Currently, when Supplemental Nutrition Assistance Program (SNAP) participants successfully complete a SNAP Employment & Training (E&T) program and transition to unsubsidized employment, they are met with the instantaneous loss of the grocery benefit they have come to rely on. While still working to stabilize themselves and their families and learn the ropes of a new job, they simultaneously are navigating the financial realities of a much tighter budget due to the loss of their SNAP benefit. Depending on their state and wage, the new job may come with the loss of other benefits like Medicaid or Temporary Assistance for Needy Families (TANF) as well. Right now, to support “TANF exiters” through benefit loss, states have the option to provide transitional food benefits for five months to individuals transitioning off a cash assistance program. Congress should extend this flexibility for SNAP E&T graduates who are similarly working to transition to gainful and lasting employment.

Access to stable, family-sustaining employment and nutritious food is a key component for thriving communities. SNAP’s high impact comes with its pairing of the two through its SNAP E&T services, an additional prong of every state’s SNAP program that provides employment and training resources to individuals receiving food assistance. SNAP E&T funds job readiness and work activities for food assistance recipients, while also offering wraparound case management and supportive services that remove barriers to positive employment outcomes.

Benefit cliffs describe incremental increases in income that result in major, destabilizing losses in critical benefits. They are a major impediment to families successfully participating in SNAP E&T services and transitioning from assistance into family-sustaining wages. In our first SNAP Cliff policy brief, we explored how current federal law makes it difficult for SNAP recipients to participate in highly effective apprenticeships and subsidized employment programs without immediately losing the food assistance they need to maintain household stability.
Navigating the SNAP Cliff (Part 2): Forging Stable Pathways from SNAP E&T to the Marketplace

In this brief, we explore the challenges SNAP E&T participants face during the critical first months after they have successfully obtained unsubsidized employment. During this uncertain time, as individuals enter the workforce and experience a rise in earnings, their public assistance benefits decline. As Table 1 on page 3 demonstrates, each program’s already complex rules differ. Exiting participants struggle to predict how new income will interact with their old benefit levels, new expenses like groceries, and taxes. To mitigate a cliff effect and promote career advancement, past assistance participants have suggested a “grace period” that would allow them to stabilize in their new employment for several months before facing the jarring loss of a critical benefit. While federal law has not yet crafted such an on-ramp to the job market for graduates of SNAP E&T programs, states already have an option to engineer transitional supports for others who exit assistance programs.

Approaching the Edge: Losing Food Assistance

In the 2008 Farm Bill, Congress amended various provisions related to SNAP and included a focus on job retention services—recognizing the importance of not only helping SNAP recipients find employment but also assisting them in maintaining their new jobs. The inclusion of job retention services aimed to support the long-term stability of exiting SNAP participants by supporting them through the transition into new employment. Job retention services currently can be offered for up to three months and vary by state. With robust case management support, these services typically include job coaching, skills enhancement through training or workshops, transportation assistance, child care support, or various types of counseling that could include financial and strategic barrier removal support.

While these expansions to the SNAP program offered improvements to the national SNAP E&T system, legislative changes have not yet addressed one of the most pervasive cliff effects SNAP E&T recipients face when transitioning from program participation to unsubsidized employment: the dramatic reduction or loss of their food budget. It is counterproductive to the long-term success of an individual to immediately take away the food assistance that has been essential to meeting their basic needs while they begin a new life in unsubsidized work. If the SNAP program’s purpose includes assisting adults with low income in obtaining employment and increasing their earnings, then transitioning out of government programs should not create such challenging terrain for individuals ready to invest in their economic futures.
Income-Dependent Benefits

SNAP participants may be receiving any combination of the following income-dependent benefits and risk reductions to or the loss of each as they earn increased wages. Although a non-exhaustive list, this table provides context about other benefits a SNAP E&T graduate may concurrently lose when securing unsubsidized employment, demonstrating the vital support transitional food benefits would provide.

**Food assistance:** Generally speaking, people participating in SNAP must have a gross monthly income at or below 130% of the federal poverty guidelines and assets below $2,750 or $4,250 for a household with an elderly or disabled member. If households go over the income threshold, they lose their SNAP benefits. SNAP recipients often need to refuse small or moderate raises because the slight increase in income would cause them to lose an even larger amount of income in their food benefits.

**Child care subsidies:** Child care assistance varies by state and is usually administered using a voucher system where a family can select from a range of child care providers that accepts the subsidy. The family may owe a copayment to the child care agency, while the state reimburses the agency for the balance up to the set rate for a child. Copayments typically increase as a household’s income increases. When a family’s income crosses the state-defined eligibility limit for the child care subsidy, upon renewal they may need to pay drastically more to cover market rate costs.

**Health insurance subsidies:** Because of the high cost of insurance premiums for family coverage from insurance offered through an employer, Medicaid’s firm eligibility limit causes one of the steepest benefit cliffs, researchers have found. Children’s Health Insurance Program (CHIP) serves as a health coverage bridge for uninsured children in families with incomes too high to qualify for Medicaid but too low to afford private coverage. Upper eligibility limits for CHIP vary by state and range from as low as 170 percent of the federal poverty guidelines up to 400 percent. When a family’s income rises above eligibility limits for Medicaid or CHIP, they must pay the full employee share of their health insurance premium.

**Cash assistance:** The Temporary Assistance for Needy Families (TANF) program and separate state programs provide families and/or their dependent children with temporary monthly cash grants. Because each state writes policies and determines financial need for its TANF program as it sees fit, eligibility limits vary greatly state-by-state.

**Housing benefits:** As housing is one of the most substantial expenses a low-income family faces, the Department of Housing and Urban Development (HUD) administers several rental assistance programs. These include the public housing and Housing Choice Voucher (HCV) programs. Families typically pay 30 percent of their income as copayment after certain deductions are taken out or a minimum rent of up to $50. HUD determines eligibility using the Area Median Income (AMI), categorizing families as “low income” (families earning less than 80 percent of AMI) and “very low income” (families below 50 percent of AMI). While public housing authorities often only accept applications from “very low income” families, people can generally remain in the program assuming they are receiving continuous assistance.

**Utility assistance:** In general, a family is no longer eligible for energy assistance when they reach either above 150% the federal poverty guidelines or 60% above the State Median Income. Eligibility criteria vary by state and benefits are usually lost at once as a family’s household income increases.

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**TABLE 1**

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Navigating the SNAP Cliff (Part 2): Forging Stable Pathways from SNAP E&T to the Marketplace

Transitional Benefits Alternative

States have an option to include in their state plans transitional SNAP benefits for up to five months to households exiting TANF-funded or state-funded cash assistance programs. In 2023, 25 states included this option in their SNAP programs.\(^\text{15}\)

How would this work for SNAP E&T?

Among states that would elect the option, individuals who lose eligibility for SNAP and SNAP E&T due to wage increases would be eligible for up to five months of SNAP benefits as they adjust to their new jobs. Transitional benefits would be provided at a set amount equal to the amount the household received prior to exiting SNAP E&T. The state agency would not be required to collect additional information from the household during this transition.

Taking The Edge Off: Extending the Transitional Benefits Alternative to SNAP E&T Graduates

Policymakers have already considered how the unexpected loss of food assistance can impact a family and have designed proven solutions that give a family transparency and time to prepare for a loss of food assistance: the state option to offer transitional food benefits for families exiting TANF.\(^\text{13}\) Participants in TANF receive a cash benefit that is paired with employment and training services. Because many participants are able to use their TANF participation to enroll in SNAP, losing their TANF also means losing SNAP.\(^\text{14}\) However, the Transitional Benefits Alternative (TBA) allows a state agency to provide transitional SNAP benefits for up to five months after a household ceases to receive TANF basic cash assistance or state-funded public assistance. Extending this policy to individuals who are no longer eligible for SNAP because of successful completion of their SNAP E&T training is a common sense solution for state agencies to engineer on-ramps to career advancement for SNAP E&T graduates.

The transitional benefits alternative is an effective tool to establish participants’ sense of agency as they navigate a new employment landscape. The state can clearly communicate to E&T graduates how many transitional months of SNAP assistance they can anticipate before seeing a decrease or loss in benefits, allowing them to plan ahead to meet their families’ needs. Cultivating a culture of transparency in this way is another component of establishing trust and helping communities thrive.

A Two-Part Strategy

Taken together, this two-pronged strategy to first, disregard work-based learning income and second, allow states to offer TBA to SNAP E&T graduates would facilitate a SNAP recipient’s transition from food benefits to a highly effective upskilling program to unsubsidized employment. Carving this path forward will require policymakers to address each benefit cliff:

- Disregarding wages from work-based learning programs gives SNAP participants an opportunity to build the skills they need to advance their careers and cultivate financial capability in a supportive environment.
- Offering states a transitional benefits option for SNAP E&T graduates affords SNAP households time to adjust and prepare for the loss of their SNAP benefits.

Together, Congress can streamline an effective and customer-centered SNAP E&T program. These two key opportunities to alleviate benefit cliffs in SNAP E&T were identified in partnership with a national group of state SNAP and SNAP E&T agencies. To discuss these concepts further, please reach out to Matt Lyons, Senior Director of Policy and Practice, or Rebekah Sides, Policy Associate for Social and Economic Mobility.
Read APHSA’s full list of recommendations for the 2023 Farm Bill. To see the latest in our policy brief series, *The Path Forward: State and Local Policy Priorities for the 2023 Farm Bill*, and our blog series, *Making the Sauce: Ingredients for People-Powered Policymaking*, check out our website.

Endnotes

1. See NCSL’s analysis on strategies to mitigate benefit cliffs: https://www.ncsl.org/human-services/addressing-benefits-cliffs
5. See https://files.constantcontact.com/391325ca001/d88c3f1b-af06-464a-934d-c98b79c9a5a6.pdf for our recommendation to extend eligibility for job retention services from 90 to 180 days
7. For states with broad-based categorical eligibility for those receiving a TANF-funded benefit, this is up to 200%. See https://www.fns.usda.gov/snap/broad-based-categorical-eligibility. See https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines for more detail on the federal poverty guidelines. For states that do not use broad-based categorical eligibility, SNAP benefits are often the first type of assistance families lose. See https://www.acf.hhs.gov/sites/default/files/documents/ofa/hpog_8_state_benefit_cliff_report_20201006_508.pdf.
10. See Medicaid and CHIP eligibility levels https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-childrens-health-insurance-program-basic-health-program-eligibility-levels/index.html
13. According to SNAP regulations, the transitional benefits alternative is available to households exiting any type of TANF-funded cash assistance program including federal TANF dollars, state Maintenance of Effort (MOE), or separate state and local funding. See https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-H#text=%C2%A7%20273.26%20General%20eligibility,to%20be%20statewide. For statute, see 7 USC 51 Sec. 2020(s). https://www.law.cornell.edu/uscode/text/7/2020