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Department of Human Services
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Governor

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Lt. Governor

September 23, 2019

The Honorable Sonny Perdue
Secretary
U.S Department of Agriculture
c/o Program Design Branch
Program Development Division
Food & Nutrition Service
3101 Park Center Drive
Alexandria, Virginia 22302

Re: Notice of Proposed Rulemaking entitled *Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)*
Docket Number FNS-2018-0037

Dear Secretary Perdue:

The New Jersey Department of Human Services strongly opposes the U.S. Department of Agriculture's (USDA) Notice of Proposed Rulemaking entitled *Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)* published in the Federal Register on July 24, 2019. New Jersey Human Services urges USDA to withdraw the proposed rule. SNAP is our nation's most critical anti-hunger program and is the first-line of defense against food insecurity for hundreds of thousands of New Jerseyans.

New Jersey Human Services, the state administrative entity for SNAP, has reviewed the proposed rule and believes it would cause serious harm and threaten the health and well-being of tens of thousands of working families, children, seniors and people with disabilities by causing more than 68,000 New Jerseyans to lose SNAP benefits. This equates to an estimated loss of \$33

million annually in food assistance benefits in our State – a cost far too large to be shouldered by food pantries and volunteers. If finalized, the rule would cause food insecurity to rise dramatically.

The loss of benefits also will significantly impact grocery stores, farmer’s markets and other food retailers across New Jersey that would see \$33 million less in revenue as a consequence of this proposal. Research has shown that SNAP plays a critical role in stimulating state economies and, in some instances, helps smaller food retailers remain in business, improving food access for all residents.¹

The rule as proposed would significantly limit states’ ability to continue to use broad-based categorically eligibility to establish SNAP eligibility. New Jersey is one of the 43 State agencies noted in the proposed rule that has adopted expanded categorical eligibility policies.

As outlined in the proposed rule, when it was established, the purpose of categorical eligibility for food assistance was to “...simplif[y] the SNAP application process for both SNAP State agencies and households by reducing the amount of information that must be verified if a household already qualifies and has been determined eligible to receive benefits from another assistance program.”² This simplification has been important to New Jersey and our residents by making enrollment processes less costly and less complex. It has also helped to reduce opportunities for otherwise eligible individuals to cycle on-and-off of the program because of delays in applicants gathering paperwork or other administrative issues.

The proposed rule further acknowledges that categorical eligibility particularly benefits working households, yet by design the rule seeks to undermine this goal. Categorical eligibility allows benefits to phase down rather than quickly ending as earnings increase, thereby avoiding a dramatic benefit cliff and a disincentive for SNAP participants to seek small earning increases. This ability for the State to lift the program’s income eligibility thresholds to allow for a smoother phase-down of benefits as earnings increase is particularly important in a state like New Jersey, where costs for housing and other essentials exceed the national average. This is an acute concern for households whose income is near the gross income limit and who have high expenses, such as for housing or child or dependent care costs. As a result, a modest increase in earnings that causes an enrollee to exceed the federal income threshold would have an immediate and significant adverse impact on their SNAP benefits.

Further, categorical eligibility allows for modest savings among families with low-incomes without threatening their food assistance. For decades, researchers and advocates have been shining a light on the need for all Americans to have some form of savings to respond to emergencies, forestall debt and otherwise begin to build some modest assets³. Families that suffer

¹ Wolkomir, E., *SNAP Boosts Retailers and Local Economies*, Center on Budget and Policy Priorities, April 6, 2018. <https://www.cbpp.org/research/food-assistance/snap-boosts-retailers-and-local-economies>

² “Revision of Categorical Eligibility in the supplemental Nutrition Assistance Program,” *Federal Register*, July 24, 2019, Vol. 84, No. 142, 35570-35581, <https://www.federalregister.gov/documents/2-109/07/24/2019-15670/revision-of-categorical-eligibility-in-the-supplemental-nutrition-assistance-program-snap>.

³ Rosenbaum, D., *SNAP’s “Broad-Based Categorical Eligibility” Supports Working Families and Those Saving for the Future*, Center on Budget and Policy Priorities, July 30, 2019. <https://www.cbpp.org/research/food-assistance/snaps-broad-based-categorical-eligibility-supports-working-families-and-those-saving-for-the-future>.

job loss⁴ or short-term financial crisis should not have to immediately liquidate modest savings to get critical food assistance. The immediate and lasting effects of the proposed rule's asset limit would negatively impact families who rely on SNAP benefits to stretch their food budgets to feed their families.

In sum, categorical eligibility supports working families and low-income earners beginning to save, while reducing administrative burdens on states and counties. It is unclear why the Administration would seek to undermine a policy that makes food affordable for families struggling with the cost of groceries, and helps to facilitate the Administration's objectives regarding work and reducing unnecessary government processes.

The proposed rule would create additional challenges for working families. As proposed, it would result in hundreds of thousands of children nationally and tens of thousands of children in New Jersey becoming no longer categorically eligible for SNAP. These children would therefore also lose direct access to free school meals, creating an especially severe burden on families with school-aged children. Participating New Jersey children in SNAP households with income above 130 percent but below 185 percent of the federal poverty line are categorically eligible for free school meals. The proposed rule would make it harder for families to access this critical food assistance program for which they are eligible by eliminating the simplified process for enrollment and risking the food security of already vulnerable children.

Categorical eligibility for SNAP in New Jersey also helps to facilitate and streamline enrollment in other programs such as the Low Income Energy Assistance Program (LIHEAP). In New Jersey, LIHEAP relies in part on SNAP broad-based categorical eligibility by allowing automatic referral and enrollment into the program to limit manual LIHEAP applications for SNAP households. Therefore, the repercussions of the proposed rule on working families, the elderly and the disabled are broad and significant.

Broad-based categorical eligibility does not substantially contribute to SNAP costs⁵ and has resulted nationally in about a seven percent savings in per-case state administrative expenses.⁶ In contrast, the proposed rule would reverse those savings and require new costs. First, New Jersey would need to revise our eligibility regulations, modify our information technology infrastructure and programming, retrain staff for our county-administered SNAP program and modify forms and guidelines. Second, New Jersey would need to oversee a more burdensome and protracted eligibility and program integrity process, where we would certainly see an increase in enrollee

⁴ Keith-Jennings, B. and Chaudry, R., *Most Working-Age SNAP Participants Work, But Often in Unstable Jobs*, Center on Budget and Policy Priorities, March 15, 2018. <https://www.cbpp.org/research/food-assistance/most-working-age-snap-participants-work-but-often-in-unstable-jobs>.

⁵ The Congressional Budget Office estimates BBCE accounts for only 2 percent of SNAP costs and about 5 percent of SNAP participation. <https://www.cbo.gov/system/files/2019-05/55215-snap.pdf>. See also Testimony of Elaine Waxman, Senior Fellow, Income and Benefits Policy Center, Urban Institute before the Subcommittee on Nutrition, Oversight, and Department Operations, Committee on Agriculture, June 20, 2019. <https://agriculture.house.gov/uploadedfiles/hhrg-116-ag03-wstate-waxmane-20190620.pdf>.

⁶ Geller, D., Isaacs, J., Braga, B., and Zic, B. (2018). *Exploring the Causes of State Variation in SNAP Administrative Cost*; p. 42. Prepared by Manhattan Strategy Group and the Urban Institute for the U.S. Department of Agriculture, Food and Nutrition Service, February 2019. Available online at www.fns.usda.gov/research-and-analysis.

“churn” as more cumbersome eligibility criteria and processes force greater numbers of SNAP participants to repeatedly move in and out of the program.

The broad-based categorical eligibility option is an important and necessary element of SNAP that complements other federal and state-funded social service programs. The elimination or substantial limitation of this eligibility option would have a serious and detrimental effect on tens of thousands of New Jerseyans, restrict the State’s ability to tailor the program to best benefit our residents, and impose a significant and unnecessary administrative burden on the State and the SNAP applicants and participants we serve.

The New Jersey Department of Human Services strongly urges the U.S. Department of Agriculture to withdraw the proposed rule and protect New Jersey children and working families from food insecurity. By withdrawing the rule, the Department also would avoid the needless administrative burdens the proposed rule would place on our State and local agencies.

Thank you for your consideration. We look forward to the Department’s reconsideration and withdraw of this proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carole Johnson", with a long, sweeping horizontal line extending to the right.

Carole Johnson
Commissioner