

# 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).

### 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 resulting in less money to buy food for their families.

### Benefits Cliff Example

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

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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**

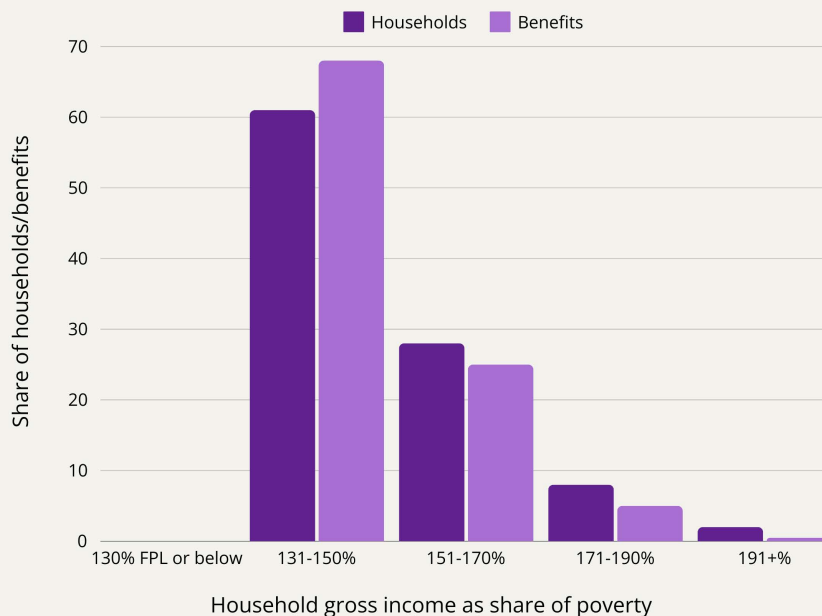
Additional households could avoid the benefits cliff and continue to receive SNAP

# What we recommend for Tennessee

TN could adopt one or both administrative policy changes thorough 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.
- ☑ **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. South Dakota, South Carolina, and North Carolina are among many other states have no limit on assets for people applying to SNAP. Nebraska's asset test ceiling is \$25,000.
- ☑ **Increase 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).

## 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.**

