



# ***ELIMINATING BBCE***

*WILL LOWER  
FOOD STAMP  
PAYMENT ERRORS  
AND*

# ***SAVE BILLIONS***

**LIESEL  
CROCKER**  
*Senior Research  
Fellow*

**ALLI FICK**  
*Research Director*



# Key Findings



- 1** Food stamp enrollment and costs **HAVE EXPLODED OVER THE PAST 25 YEARS**, driven by the Broad-Based Categorical Eligibility (BBCE) loophole.
- 2** Millions are enrolled in food stamps through BBCE **DESPITE NOT MEETING ELIGIBILITY REQUIREMENTS**.
- 3** BBCE is highly susceptible to waste, fraud, and abuse. **THE VAST MAJORITY OF FOOD STAMP PAYMENT ERRORS ARE FROM BBCE HOUSEHOLDS**.
- 4** Under the One Big Beautiful Bill Act, states must now manage their payment errors **OR FACE STEEP PENALTIES**.
- 5** Unless states lower their payment error rates, **THEY WILL BE ON THE HOOK FOR MILLIONS IN FOOD STAMP SPENDING**.

## The Bottom Line

To lower payment error rates and save taxpayer dollars, states must end BBCE for food stamps.

# Overview

Enrollment in food stamps has surged in recent years, swelling to more than 42 million people.<sup>1</sup> BBCE has allowed millions of people to enroll in food stamps despite not meeting federal eligibility criteria, contributing to skyrocketing enrollment.

As enrollment in food stamps has grown, so have payment errors. Overall, the food stamp program has an official error rate of 11 percent, and in some states, error rates are much higher.<sup>2</sup> **Households that are enrolled in food stamps through BBCE have higher payment error rates than households enrolled through traditional eligibility criteria.**

With the One Big Beautiful Bill Act, states will now have to pay for a portion of their food stamp benefit costs if their payment error rate is six percent or higher.<sup>3</sup> States can lower their payment error rate and save taxpayers billions by ending BBCE.

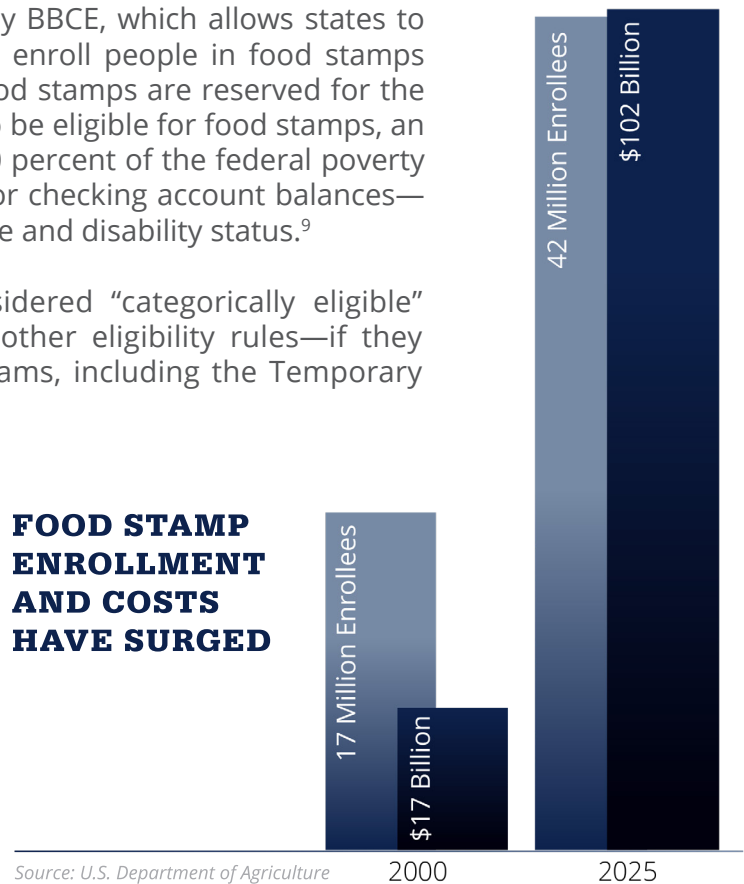
## Enrollment in food stamps has skyrocketed, fueled by the BBCE loophole

The food stamp program was designed to help the truly needy access nutritious food.<sup>4</sup> In 2000, enrollment was just 17 million, and the program cost federal taxpayers \$17 billion annually.<sup>5</sup> By 2025, enrollment reached more than 42 million, and spending on food stamps exceeded \$100 billion.<sup>6</sup> Over the next decade, the food stamp program is expected to cost taxpayers nearly \$1 trillion.<sup>7</sup>

The surge in enrollment has been fueled by BBCE, which allows states to avoid the usual income and asset tests to enroll people in food stamps who are otherwise ineligible.<sup>8</sup> To ensure food stamps are reserved for the truly needy, federal regulations state that to be eligible for food stamps, an applicant's income must be at or below 130 percent of the federal poverty line, and their liquid assets—such as cash or checking account balances—must be below a threshold that varies by age and disability status.<sup>9</sup>

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>10</sup> The purpose of categorical eligibility was to avoid administrative duplication.<sup>11</sup> Because states already verify eligibility factors for individuals receiving cash welfare—which have more restrictive eligibility criteria than food stamps—this eliminated the need for states to determine eligibility for each program separately.<sup>12</sup>

But rather than using categorical eligibility to avoid administrative duplication for eligible enrollees, states



have created a fraud-by-design scheme to maximize dependency and enroll millions of ineligible individuals through BBCE.<sup>13-14</sup>

Under this scheme, states use TANF dollars to print a pamphlet or set up a hotline with information about welfare benefits.<sup>15</sup> They then deem these offerings a TANF “benefit,” which makes anyone receiving the welfare brochure or hotline number “categorically eligible” for food stamps.<sup>16</sup> Individuals do not even have to actually receive these fake “benefits” to qualify for food stamps under BBCE so long as they are authorized to receive them.<sup>17</sup> Many states now put a link to these brochures on the food stamp application itself, allowing them to deem virtually all applicants categorically eligible.<sup>18</sup>

Forty-three states and Washington, D.C. now use BBCE to expand food stamp eligibility.<sup>19</sup> This scheme was supposed to reduce administrative costs and avoid duplication of processes, but this has not been the result.<sup>20</sup> In reality, states using BBCE have higher administrative costs than states with traditional eligibility rules.<sup>21</sup> The result of BBCE implementation has been an explosion in enrollment, with more than 5.9 million otherwise ineligible people enrolled in food stamps through BBCE.<sup>22</sup>

---

**The result of BBCE implementation has been an explosion in enrollment, with more than 5.9 million otherwise ineligible people enrolled in food stamps through BBCE.**

---

States can use BBCE to expand food stamp eligibility to those with incomes as high as 200 percent of the federal poverty line, and there are often no asset tests at all.<sup>23</sup> An estimated 20 percent of BBCE enrollees with assets that exceed federal limits have assets greater than \$100,000.<sup>24</sup> Millionaires have even been allowed to enroll under this loophole.<sup>25</sup>

## Food stamp payment errors are higher for BBCE enrollees

As the food stamp program grows, so does waste, fraud, and abuse. Today, at least one out of every 10 dollars spent in the food stamp program is improper.<sup>26</sup> Overall, the food stamp program has an official payment error rate of 11 percent, with some states having payment error rates as high as nearly 25 percent.<sup>27</sup> This amounts to nearly \$10.4 billion in improper spending each year—a sevenfold increase over erroneous spending 20 years ago.<sup>28-31</sup>

### IMPROPER FOOD STAMP SPENDING HAS SKYROCKETED



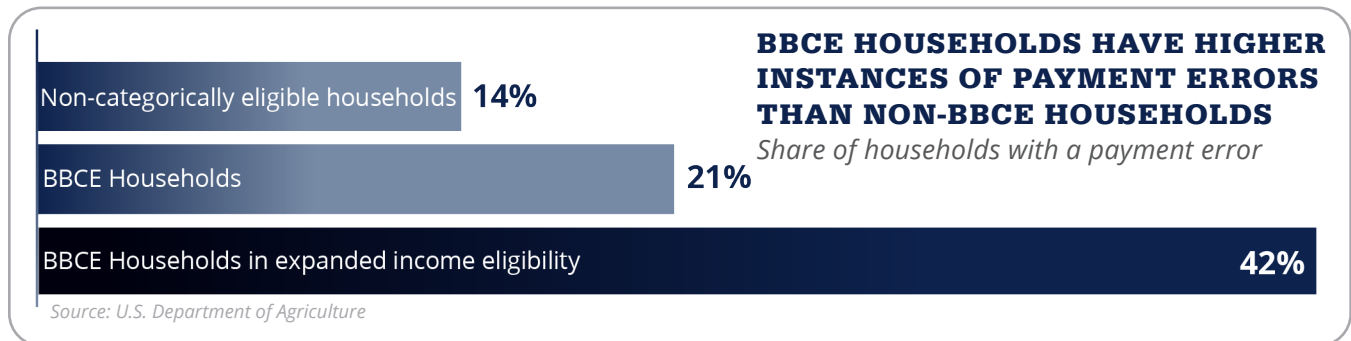
Source: U.S. Department of Agriculture

Because the U.S. Department of Agriculture (USDA) only counts payment errors over \$58 dollars per month, and many instances of fraud and improper payments go unnoticed, true payment error rates are even higher.<sup>32</sup> Auditors at the Government Accountability Office discovered that the actual number of cases with payment errors are nearly six times as high as the officially reported number due to USDA ignoring errors below its tolerance threshold.<sup>33</sup> These error rates also do not account for food stamp trafficking—where enrollees sell their food stamps for cash or prohibited items—and cases of intentional program violations and known fraud.<sup>34-35</sup>

BBCE was sold to states as a way to reduce payment errors, but it has resulted in the opposite.<sup>36</sup> BBCE households have higher instances of payment errors than non-BBCE households, and **BBCE households make up 82 percent of all payment errors.**<sup>37</sup>



Overall, more than one out of every five households on food stamps have a payment error.<sup>38</sup> But these rates are much higher for BBCE households than for those who are enrolled through traditional eligibility pathways.<sup>39-41</sup> These official error rates reach nearly 42 percent among BBCE households in the expanded income eligibility group.<sup>42</sup>



The cost of those errors is also much higher for BBCE households. Nearly five percent of food stamp benefits provided to non-categorically eligible households are officially improper.<sup>43</sup> But more than 41 percent of all food stamp spending on households eligible through BBCE's expanded income eligibility group is improper.<sup>44</sup>

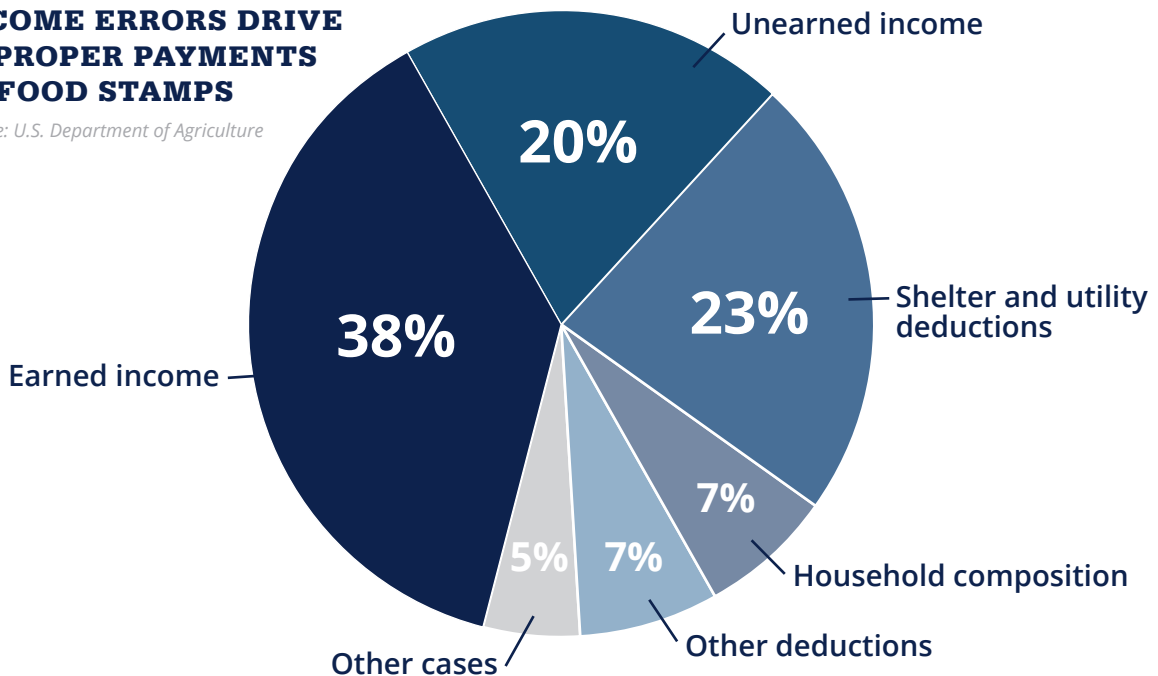


Eliminating BBCE would give caseworkers the tools to identify and stop payment errors early. Caseworkers report that losing access to bank accounts under BBCE hurts program integrity because they could no longer look for regular deposits.<sup>45</sup> When caseworkers have access to bank account information, they can catch inconsistencies like when earned or unearned income isn't reported, or when the shelter and utility deductions don't match what was reported.<sup>46</sup>

Earned income errors, which result from enrollees failing to report income from work or caseworkers failing to document income, are the single largest cause of improper payments in food stamps.<sup>47</sup> BBCE reduces asset and income verification processes that create opportunities for caseworkers to catch these errors.

**INCOME ERRORS DRIVE IMPROPER PAYMENTS IN FOOD STAMPS**

*Source: U.S. Department of Agriculture*



## States can lower their payment error rate by eliminating BBCE

The One Big Beautiful Bill Act incentivized states to lower their payment error rates in food stamps.<sup>48</sup> Currently, the federal government pays for 100 percent of food stamp benefits.<sup>49</sup> But, beginning in 2027, states will have to pay a percentage of food stamp benefits if their payment error rate is six percent or higher.<sup>50</sup> If a state's error rate is between six and eight percent, the state will have to cover five percent of benefit costs.<sup>51</sup> If the error rate is between eight and 10 percent, the state will owe 10 percent of benefit costs, and if the error rate is higher than 10 percent, the state will be on the hook for 15 percent of benefit costs.<sup>52</sup>

**In 2024, 42 states and Washington, D.C. had payment error rates at or above six percent.**<sup>53</sup> Unless these states take action to lower their error rates, they will be on the hook for hundreds of millions in benefit costs.<sup>54</sup>

Because BBCE households have such high payment errors, eliminating BBCE will help states lower their payment error rates. By implementing asset verification for food stamp enrollees, states can ensure that only those who are truly eligible are enrolled in the program.

Requiring asset verification ensures people who do not meet federal eligibility criteria are not enrolled and helps catch fraudsters who hide income from caseworkers.<sup>55</sup> Among households that are not categorically eligible for the program, **asset verification errors account for just 0.3 percent of payment errors, and implementing asset verification will not cause payment error rates to increase.**<sup>56</sup>

In addition to helping to lower payment error rates, eliminating BBCE will also save taxpayers nearly \$110 billion over 10 years by ensuring that only those who meet income and asset limits are able to enroll.<sup>57</sup>

## **The Bottom Line:**

**To lower payment error rates and save taxpayer dollars, states must end BBCE for food stamps.**

BBCE is fraud by design that allows millions of people who do not meet eligibility requirements to enroll in food stamps. Many of those enrolled through BBCE have thousands of dollars in assets, and incomes that far exceed federal requirements.

Using BBCE for food stamp enrollment raises payment error rates, and BBCE households account for more than 80 percent of payment errors. These improper payments are already costing federal taxpayers millions and soon will cost states as well. States should end the use of BBCE to lower their payment error rates and ensure that resources are preserved for the truly needy.

# References

1. Paige Terryberry, "Make America Health Again: Most states commit to banning taxpayer-funded junk food," Foundation for Government Accountability (2026), <https://thefga.org/research/make-america-healthy-again-most-states-commit-banning-taxpayer-funded-junk-food>.
2. Food and Nutrition Service, "Supplemental Nutrition Assistance Program: Payment error rates – Fiscal year 2024," U.S. Department of Agriculture (2025), <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy24QC-PER.pdf>.
3. Paige Terryberry, "Food stamp program integrity measures will lower costs for states and preserve resources for the truly needy," Foundation for Government Accountability (2025), <https://thefga.org/research/foodstampprogramintegritymeasureswilllowercosts>.
4. Paige Terryberry, "Make America Healthy Again: Stop taxpayer-funded junk food," Foundation for Government Accountability (2025), <https://thefga.org/research/make-america-healthy-again-stop-taxpayer-funded-junk-food>.
5. Michael Greibrok, "How lawmakers can roll back the Biden administration's blunders and improve the food stamp program," Foundation for Government Accountability (2025), <https://thefga.org/research/lawmakers-roll-back-biden-blunders-improve-food-stamp-program>.
6. Food and Nutrition Service, "Supplemental Nutrition Assistance Program participation and costs," U.S. Department of Agriculture (2026), <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-annualsummary-2.pdf>.
7. Congressional Budget Office, "Baseline projections: Supplemental Nutrition Assistance Program," Congressional Budget Office (2026), <https://www.cbo.gov/system/files/2026-01/51312-2026-02-snap.pdf>.
8. Paige Terryberry, "How congress can protect the truly needy and restore program integrity to food stamps by ending broad-based categorical eligibility," Foundation for Government Accountability (2023), <https://thefga.org/research/how-congress-can-protect-needy-by-ending-bbce>.
9. Randy A. Aussenberg, "Supplemental Nutrition Assistance Program (SNAP): A primer on eligibility and benefits," Congressional Research Service (2022), <https://www.congress.gov/crs-product/R42505>.
10. 7 U.S.C. § 2014(a) (2024), <https://www.govinfo.gov/content/pkg/USCODE-2024-title7/pdf/USCODE-2024-title7-chap51-sec2014.pdf>.
11. Jonathan Ingram and Nic Horton, "Closing the door to food stamp fraud: How ending broad-based categorical eligibility can protect the truly needy," Foundation for Government Accountability (2018), <https://thefga.org/research/closing-the-door-to-food-stamp-fraud-how-ending-broad-based-categorical-eligibility-can-protect-the-truly-needy/>
12. Ibid.
13. Paige Terryberry, "How congress can protect the truly needy and restore program integrity to food stamps by ending broad-based categorical eligibility," Foundation for Government Accountability (2023), <https://thefga.org/research/how-congress-can-protect-needy-by-ending-bbce>.
14. Michael Greibrok, "Broad-based categorical eligibility in food stamps is fraud by design and states should ban it," Foundation for Government Accountability (2025), <https://thefga.org/research/categorical-eligibility-in-food-stamps-is-fraud-by-design>.
15. Paige Terryberry, "How congress can protect the truly needy and restore program integrity to food stamps by ending broad-based categorical eligibility," Foundation for Government Accountability (2023), <https://thefga.org/research/how-congress-can-protect-needy-by-ending-bbce>.
16. Ibid.
17. Ibid.
18. Food and Nutrition Service, "Broad-based categorical eligibility," U.S. Department of Agriculture (2026), <https://www.fns.usda.gov/snap/broad-based-categorical-eligibility>.
19. Food and Nutrition Service, "Broad-based categorical eligibility," U.S. Department of Agriculture (2026), <https://www.fns.usda.gov/snap/broad-based-categorical-eligibility>.
20. Paige Terryberry, "How congress can protect the truly needy and restore program integrity to food stamps by ending broad-based categorical eligibility," Foundation for Government Accountability (2023), <https://thefga.org/research/how-congress-can-protect-needy-by-ending-bbce>.
21. Jonathan Ingram, "Why closing the broad-based categorical eligibility loophole will not bust state budgets," Foundation for Government Accountability (2019), <https://thefga.org/research/why-closing-the-broad-based-categorical-eligibility-loophole-will-not-bust-state-budgets>.
22. Michael Greibrok, "Broad-based categorical eligibility in food stamps is fraud by design and states should ban it," Foundation for Government Accountability (2025), <https://thefga.org/research/categorical-eligibility-in-food-stamps-is-fraud-by-design>.
23. Food and Nutrition Service, "Broad-based categorical eligibility," U.S. Department of Agriculture (2026), <https://www.fns.usda.gov/snap/broad-based-categorical-eligibility>.
24. Michael Greibrok, "Broad-based categorical eligibility in food stamps is fraud by design and states should ban it," Foundation for Government Accountability (2025), <https://thefga.org/research/categorical-eligibility-in-food-stamps-is-fraud-by-design>.
25. Paige Terryberry, "How congress can protect the truly needy and restore program integrity to food stamps by ending broad-based categorical eligibility," Foundation for Government Accountability (2023), <https://thefga.org/research/how-congress-can-protect-needy-by-ending-bbce>.
26. Food and Nutrition Service, "Supplemental Nutrition Assistance Program: Payment error rates – Fiscal year 2024," U.S. Department of Agriculture (2025), <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy24QC-PER.pdf>.
27. Ibid.
28. Authors' calculations based upon data provided by the U.S. Department of Agriculture on total food stamp benefit spending and payment error rates in fiscal years 2004 through 2024.
29. In 2004, the food stamp payment error rate was approximately 5.88 percent. See, e.g., Food and Nutrition Service, "Food Stamp Program: Payment error rates – Fiscal year 2004," U.S. Department of Agriculture (2005), <https://fns-prod.azureedge.us/sites/default/files/resource-files/2004-Error-Rates.pdf>.
30. In 2024, the food stamp payment error rate was approximately 10.93 percent. See, e.g., Food and Nutrition Service, "Supplemental Nutrition Assistance Program: Payment error rates – Fiscal year 2024," U.S. Department of Agriculture (2025), <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy24QC-PER.pdf>.
31. Food stamp benefit spending totaled approximately \$24.6 billion in 2004 and approximately \$95.0 billion in 2024. See, e.g., Food and Nutrition Service, "Supplemental Nutrition Assistance Program participation and costs," U.S. Department of Agriculture (2026), <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-annualsummary-2.pdf>.
32. Paige Terryberry, "Food stamp program integrity measures will lower costs for states and preserve resources for the truly needy," Foundation for Government Accountability (2025), <https://thefga.org/research/foodstampprogramintegritymeasureswilllowercosts>.

# References cont.

33. Kay E. Brown, "Supplemental Nutrition Assistance Program: Policy changes and calculation methods likely affect improper payment rates, and USDA is taking steps to help address recipient fraud," Government Accountability Office (2016), <https://www.gao.gov/assets/gao-16-708t.pdf>.
34. Food and Nutrition Service, "Supplemental Nutrition Assistance Program: Quality control review handbook," U.S. Department of Agriculture (2021), <https://snapqcs.fns.usda.gov/Welcome/Doc/FNS310Handbook.pdf>.
35. Michael Greibrok and Kristi Stahr, "The Trump administration is cracking down on retailer food stamp trafficking," Foundation for Government Accountability (2025), <https://thefga.org/research/cracking-down-on-retailer-food-stamp-trafficking>.
36. Government Accountability Office, "Supplemental Nutrition Assistance Program: Improved oversight of state eligibility expansions needed," Government Accountability Office (2012), <https://www.gao.gov/assets/gao-12-670.pdf>.
37. Authors' calculations based upon data provided by the U.S. Department of Agriculture on the total amount of erroneous payments in fiscal year 2023, disaggregated by the household's categorical eligibility status and whether the household receives pure public assistance. See, e.g., Food and Nutrition Service, "Fiscal year 2023 Supplemental Nutrition Assistance Program quality control database," U.S. Department of Agriculture (2025), [https://snapqcdata.net/sites/default/files/2025-03/qcfy2023\\_st.zip](https://snapqcdata.net/sites/default/files/2025-03/qcfy2023_st.zip).
38. Authors' calculations based upon data provided by the U.S. Department of Agriculture on the total number of households with erroneous payments in fiscal year 2023.
39. Michael Greibrok, "Broad-based categorical eligibility in food stamps is fraud by design and states should ban it," Foundation for Government Accountability (2025), <https://thefga.org/research/categorical-eligibility-in-food-stamps-is-fraud-by-design>.
40. Kay E. Brown, "Supplemental Nutrition Assistance Program: Improved oversight of state eligibility expansions needed," Government Accountability Office (2012), <https://www.gao.gov/assets/gao-12-670.pdf>.
41. Authors' calculations based upon data provided by the U.S. Department of Agriculture on the total number of households with erroneous payments in fiscal year 2023, disaggregated by the household's categorical eligibility status, whether the household receives pure public assistance, whether the household contained seniors or individuals with disabilities, and whether the household's income was above 130 percent of the federal poverty level.
42. Ibid.
43. Authors' calculations based upon data provided by the U.S. Department of Agriculture on the total amount of erroneous payments in fiscal year 2023, disaggregated by the household's categorical eligibility status, whether the household receives pure public assistance, whether the household contained seniors or individuals with disabilities, and whether the household's income was above 130 percent of the federal poverty level.
44. Ibid.
45. Kim E. Brown, "Supplemental Nutrition Assistance Program: Improved oversight of state eligibility expansions needed," Government Accountability Office (2012), <https://www.gao.gov/assets/gao-12-670.pdf>.
46. Ibid.
47. Authors' calculations based upon data provided by the U.S. Department of Agriculture on the total amount of erroneous payments in fiscal year 2023, disaggregated by the element and nature of the erroneous payment.
48. Public Law 119-21 (2025), <https://www.congress.gov/119/plaws/publ21/PLAW-119publ21.pdf>.
49. Food and Nutrition Service, "A short history of SNAP," U.S. Department of Agriculture (2025), <https://www.fns.usda.gov/snap/history>.
50. Paige Terryberry, "Food stamp program integrity measures will lower costs for states and preserve resources for the truly needy," Foundation for Government Accountability (2025), <https://thefga.org/research/foodstampprogramintegritymeasureswilllowercosts>.
51. Ibid.
52. Ibid.
53. Ibid.
54. Ibid.
55. Jonathan Ingram, "Why closing the broad-based categorical eligibility loophole will not bust state budgets," Foundation for Government Accountability (2019), <https://thefga.org/research/why-closing-the-broad-based-categorical-eligibility-loophole-will-not-bust-state-budgets>.
56. Authors' calculations based upon data provided by the U.S. Department of Agriculture on the total amount of erroneous payments in fiscal year 2023, disaggregated by the household's categorical eligibility status and the element and nature of the erroneous payment.
57. Michael Greibrok, "Broad-based categorical eligibility in food stamps is fraud by design and states should ban it," Foundation for Government Accountability (2025), <https://thefga.org/research/categorical-eligibility-in-food-stamps-is-fraud-by-design>.



15275 Collier Boulevard | Suite 201-279  
Naples, Florida 34119  
(239) 244-8808

**TheFGA.org**

X @TheFGA | Instagram TheFGA | Facebook TheFGA