



CLOSING THE DOOR TO FOOD  
STAMP FRAUD:

**How ending broad-based  
categorical eligibility can  
protect the truly needy**

**DECEMBER 4, 2018**

Jonathan Ingram  
*Vice President of Research*

Nic Horton  
*Research Director*



# KEY FINDINGS

1

**STATES ARE USING LOOPHOLES TO  
EXPAND FOOD STAMP ELIGIBILITY**



2

**MORE THAN FIVE MILLION FOOD STAMP  
ENROLLEES DO NOT MEET ELIGIBILITY  
RULES**



3

**MILLIONAIRES AND LOTTERY WINNERS  
ARE SIPHONING RESOURCES AWAY  
FROM THE TRULY NEEDY**



4

**THE TRUMP ADMINISTRATION HAS THE  
OPPORTUNITY TO STOP THIS ABUSE**



5

**ENDING THE ABUSE WOULD SAVE  
TAXPAYERS UP TO \$7 BILLION PER YEAR**



**BOTTOM LINE:**  
**IT'S TIME TO CLOSE FOOD STAMP LOOPHOLES.**

## What are food stamp asset tests?

Federal law aims to preserve food stamps for the truly needy by limiting eligibility for individuals with significant financial resources. The food stamp statute sets income eligibility and requires that states check the financial assets of those applying for benefits.<sup>1-3</sup>

The asset limits, which are indexed to inflation, generally apply only to liquid assets, such as cash or money deposited in bank accounts that is readily available.<sup>4-5</sup> Most other types of assets are exempt, including the value of a home and the surrounding property, household and personal goods, life insurance, pension funds or retirement accounts, education savings accounts, and assets of enrollees receiving cash welfare or supplemental security income.<sup>6-7</sup> All states also exclude at least one vehicle from the asset test, while 32 states exclude all vehicles.<sup>8</sup>

But while asset tests are common in other welfare programs, including cash welfare and even Medicaid for long-term care enrollees, states have used federal loopholes to virtually eliminate the requirement in food stamps and expand eligibility to millions of individuals who do not otherwise qualify.



THE WIDESPREAD USE OF THESE LOOPHOLES HAS ALLOWED MORE THAN **FIVE MILLION PEOPLE** TO ENROLL IN FOOD STAMPS WITHOUT MEETING ELIGIBILITY RULES.

## States use loopholes to expand food stamp eligibility

Under federal law, an individual is considered “categorically eligible” for food stamps—exempting them from other eligibility rules—if they receive benefits from other welfare programs, including the Temporary Assistance for Needy Families (TANF) program.<sup>9</sup>

The purpose of categorical eligibility was to avoid administrative duplication. Because states already verify eligibility factors for individuals receiving cash welfare—which generally have more restrictive eligibility criteria than food stamps—this eliminated the need for states to determine eligibility for each program separately.<sup>10-12</sup>

“  
REGULATIONS  
ADOPTED BY  
THE CLINTON  
ADMINISTRATION—  
AND EXPANDED  
BY THE OBAMA  
ADMINISTRATION—  
CREATED MASSIVE  
NEW LOOPHOLES  
FOR STATES TO  
EXPLOIT.”

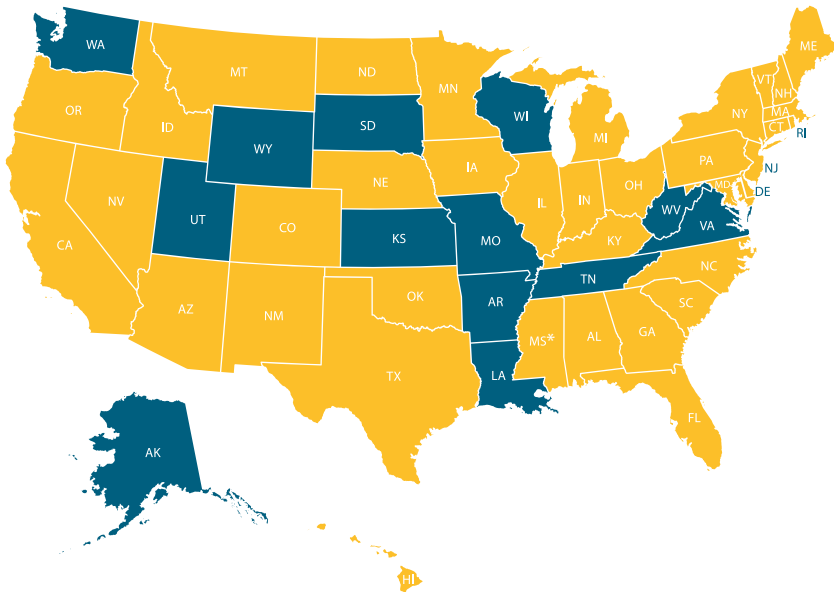
But regulations adopted by the Clinton administration—and expanded even further by the Obama administration—created massive new loopholes for states to exploit.<sup>13-14</sup> In 1999, the Clinton administration issued new guidance expanding the scope of what is considered a “benefit” to include non-cash and in-kind benefits.<sup>15-16</sup>

States exploited this new leeway by using block-granted TANF funding to print welfare brochures, operate a toll-free number providing program information, or include information about other programs on the bottom of food stamp applications.<sup>17-18</sup> **States then claim that anyone who receives information from these sources is receiving a “benefit” funded by the TANF program and can be deemed categorically eligible, bypassing asset tests and the federal income eligibility limit.**<sup>19</sup>

Worse yet, federal rules allow states to deem individuals categorically eligible for food stamps even if they never receive any TANF-funded benefit at all.<sup>20</sup> Although federal law requires that categorically eligible individuals actually receive benefits from a TANF-funded program, the regulations implementing this expanded version of categorical eligibility—known as broad-based categorical eligibility (BBCE)—unlawfully expanded the policy to include anyone “authorized to receive” benefits.<sup>21-22</sup>

Although the Clinton administration determined that these types of “benefits” did not meet the intent of categorical eligibility, it nevertheless allowed states to use them as a way to expand food stamp eligibility.<sup>23</sup> While only a handful of states initially used this option, the Obama administration spent eight years urging states to expand eligibility through these loopholes.<sup>24-27</sup>

As a result, 40 states and Washington, D.C. now use the loopholes, adding millions of people to the food stamp program who do not qualify and taking resources meant for the truly needy.<sup>28-29</sup>



**\*Note: Mississippi law prohibits the use of BBCE policies effective July 1, 2019.**

## More than five million food stamp enrollees do not meet eligibility rules

The widespread use of these loopholes has allowed more than five million people to enroll in food stamps without meeting federal eligibility criteria for assets, income, or both.<sup>30-42</sup>

In 2015, for example, nearly four million enrollees had countable assets above the federal threshold.<sup>43-45</sup> At the same time, more than 1.2 million enrollees had income above the federal limit for their eligibility category.<sup>46-49</sup> Altogether, taxpayers spend nearly \$7 billion per year on food stamps for individuals made eligible by these loopholes.<sup>50-51</sup>

The BBCE loophole has stretched the program far beyond its initial purpose. Most individuals with assets above the federal asset limit have more than \$20,000 in countable assets.<sup>52</sup> More than a third of these individuals have countable assets worth at least \$50,000, while more than one in five have \$100,000 or more.<sup>53</sup>

The broad misapplication of federal law has even allowed millionaires to qualify for the program.<sup>54</sup>



IN 2015, NEARLY  
**FOUR MILLION  
ENROLLEES**  
HAD COUNTABLE ASSETS  
ABOVE THE FEDERAL  
THRESHOLD.



## MINNESOTA: MILLIONAIRE MAKES AWAY WITH NEARLY TWO YEARS OF BENEFITS

In Minnesota, millionaire Rob Undersander and his wife spent 19 months on food stamps just to prove a point: his state's abuse of federal loopholes is siphoning away resources meant for the truly needy.<sup>55</sup> Although he and his wife had millions of dollars in financial assets, eligibility workers never even checked them when the Undersanders applied for food stamps, as Minnesota uses the BBCE loophole.<sup>56</sup>



“GROWING UP ON A SMALL DAIRY FARM, I WAS TAUGHT TO WORK, SAVE MONEY FOR RETIREMENT AND RAINY DAYS, AND LIVE OFF THOSE SAVINGS LATER IN LIFE. BUT BECAUSE MINNESOTA DOES NOT COUNT THOSE SAVINGS, I’M ALLOWED TO SIPHON UNNEEDED WELFARE BENEFITS.”

— ROB UNDERSANDER

## MICHIGAN: FOOD STAMP JACKPOT

In Michigan, more than 10,000 lottery winners were found enrolled in various welfare programs, including individuals winning million-dollar prizes.<sup>57-58</sup> Leroy Fick, for example, won \$2 million in Michigan's lottery, yet remained eligible for food stamps through the BBCE loophole.<sup>59</sup> He used his winnings to buy a new home and an Audi convertible, yet continued to rely on taxpayer-funded food stamps.<sup>60</sup>

Amanda Clayton was able to continue collecting \$200 per month in food stamp benefits, even after winning \$1 million in the state lottery.<sup>61</sup>

Another lottery winner identified by the state had won more than \$4 million but was still receiving food stamps until a state audit discovered the abuse and removed the offender.<sup>62-63</sup>

## MAINE: MEGABUCKS FOR MAINERS ON WELFARE

In Maine, a 2015 report found that nearly 4,000 welfare recipients had won \$22 million through the state lottery, including several enrollees with winnings of more than \$500,000, yet all had remained on food stamps, TANF, and other welfare programs.<sup>64</sup>

Ultimately, every dollar spent on individuals with significant financial resources or whose income is above the federal eligibility threshold is a dollar that cannot be preserved for those who actually meet eligibility requirements.

## Food stamp loopholes perpetuate waste, fraud, and abuse

Although the purpose of categorical eligibility was to avoid administrative duplication in determining eligibility, federal guidance issued in the Clinton and Obama administration created massive loopholes that perpetuate waste, fraud, and abuse.

Individuals classified as categorically eligible for food stamps because they receive cash welfare have their eligibility verified by the TANF program.<sup>65</sup> But individuals made eligible through the BBCE loophole may never have their eligibility verified at all.<sup>66</sup>

According to federal auditors, food stamp caseworkers are the only individuals that assess eligibility under BBCE policies.<sup>67</sup> These caseworkers confer eligibility on applicants without the involvement of any other program, and no other program verifies applicants' financial information in accordance with regulatory requirements.<sup>68</sup> Obama-era guidance issued in 2011 specifically exempts these individuals from "additional verification requirements" altogether.<sup>69</sup> The guidance further explained that such cases "should not be verified" by the food stamp quality control system.<sup>70</sup>

A separate federal audit revealed that BBCE policies might contribute to more payment errors, as households with income above the federal income eligibility limits were nearly three times as likely to have payment errors as other households.<sup>71</sup>

Eligibility caseworkers have previously reported that BBCE policies may increase the potential for fraud by reducing verification requirements.<sup>72</sup> Caseworkers have also noted that BBCE policies have taken away vital anti-fraud tools, such as access to bank account information, reducing their ability to flag unreported income.<sup>73</sup>

“  
INDIVIDUALS  
MADE ELIGIBLE  
THROUGH THE  
BBCE LOOPHOLE  
MAY NEVER HAVE  
THEIR ELIGIBILITY  
VERIFIED AT ALL.  
”

“  
ROLLING BACK  
THIS DISASTROUS  
POLICY WOULD  
RESTORE  
CATEGORICAL  
ELIGIBILITY TO  
ITS STATUTORY  
PURPOSE.”

## The Trump administration can end the abuse and protect the food stamp program for the truly needy

The BBCE loophole was unilaterally created and expanded through regulation and sub-regulatory guidance.<sup>74-77</sup> Current BBCE policies conflict with the plain meaning of the food stamp statute and even the initial guidance acknowledged that the loophole did not meet the intent of categorical eligibility.<sup>78-79</sup> As such, the Trump administration can roll back the BBCE loophole, even without Congressional approval.

Rolling back this disastrous policy would restore categorical eligibility to its statutory purpose. Categorical eligibility could continue for individuals actually receiving benefits from other welfare programs, not those individuals “authorized to receive” copies of welfare brochures or toll-free numbers providing eligibility information.

This policy change would also remove individuals with significant financial resources—including millionaires and lottery winners—from food stamps and preserve limited resources for those who actually qualify for the program.

**If the rule is reversed and realigned with federal law, more than five million individuals who do not meet federal eligibility guidelines would be removed from the program, saving taxpayers up to \$7 billion per year.**

Even with a divided Congress, reining in this out-of-control abuse of the food stamp program is an important and significant opportunity for the Trump administration. If the Administration seizes the opportunity, it can help restore much-needed program integrity and protect resources for the truly vulnerable.



## APPENDIX. ROLLING BACK BBCE LOOPHOLES WOULD SAVE UP TO \$7 BILLION PER YEAR

STATE	ENROLLMENT DECLINE	ANNUAL SAVINGS
Alabama	98,400	\$163,800,000
Alaska	N/A	N/A
Arizona	159,000	\$192,600,000
Arkansas	N/A	N/A
California	631,700	\$878,400,000
Colorado	59,000	\$92,700,000
Connecticut	70,100	\$108,000,000
Delaware	23,200	\$32,500,000
District of Columbia	18,100	\$29,500,000
Florida	542,300	\$770,600,000
Georgia	200,300	\$343,600,000
Hawaii	27,900	\$73,100,000
Idaho	4,200	\$6,000,000
Illinois	284,700	\$418,600,000
Indiana	17,700	\$30,500,000
Iowa	60,700	\$69,800,000
Kansas	N/A	N/A
Kentucky	84,100	\$122,900,000
Louisiana	N/A	N/A
Maine	13,700	\$9,300,000
Maryland	123,000	\$171,000,000
Massachusetts	122,200	\$157,700,000
Michigan	69,300	\$73,700,000
Minnesota	75,200	\$82,300,000
Mississippi	70,200	\$117,200,000
Missouri	N/A	N/A

## APPENDIX. (CONTINUED)

STATE	ENROLLMENT DECLINE	ANNUAL SAVINGS
Montana	14,900	\$22,900,000
Nebraska	11,000	\$16,000,000
Nevada	58,000	\$77,400,000
New Hampshire	16,900	\$17,900,000
New Jersey	134,800	\$163,200,000
New Mexico	60,200	\$84,800,000
New York	358,300	\$610,100,000
North Carolina	239,500	\$304,100,000
North Dakota	8,000	\$10,700,000
Ohio	184,700	\$299,900,000
Oklahoma	66,300	\$97,700,000
Oregon	128,100	\$167,000,000
Pennsylvania	264,200	\$383,400,000
Rhode Island	26,900	\$35,800,000
South Carolina	89,400	\$143,000,000
South Dakota	N/A	N/A
Tennessee	N/A	N/A
Texas	257,800	\$190,700,000
Utah	N/A	N/A
Vermont	16,600	\$18,200,000
Virginia	N/A	N/A
Washington	168,000	\$214,000,000
West Virginia	42,900	\$59,400,000
Wisconsin	123,100	\$129,400,000
Wyoming	N/A	N/A
<b>TOTAL</b>	<b>5,024,500</b>	<b>\$6,989,500,000</b>

Source: Authors' calculations

## REFERENCES

1. 7 U.S.C. § 2014(c) (2017), <https://www.gpo.gov/fdsys/pkg/USCODE-2017-title7/pdf/USCODE-2017-title7-chap51-sec2014.pdf>.
2. 7 U.S.C. § 2014(g) (2017), <https://www.gpo.gov/fdsys/pkg/USCODE-2017-title7/pdf/USCODE-2017-title7-chap51-sec2014.pdf>.
3. Food and Nutrition Service, "SNAP: Fiscal year 2018 cost-of-living adjustments," U.S. Department of Agriculture (2017), [https://fns-prod.azureedge.net/sites/default/files/snap/SNAP\\_Fiscal\\_Year\\_2018\\_Cost\\_of\\_Living\\_Adjustments.pdf](https://fns-prod.azureedge.net/sites/default/files/snap/SNAP_Fiscal_Year_2018_Cost_of_Living_Adjustments.pdf).
4. Ibid.
5. 7 U.S.C. § 2014(g) (2017), <https://www.gpo.gov/fdsys/pkg/USCODE-2017-title7/pdf/USCODE-2017-title7-chap51-sec2014.pdf>.
6. Food and Nutrition Service, "Resources: Rules on resource limits," U.S. Department of Agriculture (2017), <https://www.fns.usda.gov/snap/resources-rules-resource-limits>.
7. Food and Nutrition Service, "Retirement accounts excluded from resources by the Act," U.S. Department of Agriculture (2017), [https://fns-prod.azureedge.net/sites/default/files/snap/SNAP\\_Resources\\_Exclusion\\_Chart.pdf](https://fns-prod.azureedge.net/sites/default/files/snap/SNAP_Resources_Exclusion_Chart.pdf).
8. Food and Nutrition Service, "Supplemental Nutrition Assistance Program: State options report, 12th ed," U.S. Department of Agriculture (2016), [https://fns-prod.azureedge.net/sites/default/files/snap/12-State\\_Options.pdf](https://fns-prod.azureedge.net/sites/default/files/snap/12-State_Options.pdf).
9. 7 U.S.C. § 2014(a) (2017), <https://www.gpo.gov/fdsys/pkg/USCODE-2017-title7/pdf/USCODE-2017-title7-chap51-sec2014.pdf>.
10. Randy Alison Aussenberg and Gene Falk, "The Supplemental Nutrition Assistance Program (SNAP): Categorical eligibility," Congressional Research Service (2018), <https://fas.org/sgp/crs/misc/R42054.pdf>.
11. Office of Inspector General, "FNS quality control process for SNAP error rate," U.S. Department of Agriculture (2015), <https://www.usda.gov/oig/webdocs/27601-0002-41.pdf>.
12. Food and Nutrition Service, "Letter to regions on categorical eligibility," U.S. Department of Agriculture (1999), <https://fns-prod.azureedge.net/sites/default/files/a-raletter2.pdf>.
13. Office of Inspector General, "FNS quality control process for SNAP error rate," U.S. Department of Agriculture (2015), <https://www.usda.gov/oig/webdocs/27601-0002-41.pdf>.
14. Food and Nutrition Service, "Letter to regions on categorical eligibility," U.S. Department of Agriculture (1999), <https://fns-prod.azureedge.net/sites/default/files/a-raletter2.pdf>.
15. Office of Inspector General, "FNS quality control process for SNAP error rate," U.S. Department of Agriculture (2015), <https://www.usda.gov/oig/webdocs/27601-0002-41.pdf>.
16. 7 C.F.R. § 273.2(j)(2) (2018), <https://www.gpo.gov/fdsys/pkg/CFR-2018-title7-vol4/pdf/CFR-2018-title7-vol4-sec273-2.pdf>.
17. Office of Inspector General, "FNS quality control process for SNAP error rate," U.S. Department of Agriculture (2015), <https://www.usda.gov/oig/webdocs/27601-0002-41.pdf>.
18. Food and Nutrition Service, "Letter to regions on categorical eligibility," U.S. Department of Agriculture (1999), <https://fns-prod.azureedge.net/sites/default/files/a-raletter2.pdf>.
19. Office of Inspector General, "FNS quality control process for SNAP error rate," U.S. Department of Agriculture (2015), <https://www.usda.gov/oig/webdocs/27601-0002-41.pdf>.
20. 7 C.F.R. § 273.2(j)(2) (2018), <https://www.gpo.gov/fdsys/pkg/CFR-2018-title7-vol4/pdf/CFR-2018-title7-vol4-sec273-2.pdf>.
21. 7 U.S.C. § 2014(a) (2017), <https://www.gpo.gov/fdsys/pkg/USCODE-2017-title7/pdf/USCODE-2017-title7-chap51-sec2014.pdf>.
22. 7 C.F.R. § 273.2(j)(2) (2018), <https://www.gpo.gov/fdsys/pkg/CFR-2018-title7-vol4/pdf/CFR-2018-title7-vol4-sec273-2.pdf>.
23. Food and Nutrition Service, "Letter to regions on categorical eligibility," U.S. Department of Agriculture (1999), <https://fns-prod.azureedge.net/sites/default/files/a-raletter2.pdf>.
24. Food and Nutrition Service, "Improving access to SNAP through broad-based categorical eligibility," U.S. Department of Agriculture (2009), <https://fns-prod.azureedge.net/sites/default/files/snap/Improving-SNAP-Acess-through%20Broad-Based-Categorical-Eligibility.pdf>.
25. Food and Nutrition Service, "Categorical eligibility questions and answers," U.S. Department of Agriculture (2010), <https://fns-prod.azureedge.net/sites/default/files/snap/Categorical-Eligibility-QandA-1-26-10.pdf>.
26. Food and Nutrition Service, "Questions and answers on broad-based categorical eligibility," U.S. Department of Agriculture (2011), <https://web.archive.org/web/20130414110232/http://www.fns.usda.gov/snap/rules/Memo/2011/013111.pdf>.
27. Food and Nutrition Service, "Clarification on characteristics of broad-based categorical eligibility programs," U.S. Department of Agriculture (2016), <https://fns-prod.azureedge.net/sites/default/files/snap/clarification-bbce-memo.pdf>.
28. Karen Cunyningham, "Testimony before the House Committee on Agriculture: What the data reveal about state SNAP options," Mathematica Policy Research (2016), <https://www.mathematica-mpr.com/download-media?MediaItemId={18D6DBD7-7E31-4A65-A1C8-DA35569A5E9A}>.
29. Food and Nutrition Service, "Broad-based categorical eligibility," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/snap/BBCE.pdf>.
30. Author's calculations based upon data provided by a proprietary microsimulation model that incorporates data on food stamp enrollment and expenditures in fiscal year 2015 disaggregated by age, disability status, eligibility category,

and income-to-poverty ratio, the distribution of income-eligible households by countable asset values in fiscal year 2006, broad-based categorical eligibility policies in effect in fiscal year 2015, broad-based categorical eligibility policies currently in effect, and participation rates of households and individuals made eligible under broad-based categorical eligibility policies in fiscal year 2012.

31. Data on enrollment and expenditures in fiscal year 2015, disaggregated by age, disability status, eligibility category, and income-to-poverty ratio was provided by the U.S. Department of Agriculture. See, e.g., Food and Nutrition Service, "Supplemental Nutrition Assistance Program quality control database," U.S. Department of Agriculture (2016), [https://host76.mathematica-mpr.com/fns/PUBLIC\\_USE/2015/qcfy2015\\_st.zip](https://host76.mathematica-mpr.com/fns/PUBLIC_USE/2015/qcfy2015_st.zip).
32. Fiscal year 2015 data was adjusted to reflect recent changes to BBCE policies in a handful of states.
33. Illinois increased the income eligibility to 165 percent in fiscal year 2016. State-specific data on the income distribution of enrollees in fiscal year 2017 was used to adjust the model's baseline data.
34. Pennsylvania eliminated its \$5,000 asset test midway through fiscal year 2015. FGA's proprietary microsimulation model simulated the results of this change, which were used to adjust the model's baseline data.
35. Maine restored a \$5,000 asset test in fiscal year 2016. FGA's proprietary microsimulation model simulated the results of this change, which were used to adjust the model's baseline data.
36. Indiana increased its asset limit to \$5,000 in fiscal year 2018. FGA's proprietary microsimulation model simulated the results of this change, which were used to adjust the model's baseline data.
37. Data on the distribution of individuals by countable asset holdings was derived from data provided by the U.S. Department of Agriculture on the distribution of income-eligible households by countable asset values in fiscal year 2006. See, e.g., Karen Cunyngnam and James Ohls, "Simulated effects of changes to state and federal asset eligibility policies for the food stamp program," U.S. Department of Agriculture (2008), <https://naldc.nal.usda.gov/download/26691/PDF>.
38. Participation rates of households and individuals made eligible under broad-based categorical eligibility policies were derived from the results of the revised 2012 baseline of Mathematica Policy Research's 2009 MATH SIPP+ Model. See, e.g., Joshua Leftin et al., "Analysis of proposed changes to SNAP eligibility and benefit determination in the 2013 Farm Bill and comparison of cardiometabolic health status for SNAP participants and low-income nonparticipants," Mathematica Policy Research (2013), <https://www.mathematica-mpr.com/download-media?MediaItemId={52646368-F353-4175-87FB-50BE53DA9A85}>.
39. Mathematica Policy Research concluded that eliminating broad-based categorical eligibility without increasing the asset limit would have reduced the number of households on the program by approximately 2.8 million in fiscal year 2015, compared to 2.7 million households under the proprietary microsimulation model used here. See, e.g., Karen Cunyngnam, "Simulating proposed changes to the Supplemental Nutrition Assistance Program: Countable resources and categorical eligibility," Mathematica Policy Research (2018), <https://www.mathematica-mpr.com/download-media?MediaItemId={7059AED4-8EA7-47BB-9BF1-50812F365BC3}>.
40. Mathematica Policy Research concluded that eliminating broad-based categorical eligibility would have reduced the number of households on the program by approximately 2.7 million in fiscal year 2012, representing roughly 5.1 million enrollees. See, e.g., Joshua Leftin et al., "Analysis of proposed changes to SNAP eligibility and benefit determination in the 2013 Farm Bill and comparison of cardiometabolic health status for SNAP participants and low-income nonparticipants," Mathematica Policy Research (2013), <https://www.mathematica-mpr.com/download-media?MediaItemId={52646368-F353-4175-87FB-50BE53DA9A85}>.
41. This analysis estimates the effects of restoring the federal asset test and restoring the federal income eligibility limit independently. However, there is a small amount of overlap between the individuals who do not meet federal eligibility standards due to asset holdings and the individuals who do not meet federal eligibility standards due to income. The proprietary microsimulation model used here estimates that approximately 89,000 households, representing 182,000 enrollees, fail both the income and asset eligibility requirements. This analysis removes the duplicative data in estimating the combined effect of eliminating broad-based categorical eligibility.
42. Mathematica Policy Research concluded that approximately 90,000 households failed both the income and asset requirements in fiscal year 2012, representing roughly 172,000 enrollees. See, e.g., Joshua Leftin et al., "Analysis of proposed changes to SNAP eligibility and benefit determination in the 2013 Farm Bill and comparison of cardiometabolic health status for SNAP participants and low-income nonparticipants," Mathematica Policy Research (2013), <https://www.mathematica-mpr.com/download-media?MediaItemId={52646368-F353-4175-87FB-50BE53DA9A85}>.
43. Author's calculations based upon data provided by a proprietary microsimulation model estimating the enrollment effects of restoring the federal asset test in isolation from other changes to broad-based categorical eligibility.
44. Mathematica Policy Research concluded that restoring the federal asset test would have reduced the number of households on the program by approximately 2.1 million in fiscal year 2015, compared to 2.1 million households under the proprietary microsimulation model used here. See, e.g., Karen Cunyngnam, "Simulating proposed changes to the Supplemental Nutrition Assistance Program: Countable resources and categorical eligibility," Mathematica Policy Research (2018), <https://www.mathematica-mpr.com/download-media?MediaItemId={7059AED4-8EA7-47BB-9BF1-50812F365BC3}>.
45. Mathematica Policy Research concluded that restoring the federal asset test would have reduced the number of households on the program by approximately 2.1 million in fiscal year 2012, representing roughly 4 million enrollees. See, e.g., Joshua Leftin et al., "Analysis of proposed changes to SNAP eligibility and benefit determination in the 2013 Farm Bill and comparison of cardiometabolic health status for SNAP participants and low-income nonparticipants," Mathematica Policy Research (2013), <https://www.mathematica-mpr.com/download-media?MediaItemId={52646368-F353-4175-87FB-50BE53DA9A85}>.
46. Author's calculations based upon data provided by a proprietary microsimulation model estimating the enrollment effects of restoring the federal income eligibility limit in isolation from other changes to broad-based categorical

eligibility.

47. Mathematica Policy Research concluded that restoring the federal income eligibility limit would have reduced the number of households on the program by approximately 715,000 in fiscal year 2015, compared to 602,000 households under the proprietary microsimulation model used here. See, e.g., Karen Cunyningham, "Simulating proposed changes to the Supplemental Nutrition Assistance Program: Countable resources and categorical eligibility," Mathematica Policy Research (2018), <https://www.mathematica-mpr.com/download-media?MediaItemId={7059AED4-8EA7-47BB-9BF1-50812F365BC3}>.
48. Mathematica Policy Research concluded that restoring the federal income eligibility limit would have reduced the number of households on the program by approximately 651,000 in fiscal year 2012, representing roughly 2.1 million enrollees. See, e.g., Joshua Leftin et al., "Analysis of proposed changes to SNAP eligibility and benefit determination in the 2013 Farm Bill and comparison of cardiometabolic health status for SNAP participants and low-income nonparticipants," Mathematica Policy Research (2013), <https://www.mathematica-mpr.com/download-media?MediaItemId={52646368-F353-4175-87FB-50BE53DA9A85}>.
49. The Congressional Research Service identified nearly 530,000 non-disabled, non-elderly households receiving food stamps in fiscal year 2015 with incomes above the federal income eligibility limit. See, e.g., Randy Alison Aussenberg and Gene Falk, "The Supplemental Nutrition Assistance Program (SNAP): Categorical eligibility," Congressional Research Service (2018), <https://fas.org/srg/crs/misc/R42054.pdf>.
50. Author's calculations based upon data provided by a proprietary microsimulation model estimating the expenditure effects of eliminating broad-based categorical eligibility.
51. Mathematica Policy Research concluded that eliminating categorical eligibility would have reduced the number of households on the program by approximately 2.2 million in fiscal year 2012, with an average benefit loss of \$271 per month. On an annual basis, this represents approximately \$7.2 billion in taxpayer spending. See, e.g., Joshua Leftin et al., "Analysis of proposed changes to SNAP eligibility and benefit determination in the 2013 Farm Bill and comparison of cardiometabolic health status for SNAP participants and low-income nonparticipants," Mathematica Policy Research (2013), <https://www.mathematica-mpr.com/download-media?MediaItemId={52646368-F353-4175-87FB-50BE53DA9A85}>.
52. Author's calculations based upon data provided by a proprietary microsimulation model estimating distribution of individuals affected by restoring the asset test, disaggregated by eligibility type and asset holdings.
53. Ibid.
54. Ibid.
55. Health and Human Services Finance Committee, "Hearing on House File 118," Minnesota House of Representatives (2018), <https://youtu.be/0cmxLpFyce4>.
56. Ibid.
57. A 2012 report found that nearly 14 percent of Michigan lottery winners with winnings above \$1,000 received welfare or resided in a household with welfare recipients. It identified more than 3,500 individuals meeting this criteria between April 2012 and December 2012. See, e.g., Michigan Department of Human Services, "Preserving assistance for our state's truly needy: Calendar year 2012 report – Lottery winners and welfare programs," Michigan Department of Human Services (2013), [https://www.michigan.gov/documents/dhs/Lottery\\_Report\\_2012\\_417514\\_7.pdf](https://www.michigan.gov/documents/dhs/Lottery_Report_2012_417514_7.pdf).
58. A 2014 report identified more than 7,200 Michigan lottery winners with winnings above \$1,000 who received welfare. See, e.g., Michigan Department of Human Services, "Lottery match report 2014," Michigan Department of Human Services (2014), [https://www.michigan.gov/documents/dhs/LotteryReport\\_Legislature2014\\_2\\_472170\\_7.pdf](https://www.michigan.gov/documents/dhs/LotteryReport_Legislature2014_2_472170_7.pdf).
59. Associated Press, "Michigan man still receives food stamps after winning \$2 million jackpot," WJBK (2011), <https://web.archive.org/web/20110823040616/http://www.myfoxdetroit.com/dpp/news/local/michigan-man-still-receiving-food-assistance-despite-winning-%242-million-jackpot-20110518-mr>.
60. Barbara Pinto, "Recent \$2 million jackpot winner Leroy Fick still uses equivalent of food stamps for groceries; Some aim to disqualify him," ABC News (2011), <https://abcnews.go.com/Business/2m-michigan-lottery-winner-leroy-fick-food-stamps/story?id=13632236>.
61. WJLA, "Amanda Clayton, Michigan lottery winner, still accepting food stamps," WJLA (2012), [www.wjla.com/articles/2012/03/amanda-clayton-michigan-lottery-winner-still-accepting-food-stamps-73487.html](http://www.wjla.com/articles/2012/03/amanda-clayton-michigan-lottery-winner-still-accepting-food-stamps-73487.html).
62. Michigan Department of Human Services, "Lottery match report 2014," Michigan Department of Human Services (2014), [https://www.michigan.gov/documents/dhs/LotteryReport\\_Legislature2014\\_2\\_472170\\_7.pdf](https://www.michigan.gov/documents/dhs/LotteryReport_Legislature2014_2_472170_7.pdf).
63. Michigan restored a \$5,000 asset test to the food stamp program and was able to remove the \$4 million jackpot winner as a result.
64. Maine Department of Health and Human Services, "Maine welfare lottery winners from 2010-2014," Maine Department of Health and Human Services (2015), <https://assets.documentcloud.org/documents/2646238/Maine-Welfare-Lottery-Winners-2010-2014.pdf>.
65. Office of Inspector General, "FNS quality control process for SNAP error rate," U.S. Department of Agriculture (2015), <https://www.usda.gov/oig/webdocs/27601-0002-41.pdf>.
66. Ibid.
67. Ibid.
68. Ibid.
69. Food and Nutrition Service, "Questions and answers on broad-based categorical eligibility," U.S. Department of Agriculture (2011), <https://web.archive.org/web/20130414110232/http://www.fns.usda.gov/snap/rules/Memo/2011/013111.pdf>.
70. Ibid.

71. Kay E. Brown et al., "Supplemental Nutrition Assistance Program: Improved oversight of state eligibility expansions needed," Government Accountability Office (2010), <https://www.gao.gov/assets/600/593070.pdf>.
72. Ibid.
73. Ibid.
74. Food and Nutrition Service, "Improving access to SNAP through broad-based categorical eligibility," U.S. Department of Agriculture (2009), <https://fns-prod.azureedge.net/sites/default/files/snap/Improving-SNAP-Acess-through%20Broad-Based-Categorical-Eligibility.pdf>.
75. Food and Nutrition Service, "Categorical eligibility questions and answers," U.S. Department of Agriculture (2010), <https://fns-prod.azureedge.net/sites/default/files/snap/Categorical-Eligibility-QandA-1-26-10.pdf>.
76. Food and Nutrition Service, "Questions and answers on broad-based categorical eligibility," U.S. Department of Agriculture (2011), <https://web.archive.org/web/20130414110232/http://www.fns.usda.gov/snap/rules/Memo/2011/013111.pdf>.
77. Food and Nutrition Service, "Clarification on characteristics of broad-based categorical eligibility programs," U.S. Department of Agriculture (2016), <https://fns-prod.azureedge.net/sites/default/files/snap/clarification-bbce-memo.pdf>.
78. Food and Nutrition Service, "Letter to regions on categorical eligibility," U.S. Department of Agriculture (1999), <https://fns-prod.azureedge.net/sites/default/files/a-raletter2.pdf>.
79. Although federal law requires that categorically eligible individuals actually receive benefits from a TANF-funded program, the regulations implementing BBCE unlawfully expanded the policy to include anyone "authorized to receive" benefits.





15275 Collier Boulevard | Suite 201-279

Naples, Florida 34119

(239) 244-8808

[TheFGA.org](http://TheFGA.org)

 [@TheFGA](https://twitter.com/TheFGA)