August 23, 2019

Mary Rose Conroy
Chief, Program Design Branch
Program Development Division
Food and Nutrition Service, USDA
3101 Park Center Drive
Alexandria, VA 22302

RE: Docket No. FNS-2018-0037: Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)

Dear Ms. Conroy:

On behalf of the Los Angeles Continuum of Care (LA CoC), the Los Angeles Homeless Services Authority (LAHSA) submits its response to the request for comment regarding Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP) as issued in the July 24, 2019 Federal Register (Docket No. FNS-2018-0037). LAHSA writes in opposition to the U.S. Department of Agriculture’s (USDA) proposal to narrow the policy of categorical eligibility, as it will have detrimental effects on food security for underserved households, including those with children, the elderly, and individuals with disabilities, especially in high-cost jurisdictions like Los Angeles County.

LAHSA is a joint-powers authority of the City and County of Los Angeles, and serves as the lead agency in the LA CoC. LAHSA is responsible for funding a significant portion of the interim housing, permanent housing, and supportive services for individuals and families experiencing homelessness in Los Angeles County. LAHSA’s mission is to combat homelessness and ensure everyone in the LA CoC has access to safe and stable housing. As such, we oppose this proposed rule change as it may cause thousands of low-income individuals across the county to lose vital food and nutrition benefits, making them more susceptible to falling into homelessness.

Categorical eligibility is a vital policy that has proven its success over the last 20 years; 43 states have adopted it in order to provide more low-income families with the opportunity to build wealth and climb the economic ladder. It also recognizes the variability in cost-of-living throughout the country and allows states to be flexible in their policies as a result. The policy makes it possible for families who have extremely high expenses, such as childcare and housing, to receive SNAP assistance even though their incomes exceed the eligibility limit. If this proposed rule change is enacted, it would primarily impact those who are employed but are teetering on the edge of poverty and those seeking to increase their income to become economically self-sufficient. By restricting the categorical eligibility policy, the Administration is creating incentives for households to keep their incomes low, thereby limiting their ability to move away from the social safety net.

As of April 2019, California alone was home to 10% of the nation’s SNAP (or CalFresh, California’s version of SNAP) participants at just under four million individuals — the highest n
the country. Los Angeles County is home to around one-third of that population. California is the second most expensive state in the country, according to the National Low Income Housing Coalition, and in Los Angeles County, 66% of very low-income households are severely rent-burdened, meaning they pay at least 50% of their income on housing. As a result, many households in Los Angeles County rely on assistance such as SNAP to provide for their families despite their incomes above 130% of the federal poverty line (FPL).

Through this proposed rule change, the Administration is suggesting that households with incomes between 131% and 200% of the FPL should not need, and therefore not be eligible for, SNAP. However, a family of three at 131% of the FPL in Los Angeles County would have to pay almost 77% of their income on rent, based on fair market rent for a two-bedroom apartment in Los Angeles County, and only have 23% of their monthly income left for utilities, food, childcare, transportation, gas, clothing, healthcare, education, and other necessities. Even a family of three living at 200% of the FPL would struggle, paying 50% of their monthly income on rent. Benefits, such as SNAP, are essential for these families to survive.

Furthermore, this proposed rule change runs counter to efforts seeking to encourage low-income families to gain self-sufficiency. Taking away SNAP may discourage families from earning additional income and would weaken SNAP’s flexibility in supporting participants that are entering the workforce or increasing their wages but whose added income will be exceeded by lost SNAP benefits. By the USDA’s own admission, the proposed rule may also negatively impact food security and reduce the savings rates of low-income Americans. The USDA also states that SNAP households in expanded categorical eligibility states were more likely to have at least $500 of emergency savings compared to households in states without (these households are more likely to lack a savings cushion when an economic disruption occurs).

Many very low-income families are one disaster or emergency away from homelessness. High housing costs and low wealth accumulation leave low-income individuals and families more vulnerable to economic shocks, such as job loss, an unexpected car accident, or steep increases in rent, all of which can force someone into homelessness. According to LAHSA’s 2019 Greater Los Angeles Homeless Count results, over half of newly homeless individuals in the LA CoC cited an “economic hardship,” including unemployment or financial reasons and eviction or foreclosure, as a leading factor to experiencing homelessness.

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2 County of Los Angeles Department of Social Services. (December 2018). “At A Glance: December 2018.”
7 Ibid.
By USDA’s estimates, the proposed rule would reduce SNAP benefits nationwide by $10.5 billion over five years, while incurring additional administrative costs of $2.3 billion. SNAP retailers would also see a drop in the amount of benefits redeemed, at a cost of about $3 billion annually. SNAP dollars have a high economic multiplier and almost all SNAP spending goes directly back into supporting local small businesses; a reduction in SNAP benefits may have negative impacts on mom and pop businesses as well as on individuals in need of nutrition assistance. According to LAHSA’s analysis, this proposed rule change has the potential to deprive at least 35,000 households in Los Angeles County of much-needed food and nutrition benefits. Further, households with one or more elderly individual would be disproportionately affected—13.2% of these households nationwide could potentially lose benefits. The number of seniors experiencing homelessness in the LA CoC rose by 8% in 2019. As housing costs rise and fixed incomes remain stagnant, elderly individuals are increasingly susceptible to becoming homeless; they rely on the use of public benefit programs, such as SNAP, to maintain their basic needs.

Not only will this proposed rule be costly, but it will reduce benefits for millions of families, while not meeting the intended change. Those who are categorically eligible for SNAP benefits, whether it be broad-based or narrow, are individuals and families who need these benefits. Categorically eligible households must still meet non-financial SNAP criteria and must have a net income low enough to qualify for a positive SNAP benefit. Households must still apply, be interviewed, and show that their monthly income and expenses do not leave them with enough disposable income to afford basic food and nutrition.

This harmful proposed rule has already been rejected twice by Congress because it is detrimental to lifting families above the poverty line into a more secure economic position. We strongly oppose it in full and urge the Administration to withdraw it. We would welcome any chance to work with the USDA on alternate ways to foster self-sufficiency for individuals and families.

Sincerely,

Sarah Dusseault
Chair, LAHSA Commission

Peter Lynn
Executive Director

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9 Ibid.
10 Ibid.
11 Based on data from the 2017 American Community Survey 1-Year Estimates and the Western Center on Law and Poverty.