

Rewarding Work and Moving People Ahead

LB 108

HUNGER IN NEBRASKA

Hundreds of thousands of Nebraskans continue to feel the economic impact of COVID-19. Previous to the pandemic, 1 in 8 adults and 1 in 6 Nebraska kids struggled with food insecurity.¹ That number has risen dramatically since March 2020. In December, 141,000 adult heads of households in Nebraska reported they did not always have enough to eat,² and 72,000 adults reported that children under their roofs couldn't always eat enough because adults couldn't afford enough food.³

THE SNAP CLIFF EFFECT

The Supplemental Nutrition Assistance Program (SNAP, formerly called Food Stamps) is designed to provide food support to individuals and families struggling to make ends meet because of disability, lack of opportunity, or emergencies like the COVID-19 pandemic.

But right now Nebraska's SNAP program is structured in a way that makes it difficult for families to take a pay raise or get a better paying job without losing the support of SNAP. This is known as the "**cliff effect**," where a small raise at work triggers a much larger loss of work supports. For example, an increase of 50 cents per hour in pay might put a family over the eligibility threshold for SNAP, causing them to lose all benefits, resulting in a net loss overall and less money to pay for food.

The SNAP cliff effect forces working families to choose between a promotion at work and food on the table. **LB 108 addresses this problem by allowing hardworking Nebraskans to accept raises or promotions and still qualify for assistance. See Nebraska Example below.**

HOW WOULD LB 108 HELP WORKING FAMILIES?

To be eligible for SNAP, households must pass two income tests:

- A household's *gross* monthly income must be at or below 130% of the federal poverty level (FPL), or about \$2,300 for a family of three, AND
- A household's *net* monthly income (*or income after certain deductions are applied*) must be at or below 100% of the federal poverty level, or about \$1,800 for a family of three. Deductions are permitted for things like rent, utilities, and child care.⁴

Because of these rules, families may forgo a wage increase to avoid taking them over the gross income limit because they would lose SNAP entirely.

LB 108 would help address this issue, by increasing the gross income limit to 185% FPL, or about \$3,300 for a family of three, while preserving the current net income limit, which is set at 100% FPL. In other words, under the legislation, a family of three could earn up to \$3,300 per month and still access SNAP, as long as they have significant expenses like childcare and housing to deduct to take their net income to below \$1,800.

¹ Feeding America, "Map the Meal Gap" 2018 available at <https://map.feedingamerica.org/county/2018/overall/nebraska>.

² Center on Budget and Policy Priorities, "Tracking the COVID-19 Recession's Effects on Food, Housing, and Employment Hardships," updated 12-/18/20, <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>.

³ Id.

⁴ Deductions include a 20% earned income deduction. In addition, current maximum allowable deductions from gross income levels include: \$586 for shelter, a \$167 standard deduction for a family with up to 3 household members, and dependent care as billed.

Nebraska would join at least 31 other states⁵ that have raised their gross income eligibility limit—many of which have elected to set their limit at 200% FPL.⁶

NEBRASKA EXAMPLE

Crystal, a Nebraska mother and focus group participant, experienced the cliff effect first hand. “I was only getting \$170 [through SNAP] for my daughter but because I got a raise, a 50 cent raise [per hour], I only get \$88 now to feed my daughters for the whole month.”

Crystal’s 50 cent raise increased her income by \$20 per month before taxes, yet the raise caused her to lose \$82 in SNAP benefits. In the end, Crystal lost four times more income than she gained through her raise.

Excerpt from “I’m trying as hard as I can,” Barriers to Economic Opportunity for Nebraska Women, Voices for Children in Nebraska.

Nebraska SNAP Cliff Effect Example - Single Mother of 2



Quick Facts on SNAP and Child Hunger

Food insecurity since March 2020 has increased dramatically. With adult poverty rising, a shocking 1 in 6 families with kids reported their children don’t have the food they need because they can’t afford enough.⁷

Healthy child development is the foundation of community and economic prosperity. Research demonstrates that childhood hunger has long-term and detrimental effects on cognition, physical and mental health, academic performance, and behavior.⁸

The Supplemental Nutrition Assistance Program has proven to be one of the most effective anti-poverty programs for Nebraska children. It is estimated that SNAP has lifted 32,000 Nebraskans above the poverty line.⁹ Half of all SNAP recipients in Nebraska are age 18 and under, meaning over 87,000 children are SNAP recipients.¹⁰ About 18% of all children in our state participate in SNAP, although there is variation across the state, as high as 49% of all children in Thurston County participating.¹¹

SNAP leverages federal funds to benefit hardworking families and their communities. Federal funding supports 100% of SNAP benefits and half of all administrative costs.

⁵ SNAP gross income limits in all states, 130% of PL: AL AK AR GA ID IN KS LA MO MS NE OH OK SC SD TN UT VA WY (19) / 160% of PL: PA IA (2) / 165% of PL: IL TX NM MN (4) / 185% of PL: AZ CT ME NH NJ OR RI VT (8) / 200% of PL: CA CO DE FL HI KY MD MA MI MT NV NY NC ND WA WV WI (17)

⁶ USDA, “Broad Based Categorical Eligibility,” May 2020, <https://fns-prod.azureedge.net/sites/default/files/resource-files/BBCFStatesChart%28May2020%29.pdf>.

⁷ See note 1 above.

⁸ Katie Adolphus, Clare L. Lawton, and Louise Dye, “The Effects of Breakfast on Behavior and Academic Performance in Children and Adolescents,” *Frontiers in Human Neuroscience* 7, no. 425. (2013). Linda Weinreb, et al., “Hunger: Its Impact on Children’s Health and Mental Health,” *Pediatrics* 110, no. 4 (2002).

⁹ Center for Budget and Policy Priorities, “Nebraska, Supplemental Assistance Nutrition Program,” 3/16/2020, https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_nebraska.pdf.

¹⁰ Id.

¹¹ Voices for Children in Nebraska, *Kids Count in Nebraska 2016 Report*, county-level data available online at: <http://voicesforchildren.com/data-research/kids-count/neteractive/neteractive-es/>.