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## USDA to Fund SNAP for February 2019, But Millions Face Cuts if Shutdown Continues

By Dorothy Rosenbaum

On January 8 the Department of Agriculture (USDA) announced plans to work with state agencies to keep the Supplemental Nutrition Assistance Program (SNAP) operating through February 2019, despite the partial government shutdown that began in late December.<sup>1</sup> While this approach carries administrative burdens and operational complexities for USDA, states, and other stakeholders, it should ensure that SNAP is able to stay open through February 2019 and that eligible low-income households will not face cuts to their food assistance, at least in the short term. For now, the program will operate largely as it would normally (with the notable exception that February benefits will be issued early), ensuring that SNAP participants and those newly applying have access to food assistance in January and February.

USDA's announcement did not address what will happen with March SNAP benefits if the partial government shutdown continues. Millions of low-income households — including millions of poor children, parents, elderly people, and people with disabilities — could have their basic food assistance cut back substantially in March and then eliminated altogether starting in April if the shutdown continues. The President has stated that the shutdown could go on for months or even years.

### USDA Instructed States to Issue February SNAP Benefits Early

The announcement instructs states to issue February 2019 benefits *early*, by January 20, explaining that this allows the USDA to “rely on a provision of the just-expired Continuing Resolution (CR), which provides an appropriation for programs like SNAP...to incur obligations for program operations within 30 days of the CR's expiration.”<sup>2</sup> USDA plans to work with each state agency individually to adapt its regular issuance procedures, i.e., when it pays benefits to households, to

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<sup>1</sup> “USDA Announces Plan to Protect SNAP Participants' Access to SNAP in February,” U.S. Department of Agriculture, Press Release No. 0002.19, January 8, 2019, <https://www.usda.gov/media/press-releases/2019/01/08/usda-announces-plan-protect-snap-participants-access-snap-february>.

<sup>2</sup> According to USDA, SNAP monthly issuance under this approach is estimated to be \$4.8 billion, and they also will use this approach to fund the federal share of state administrative expenses, so the total February cost will be \$5.1 billion.

accommodate the change. USDA is optimistic that states and their electronic benefit transfer (EBT) contractors (which operate the cards that households swipe at the store to redeem their SNAP benefits) will be able to make these changes, though some challenges may emerge in coming days and weeks.

As a result of the early issuance, most SNAP households will have access to their February SNAP benefits in late January, instead of on their regular issuance date in February.<sup>3</sup> States may also need to adjust the timing of March benefit issuance to prevent households from experiencing too long a gap between monthly benefits. According to USDA, about 15 states normally pay some households SNAP benefits after the 15<sup>th</sup> of the month. If these states do not also accelerate their issuance of March benefits, those households would experience nearly a two-month gap between SNAP benefits, and in some cases longer (from January 20<sup>th</sup> to March 15<sup>th</sup> or later). The risk of a long period between SNAP benefit payments is a concern even if the shutdown ends before March. If not addressed, the delay could place additional strain on local emergency food assistance providers and affect SNAP retailers.

USDA did not say explicitly in its announcement how it will cover the cost of SNAP benefits for households whose eligibility for February benefits is not yet approved by their state by January 20. But Brandon Lipps, the Acting Deputy Undersecretary for Food, Nutrition, and Consumer Services at USDA, said in explaining the policy to reporters that state agencies should accept new SNAP applications and that USDA intends for approved applicants to receive benefits on the regular schedule.<sup>4</sup> (This might occur, for example, when households apply for initial certification after January 20 or for households whose recertification is not finalized by January 20.) USDA will continue to have available a \$3 billion “contingency reserve” from the fiscal year 2018 appropriations act, which it could use to cover such benefits. It may need to tap the reserve in February to fund other parts of SNAP as well.<sup>5</sup>

## **SNAP Benefits for March and Subsequent Months Still at Risk if Shutdown Continues**

While SNAP benefits are considered an entitlement, meaning that anyone who qualifies under program rules can receive benefits if he or she applies, the program is historically funded through the annual appropriations process, generally as part of the agriculture appropriations bill. The temporary CRs enacted for the first months of fiscal year 2019 provided appropriations for SNAP that have enabled the program to provide benefits through January and February.

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<sup>3</sup> See <https://www.fns.usda.gov/snap/snap-monthly-benefit-issuance-schedule> for states’ regular issuance schedules.

<sup>4</sup> Hagstrom Report, “USDA to use expired CR to pay SNAP benefits in February,” January 8, 2019.

<sup>5</sup> SNAP benefits make up about 90 percent of SNAP expenditures, but the SNAP budget account also funds the federal share of state administration expenses related to SNAP, as well as The Emergency Food Assistance Program (TEFAP), Nutrition Assistance for Puerto Rico, the Food Distribution Program on Indian Reservations, and certain federal administrative costs. These activities likely can be funded through February under the USDA announcement. They would receive no new federal funding after that, though the effects of a funding lapse on some of these programs may not be felt until later.

## SNAP Benefits Heavily Focused on Poor Households

SNAP provides food assistance averaging about \$125 per person, and about \$245 per household, per month to more than 38 million individuals in more than 19 million households. SNAP is heavily focused on the poor: 92 percent of benefits go to households with cash incomes at or below the poverty line, and 56 percent go to households at or below *half* of the poverty line (about \$10,390 for a family of three in 2019). Families with the greatest need receive the largest benefits. Close to 70 percent of SNAP participants are in families with children; nearly a third are in households with seniors or people with disabilities.<sup>a</sup>

<sup>a</sup> Center on Budget and Policy Priorities, “Policy Basics: The Supplemental Nutrition Assistance Program,” February 13, 2018, <https://www.cbpp.org/research/policy-basics-the-supplemental-nutrition-assistance-program-snap>.

The approach that USDA announced on January 8 to fund SNAP in February will not be available for March benefits. A month from now, and possibly sooner, USDA will need to inform states about whether sufficient funding is available for March. If it isn't, USDA will need to instruct states on how to implement a cut in SNAP benefits.<sup>6</sup> At that time, less than \$3 billion in funding will likely be available in March because some of the “contingency reserve” will probably need to be used in February, as discussed above.

SNAP benefits currently amount to about \$4.8 billion a month,<sup>7</sup> so even the full \$3 billion reserve could not fully fund March benefits. If USDA determines it has a shortfall of approximately \$1.8 billion and directs that the partial funding be spread evenly across all 19 million SNAP households, the average cut per household would be at least \$90, or close to 40 percent. If USDA needs to tap the contingency reserve in February, the cuts required for March would be larger.

Moreover, some households would see substantially larger cuts if the Administration either protected some households but not others from cuts, or if it shut down the entire program after the amount left in the contingency reserve is redeemed in March, which would leave some households with no SNAP benefits at all if their date to receive benefits comes after the reserve is depleted (most states issue benefits to different households on different days of the month).

Finally, larger households and those with lower incomes would likely be subject to larger cuts in dollar terms. For example, the typical household of four receives about \$450 a month in SNAP benefits; if its SNAP in February were cut in proportion to the total cut needed to stay within the appropriation, it would face about a \$170 cut.

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<sup>6</sup> Under some legal interpretations, SNAP may have a permanent appropriation under the Food and Nutrition Act. See <https://www.law.georgetown.edu/wp-content/uploads/2019/01/SNAP-Govt-Shutdown-Memo-Jan-2019.pdf>. Alternatively, there may be additional appropriations or other funding available for SNAP. The analysis set out in this paper describes how the Administration is expected to proceed if it does not adopt these interpretations.

<sup>7</sup> See <https://fns-prod.azureedge.net/sites/default/files/pd/34SNAPmonthly.pdf>.

## Looking Ahead

What will happen in the next two to six weeks is cause for great concern. USDA, states, and their EBT partners face a substantial implementation challenge to carry out the Administration's plan to have states issue February SNAP benefits by January 20.

If the shutdown continues and USDA determines it does not have the authority to extend SNAP in March without congressional action, many low-income households would be at risk of serious hunger and hardship. Emergency food assistance providers such as food banks and food pantries, as well as other local community service providers, would likely see dramatic increases in demand as families and individuals scrambled to fill the hole in their monthly food budgets. In addition, the more than 250,000 supermarkets, grocery stores, and other retailers that participate in SNAP would see a substantial drop in SNAP redemptions, which in many cases constitute a significant share of their sales.

The appropriate solution to this problem is to end the shutdown and fund Agriculture Department (and other) programs and governmental functions. The House has passed legislation to reopen the government that is virtually identical to bills that the Senate Appropriations Committee earlier approved on a broad bipartisan basis, but Senate Majority Leader Mitch McConnell has declined to allow a vote on that measure. In the days ahead, the House will try another approach — to consider and pass four major appropriations bills that the full Senate earlier passed, as a package, by a 92-6 vote, including appropriations for the Department of Agriculture. Senator McConnell has indicated, however, that he will not allow votes on these bills either. Congressional leaders have a responsibility to step up, re-open the government, and ensure that millions of people, including 38 million SNAP recipients, are not at risk of unnecessary hunger and hardship.