

# **HJR 8 Study: Childhood Hunger**

## **Committee Request: Flexibility in the SNAP and TANF Programs**

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for the Children, Families, Health, and Human Services Interim Committee  
January 2012

### Background

Much of the discussion during the Children, Families, Health, and Human Services Interim Committee study of childhood hunger has focused on the need for children to have access to healthy foods. As part of that discussion, members of both the committee and the public have discussed whether restrictions should be placed on the types of food that may be bought with Supplemental Nutrition Assistance Program (SNAP) benefits.

At their November 2011 meeting, committee members asked for information on whether flexibility exists within SNAP to place restrictions on food purchases. They also asked for information on flexibility within SNAP or the Temporary Assistance for Needy Families (TANF) program to use the federal funds in different ways than they are being used now. The committee had heard a stakeholder suggestion to use some SNAP or TANF funds for programs offered by a nonprofit group.

This briefing paper provides information related to the use of SNAP and TANF funds.

### SNAP Waivers

Federal law defines food for SNAP purposes, essentially establishing the limits on what items may be bought with SNAP benefits. The federal government has rejected two recent attempts to place limits on those purchases. It also has published a position paper explaining its opposition to placing additional limits on food purchases.

SNAP benefits may be used to buy any food or food product for home consumption except:

- alcoholic beverages;
- tobacco; and
- hot foods or hot food products that are ready for immediate consumption.

Benefits also may be used to buy seeds and plants to grow food for home consumption.

The U.S. Department of Agriculture notes on its Web site that Congress has considered placing limits on the types of food that may be purchased with SNAP benefits. However, lawmakers have not done so because "designating foods as luxury or non-nutritious would be administratively costly and burdensome."<sup>1</sup>

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<sup>1</sup> "Supplemental Nutrition Assistance Program: Eligible Food Items," *U.S. Department of Agriculture* [online]; available at <http://www.fns.usda.gov/snap/retailers/eligible.htm>, accessed Nov. 22, 2011.

The USDA has rejected two waiver requests in recent years:

- In 2004, the state of Minnesota asked for a waiver to prohibit the purchase of candy and soft drinks that are taxed under state law. The USDA's waiver response of May 4, 2004, noted that federal regulations prohibit the waiver of regulations if the waiver would be inconsistent with the provisions of the Food Stamp Act. "By proposing to change the definition of 'food' in the Food Stamp Program (FSP) operated in the State of Minnesota, the waiver request is in direct conflict with the statute," the response noted. "Therefore, any such waiver request would not qualify for approval."

The USDA also noted that the waiver would "undermine the interoperability of the FSP among States," by allowing a different definition of food in one state than the definition used in all other states.

- In August 2011, the USDA rejected New York City's request to prohibit SNAP recipients from using their benefits to buy soda and other drinks with a high sugar content. Mayor Michael Bloomberg had requested the waiver as a way to reduce obesity and poor nutrition. The USDA denied the waiver because of the difficulty in determining which beverages may or may not be purchased with SNAP benefits and in determining how effective the ban would be on reducing obesity.<sup>2</sup>

The USDA also issued a paper in March 2007 that listed the following as the "serious problems" facing proposals to limit food purchases based on nutritional value:

- No clear standards exist for defining foods as healthy or unhealthy.
- Implementation of food restrictions would increase the complexity and costs of the SNAP program.
- Restrictions may not change the purchases made by SNAP recipients.
- No evidence exists that SNAP participation contributes to poor diet quality or obesity.

The paper concluded that the idea of restricting SNAP food choices as a way to promote an improved diet "has serious conceptual and practical flaws."<sup>3</sup> It suggested that incentives, rather than prohibitions, be used to encourage the purchase of healthy foods. It also suggested the strengthening of nutrition education programs as a way to improve food choices.

#### *Flexibility in the use of SNAP or TANF funds*

Federal law governs the ways in which both SNAP and TANF funds may be used. In general, states have more flexibility in the use of their TANF funds than with SNAP funds.

SNAP provides funds for food assistance benefits for individuals who qualify for the program.

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<sup>2</sup> Patrick McGeehan, "U.S. Rejects Mayor's Plan to Ban Use of Food Stamps to Buy Soda," *New York Times*, Aug. 19, 2011.

<sup>3</sup> "Implications of Restricting the Use of Food Stamp Benefits," *U.S. Department of Agriculture Food and Nutrition Service*, March 1, 2007, P. 7.

The amount of money a state receives in any given year depends on the number of people who qualify for the program. SNAP also provides states with limited funds for nutrition education activities that focus on specific outcomes. Montana is slated to receive about \$788,000 in this federal fiscal year for those activities, which are provided by Montana State University Extension programs.

TANF is a block grant program designed to provide cash assistance and work opportunities to help low-income families achieve self-sufficiency. The state receives a finite amount of funds each year to spend on activities that the state determines meet one of the four purposes of the TANF program:

- assisting low-income families so children may be cared for in their own homes;
- reducing the dependence of low-income parents by promoting job preparation, work, and marriage;
- preventing out-of-wedlock pregnancies; or
- encouraging the formation and maintenance of two-parent families.

Generally, funds are spent on cash assistance, child care, other work support and employment programs, and transportation. Only individuals who are eligible for TANF may participate in activities funded with TANF dollars. Montana residents qualify for TANF cash assistance if they have incomes at or below 30% of the 2006 federal poverty level and a child under the age of 18 in the home. Other TANF-funded programs have eligibility guidelines of up to 200% of the current poverty level.

The Department of Public Health and Human Services (DPHHS) uses TANF funds to support some activities for children outside of their school day. In particular, \$400,000 is set aside for use each year for the Montana Out-of-School Time project (MOST). Public and private organizations that provide services to children outside of regular school hours may apply for grants of up to \$5,000. The grants must be used for after-school activities that strengthen Montana families and promote healthy youth development.

The state receives about \$38 million in TANF block grant funds each year. About \$20 million of that is slated to go to direct cash assistance in this fiscal year

Historically, the TANF block grant program has had a positive ending fund balance. As a result, the state has had more than \$38 million a year to spend on TANF-related efforts.

The Legislature may appropriate these additional funds for activities that meet one of the four TANF purposes and that serve TANF-eligible individuals. The Legislature also may direct DPHHS to review the amount it allocates to existing TANF-related programs.

