simply issue a "notice of eligibility," which could be as amorphous as a statement on an application form or a post on a website. The memorandum stated the following:

> Question 3: Does a State agency need a pamphlet to confer BBCE? Can it use the application or notice of eligibility?
>
> Answer: A State agency may use a pamphlet, application, or notice of eligibility to confer categorical eligibility or inform the household that it is authorized to receive benefits from the program that confers categorical eligibility. (Silbermann 2011)

This means that BBCE—including allowing the receipt of a pamphlet or access to a toll-free number for TANF services to confer SNAP eligibility—was entirely a creation of the administrative state. On July 24, 2019, under the first Trump administration, FNS proposed a rule to rein in BBCE by linking it more closely to receiving "ongoing and substantial" benefits from TANF or MOE programs:

> Specifically, the Department propose[d]: (1) To define "benefits" for categorical eligibility to mean ongoing and substantial benefits; and (2) to limit the types of non-cash TANF benefits conferring categorical eligibility to those that focus on subsidized employment, work supports and childcare. The proposed rule would also require State agencies to inform FNS of all non-cash TANF benefits that confer categorical eligibility. (USDA 2019, 35570)

Comments on the proposed regulations were closed in September 2019 and reopened in October 2019 (USDA 2019, 35570–89). The final rule was expected sometime in early 2020, but in March 2020, the COVID-19 pandemic hit, derailing FNS plans. Under the Biden administration, the USDA withdrew the proposed rule on June 10, 2021, leaving the existing administrative rules surrounding BBCE in place (USDA 2021).

How States Use BBCE

The most recent FNS fact sheet on BBCE shows that 41 states and the District of Columbia have adopted BBCE. All BBCE states and DC rely on brochures, pamphlets, flyers, phone numbers, statements on applications, or website notices to confer SNAP eligibility. DC and 37 states have eliminated SNAP's asset limit under BBCE. There does not seem to be a pattern to explain

18 Social Security Act, 42 U.S.C. §§ 601–19 (2025).

19 Households without an elderly or disabled person must have gross incomes below 130 percent of the FPL and net incomes below 100 percent of the FPL, according to SNAP's statutory requirements.

why certain states adopt BBCE while others do not, nor is there a clear rationale for states using different gross income limits. The following summarizes the BBCE states' gross income limits.

- Twenty-six states and DC adopted the maximum 200 percent of the FPL.
- Four states adopted a gross income limit of 185 percent of the FPL.
- Iowa adopted a limit of 160 percent of the FPL.
- Seven states adopted a limit of 130 percent of the FPL, which is the same as the SNAP gross income limit.
- New York—counted among the 26 states in the first bullet—adopted a limit of 200 percent of the FPL only for households with dependent care expenses. Otherwise, the limit is 150 percent of the FPL.
- Guam adopted a limit of 165 percent of the FPL, and the US Virgin Islands adopted a limit of 175 percent of the FPL (FNS 2025a).

FNS does not routinely provide data on states using BBCE to eliminate the net income test, which is another option it allows, and states do not consistently report this information. Therefore, we relied on a private nonofficial website, SNAP Screener, which summarizes SNAP eligibility rules across states. SNAP Screener data suggest that DC and 36 of the 41 states using BBCE, including through token TANF benefits, do not apply the net income limit to confer SNAP eligibility (SNAP Screener n.d.).

Importantly, the expanded income limits do not necessarily mean that households with gross incomes at those levels will receive a SNAP benefit. The SNAP benefit amount depends on a number of factors, including the maximum allowed benefit, income deductions, and the net income test. Stated differently, a household with income below 200 percent of the FPL might still have a $0 SNAP benefit calculated even in a BBCE state with a higher gross income limit, because the household has few deductions. However, as income deductions and the maximum SNAP benefit have increased through policy changes, more households at higher income levels have become eligible for SNAP benefits above $0.

To estimate the number of SNAP households that are determined eligible only because of BBCE, we relied on analyses by research firm Mathematica calculating SNAP participation rates.[20] Since releasing its SNAP participation rate report for FY2008, for all years except FY2011 and FY2021,[21] Mathematica has included estimates in its annual reports for the number of categorically eligible participants who would not have been eligible based on federal rules—that is, eligible only because of BBCE. We divided those Mathematica estimates by the total number of persons receiving benefits for each fiscal year, giving us the proportion of SNAP participants eligible based on BBCE alone.[22]

As shown in Figure 2, the share of total SNAP participants eligible only through BBCE increased after the FY2009 memorandum outlined the criteria for states using BBCE. Between FY2012 and FY2019, roughly 7.5 to 9 percent of SNAP participants were eligible solely due to BBCE. The percentage of total SNAP participants eligible because of BBCE increased significantly in FY2022 to nearly 14 percent, or 5.6 million individuals, which is likely due to a combination of factors. The increase in the maximum SNAP benefit in FY2021 meant that more households at higher income levels were eligible for a positive SNAP benefit (FNS 2021).[23] In addition, state agencies administering SNAP during the pandemic may have been more proactive in enrolling relatively higher-income households using BBCE,

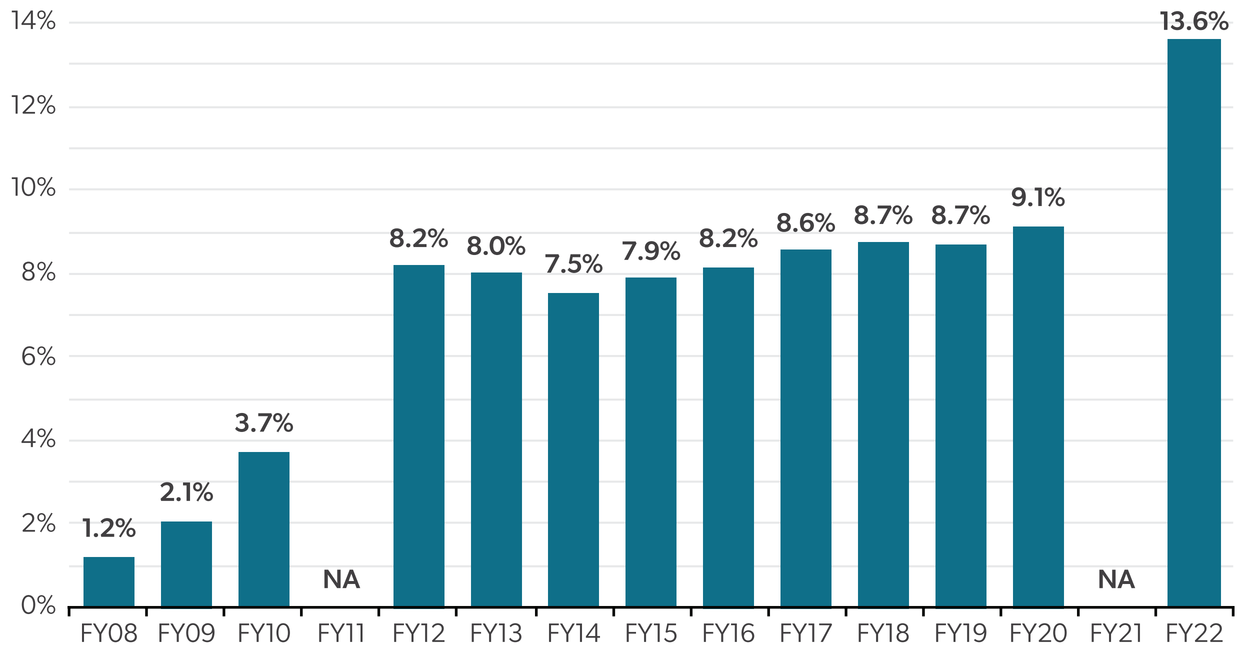
20 FNS makes the report series available on its website. See FNS (2025b). The Mathematica reports are listed as the final report under each series report. For the most recent report, see Vigil and Rahimi (2024).

21 Mathematica's report for FY2011 did not disclose the estimate of households that received SNAP benefits that were categorically eligible but would not otherwise qualify for benefits under federal rules, and the firm did not release a report for FY2021 due to the COVID-19 pandemic.

22 The participation data were pulled from the Mathematica report series on estimates of state participation. See FNS (2025c). These reports give national participation data nearly identical to those published by the FNS on its "SNAP Data Tables" webpage after removing data from territories. See FNS (2025d). The most recent report is Cunnyngham (2025).

23 FNS reevaluated the Thrifty Food Plan for FY2022, increasing the maximum benefit by 25 percent on average.

Figure 2. Percentage of Total SNAP Participants Who Are Eligible Due to BBCE Only



Source: Authors' calculations using official participation reports produced by Mathematica Policy Research.
Note: We used Mathematica estimates of those who would qualify for SNAP via BBCE who would not qualify under federal eligibility rules. We also used Mathematica estimates of total participation for regular SNAP benefits per states' program data, as submitted to FNS under contract for reports covering trends in SNAP participation rates.

and households may have remained on SNAP longer due to pandemic-related changes to operations.

Eliminating BBCE and the Implications for Benefit Cliffs

At first glance, eliminating BBCE has several advantages. It would target SNAP benefits to the lowest-income households, increase SNAP's integrity by conferring eligibility on only those with income below SNAP's eligibility and asset limits, prevent states from inflating caseloads to access SNAP's 100 percent federally funded benefits, and reduce government costs. Furthermore, maintaining some form of categorical eligibility (i.e., conferring eligibility on TANF households that receive a cash benefit but not a noncash benefit under BBCE) would be consistent with the law's intent to reduce administrative burden on participants and eligibility-determining agencies. However, eliminating BBCE would result in one important downside—it would make SNAP's benefit cliffs worse.

The SNAP benefit formula is designed to phase out at a rate of approximately 30 percent. In other words, for every $1 increase in net income (gross income minus deductions), the SNAP benefit reduces by $0.30. For example, a household with a single mother and two children (i.e., three members) has a monthly net income of $1,000 (after applying the standard deduction, shelter deduction, and earnings disregard). The maximum benefit for a household of three equals $768. The SNAP benefit level for this household equals $468, or $768 − ($1,000 × 0.3). If the household raises its net income to $1,200, the SNAP benefit level reduces to $408, or $768 − ($1,200 × 0.3). This SNAP household loses $60 in SNAP benefits with an increase of $200 in net income, or 30 percent.

The goal of phaseouts is to gradually reduce SNAP benefits as household income rises so the transition off assistance is smooth and the reduction in benefits is modest. However, SNAP benefits rarely phase out gradually to zero as intended when income increases. This occurs because the tapering of benefits occurs only after

Table 1. SNAP Benefit Amounts at Gross Income Limits

Assuming 130 Percent of the FPL Gross Income Test				Assuming 200 Percent of the FPL Gross Income Test Using BBCE			
48 States and DC				48 States and DC			
Household Size	Monthly Gross Income Limit	Monthly SNAP Loss at Exit	Benefit Loss as a Percentage of Gross Income	Household Size	Monthly Gross Income Limit	Monthly SNAP Loss at Exit	Benefit Loss as a Percentage of Gross Income
One	$1,473	$173	11.7%	One	$2,266	$23	1.0%
Two	$1,984	$285	14.4%	Two	$2,929	$58	2.0%
Three	$2,495	$386	15.5%	Three	$3,421	$164	4.8%
Four	$3,007	$462	15.4%	Four	$3,913	$245	6.3%

Source: Authors' calculations.
Note: This table uses the following parameters: monthly gross income, SNAP benefits at exit, households without disabled or elderly members, fair market rent shelter costs, no other expense deductions, all income from earnings, no emergency allotments, and SNAP factors effective October 1, 2022. Calculations based on authors' computer modeling assuming the experiences for most states.

deductions, and households often lose net income eligibility (100 percent of the FPL, respectively) before benefits can be reduced to a level that can be easily overcome with an income increase. The result is a financial cliff created by an abrupt loss in SNAP benefits, even if the household is not subject to the gross income limit or if the gross income limit was raised to 200 percent of the poverty level. SNAP's benefit cliffs were made substantially worse when FNS administratively increased the maximum benefit amounts in October 2021 through a routine reevaluation of the Thrifty Food Plan (GAO 2022). Higher maximum benefit amounts mean that the benefit amount on exiting the program is also higher, translating into an even more severe benefit cliff.

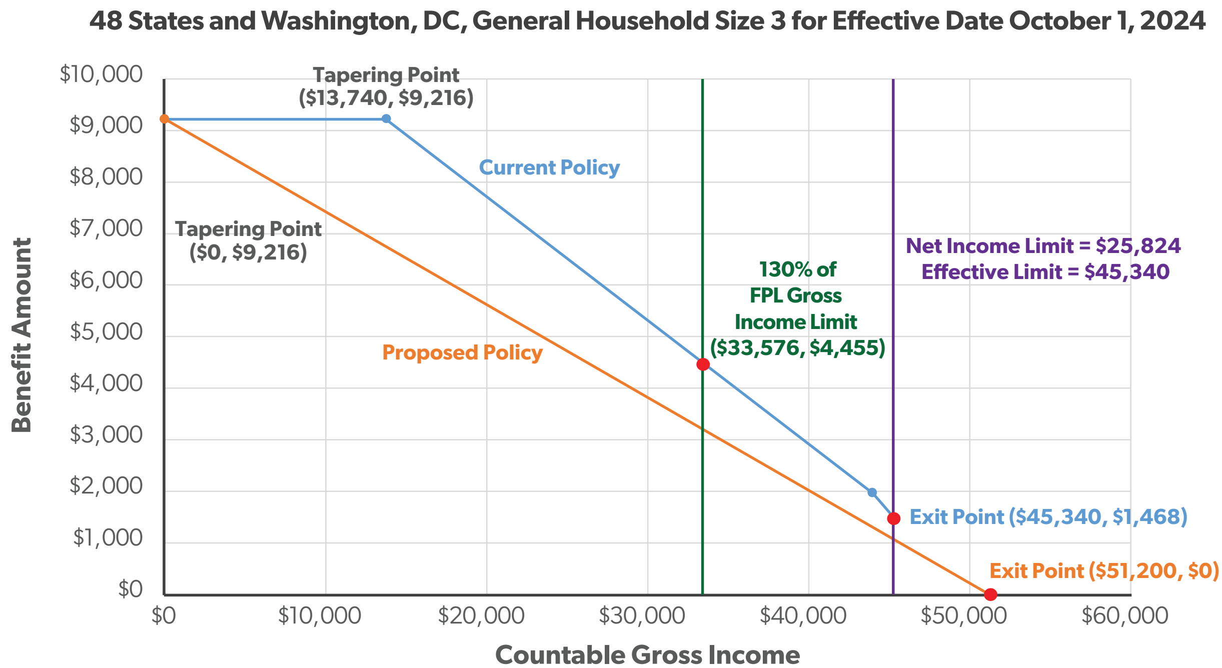
As Erik Randolph (2023)—one of the authors of this report—shows, this can be particularly problematic for households in a state without BBCE. Table 1 provides an example of the SNAP benefit amount when households reach the gross income limit of 130 percent of the FPL. For a household of three, this would mean losing $386 in monthly SNAP benefits if its income exceeds the gross income limit of $2,495 per month. Meanwhile, a household of three would need a pay raise of more than $8.92 per hour (from $14.39 to $23.31 per hour) to recover this loss in SNAP benefits.[24]

Some states' use of BBCE partly addresses this problem by extending the gross income limit by which a household qualifies for SNAP (and in some cases the net income limit). As shown in Table 1, in states that use BBCE, the gross income limit is higher (between 150 and 200 percent of the FPL) than in states that do not use it, and the SNAP benefit amount at exit is lower. Notably, this is only the case when households have such large deductions (such as for shelter, childcare, or other deductible expenses) that their net income remains below 100 percent of the FPL. However, in some cases, states have also used BBCE to ignore the net income test.

This reveals a dilemma. Using noncash TANF benefits—such as informational pamphlets or access to a TANF services hotline—to confer SNAP eligibility reflects a broad and arguably tenuous interpretation of the law. These minimal benefits are designed to increase SNAP participation while reducing states' administrative burdens. This approach effectively sidesteps the original intent of SNAP's authorizing legislation, which established specific eligibility rules, such as the gross income limit of 130 percent of the FPL.

24 See Table 4 in Erik Randolph, "Solving the SNAP Benefit Cliff", https://d1f2pmkajn85sd.cloudfront.net/wp-content/uploads/2023/10/SNAP-Cliffs-Solution-v1.9.pdf.

Figure 3. SNAP Benefits (for Three-Member Households): Benefit Reduction Rate Reform of 18 Percent vs. Current Policy



Source: Rachidi and Randolph (2025).
Note: Current policy calculations assume the national average BBCE gross income limit of 181.3 percent of the FPL and that all income comes from earnings and a weighted average for shelter costs using fair market rents, as published by the US Department of Housing and Urban Development.

However, although BBCE was never intended to address the problem of benefit cliffs, it has inadvertently made them less severe. Eliminating BBCE would make benefit cliffs worse in the states that use it, discouraging SNAP recipients from working more hours or for higher pay. Policymakers must consider solutions to the benefit cliffs problem while proposing the elimination of BBCE.

A Compromise Solution

A compromise solution is to end BBCE and eliminate the use of token TANF benefits to confer SNAP eligibility while adjusting the SNAP benefit structure to address benefits cliffs. Essentially, there would be no need for BBCE as a benefit cliffs solution if the SNAP benefit aligned with the maximum benefit, tapering point, benefit reduction rate, and exit point so the majority of SNAP households' benefits phase out to near $0 at an acceptable gross income amount as income increases. (Congress could set this at 130 percent of the FPL or higher.)

While SNAP eligibility and benefit calculations can quickly become complex, the key point for policymakers is that benefits should gradually phase out as income rises to prevent a sudden benefits drop when eligibility ends. The existing benefit structure fails to produce this outcome for many households. In a prior proposal to eliminate SNAP's benefit cliffs (Rachidi and Randolph 2025), we chose to maintain the existing maximum benefit level while eliminating deductions and beginning the tapering point at the first dollar of income. This also requires increasing the gross income eligibility limit for most households and makes the net income limit obsolete (Figure 3).

Ours is not the only solution to SNAP's benefit cliffs, however, and each proposal has inherent trade-offs. For example, eliminating deductions would ensure a smooth phaseout across all earnings levels, but the policy change would weaken extensive-margin work incentives for current SNAP recipients (influencing their decision to work at all), because SNAP benefits would be reduced for most working households but not for nonworking households. Alternatively, policymakers could reduce the maximum benefit and maintain certain deductions while adjusting the benefit reduction rate and exit point, thus preserving work incentives but doing less to target benefits to the lowest-income households. Similarly, policymakers could simply expand the income eligibility limit to something much higher than 130 percent of the FPL, preserving work incentives under BBCE but also its higher cost.

Conclusion

The key point is that eliminating BBCE in SNAP makes policy sense, but it comes with an unintended downside—making benefit cliffs worse and disincentivizing employment among affected households. The solution is to eliminate BBCE while adjusting SNAP benefits to align the maximum benefit level, tapering point, benefit reduction rate, and income exit point so the SNAP benefit tapers gradually to zero instead of dropping off a cliff. Getting this right will eliminate the need for BBCE while addressing benefit cliffs and the associated work disincentives.

About the Authors

Angela Rachidi is a senior fellow and Rowe Scholar in opportunity and mobility studies at the American Enterprise Institute.

Erik Randolph is the director of research at the Georgia Center for Opportunity.

Acknowledgments

We want to thank Matt Weidinger for his review and instructive comments on earlier drafts. We also want to thank Thomas O'Rourke and Mariana Icaza Díaz for their review and comments.

References

Aussenberg, Randy Alison, and Gene Falk. 2022. *The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility*. Congressional Research Service. February 25. https://www.congress.gov/crs-product/R42054.

Cunnyngham, Karen. 2025. *Empirical Bayes Shrinkage Estimates of State Supplemental Nutrition Assistance Program Participation Rates: Fiscal Year 2020 and Fiscal Year 2022*. US Department of Agriculture, Food and Nutrition Service, Office of Policy Support. February. https://fns-prod.azureedge.us/sites/default/files/resource-files/ear-SNAP-Participation-Rates-2022.pdf.

Falk, Gene. 2024. *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*. Congressional Research Service. November 5. https://crsreports.congress.gov/product/pdf/RL/RL32760.

Falk, Gene. 2025. *The Temporary Assistance for Needy Families (TANF) Block Grant: A Legislative History*. Congressional Research Service. March 26. https://crsreports.congress.gov/product/pdf/R/R44668.

FNS (Food and Nutrition Service). 2021. *Thrifty Food Plan, 2021*. US Department of Agriculture. August. https://www.fns.usda.gov/cnpp/thrifty-food-plan-2021.

FNS (Food and Nutrition Service). 2025a. "Broad-Based Categorical Eligibility (BBCE)." US Department of Agriculture. August 7. https://www.fns.usda.gov/snap/broad-based-categorical-eligibility.

FNS (Food and Nutrition Service). 2025b. "Report Series—Estimates of National SNAP Participation Rates (Trends in SNAP Participation Rates)." US Department of Agriculture. April 21. https://www.fns.usda.gov/research/snap/national-participation-rates.

FNS (Food and Nutrition Service). 2025c. "Report Series—Estimates of State SNAP Participation Rates (Reaching Those in Need)." US Department of Agriculture. April 21. https://www.fns.usda.gov/research/snap/state-participation-rates.

FNS (Food and Nutrition Service). 2025d. "SNAP Data Tables." US Department of Agriculture. July 14. https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap.

Foley, Arthur T. 2009. "Categorical Eligibility Questions and Answers." US Department of Agriculture, Food and Nutrition Service. November 20. https://www.fns.usda.gov/snap/eligibility/BBCE-questions-answers.

GAO (US Government Accountability Office). 2022. *Thrifty Food Plan: Better Planning and Accountability Could Help Ensure Quality of Future Reevaluations*. December 14. https://www.gao.gov/products/gao-23-105450.

HHS (US Department of Health and Human Services). 1998. "A Brief History of the AFDC Program." In *Aid to Families with Dependent Children: The Baseline*. May 31. https://aspe.hhs.gov/reports/aid-families-dependent-children-baseline-0.

HHS (US Department of Health and Human Services). 2000. *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress*. August. https://clinton.presidentiallibraries.us/items/show/98278.

Kasich, John. R. 1996. *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*. H.R. Rep. No. 104-725. July 30. https://www.finance.senate.gov/imo/media/doc/confrpt104-725.pdf.

OFA (Office of Family Assistance). 2024. "TANF and MOE Spending and Transfers by Activity, FY 2023." US Department of Health and Human Services, Administration for Children and Families. November 7. https://www.acf.hhs.gov/ofa/data/tanf-and-moe-spending-and-transfers-activity-fy-2023.

O'Neil, Bonny. 1999. "Letter to Regions on Categorical Eligibility." US Department of Agriculture, Food and Nutrition Service. July 14. https://fns-prod.azureedge.us/sites/default/files/a-raletter2.pdf.

Rachidi, Angela, and Erik Randolph. 2025. *Eliminating the Benefit Cliff and Achieving Savings for Taxpayers: A Reform Proposal for the Supplemental Nutrition Assistance Program*. American Enterprise Institute. January 25. https://www.aei.org/research-products/report/eliminating-the-benefit-cliff-and-achieving-savings-for-taxpayers-a-reform-proposal-for-the-supplemental-nutrition-assistance-program/.

Randolph, Erik. 2023. "Solving the Food Assistance (SNAP) Benefits Cliff: Fixing the Safety Net System." Working Paper. Georgia Center for Opportunity. October 4. https://foropportunity.org/solving-the-snap-benefits-cliff/.

Shahin, Jessica. 2009. "Improving Access to SNAP Through Broad-Based Categorical Eligibility." US Department of Agriculture, Food and Nutrition Service. September 30. https://www.fns.usda.gov/snap/eligibility/BBCE-improving-access.

Silbermann, Lizbeth. 2011. "Questions and Answers on Broad-Based Categorical Eligibility." US Department of Agriculture, Food and Nutrition Service. January 31. https://www.fns.usda.gov/snap/questions-and-answers-broad-based-categorical-eligibility.

SNAP Screener. n.d. "How Does SNAP Screener Work?" https://www.snapscreener.com/data.

Swagel, Phillip L. 2025. "Re: Federal Mandatory Spending for Means-Tested Programs and Tax Credits." Congressional Budget Office. June 18. https://docs.publicnow.com/viewDoc?filename=97885%5CEXT%5C5FAD66143425589D6940DA864EA33C7D5B0957A2_EF6E02DD367151FABE9BFDB555B688D648198ED8.PDF.

USDA (US Department of Agriculture). 2019. "Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)." *Federal Register* 84, no. 142. July 24. https://www.federalregister.gov/documents/2019/07/24/2019-15670/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program-snap.

USDA (US Department of Agriculture). 2000. "Food Stamp Program: Noncitizen Eligibility, and Certification Provisions of Pub. L. 104–193, as Amended by Public Laws 104–208, 105–33 and 105–185." *Federal Register* 65, no. 225. November 21. https://www.govinfo.gov/content/pkg/FR-2000-11-21/pdf/00-29355.pdf.

USDA (US Department of Agriculture). 2021. "Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP); Withdrawal." *Federal Register* 86, no. 110. June 10. https://www.federalregister.gov/documents/2021/06/10/2021-12183/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program-snap-withdrawal.

Vigil, Alma, and Nima Rahimi. 2024. *Trends in Supplemental Nutrition Assistance Program Participation Rates: Fiscal Year 2020 and Fiscal Year 2022*. US Department of Agriculture, Food and Nutrition Service, Office of Policy Support. October. https://fns-prod.azureedge.us/sites/default/files/resource-files/ops-snap-trendsfy20-fy22-report.pdf.