



Economic Impact Analysis Virginia Department of Planning and Budget

22 VAC 40-601 – Supplemental Nutrition Assistance Program
Department of Social Services
October 5, 2009

Summary of the Proposed Amendments to Regulation

The State Board of Social Services (Board) proposes to: 1) change the name of the program from “Food Stamp Program” to “Supplemental Nutrition Assistance Program” (SNAP) and the name of the benefits from “food stamps” to “SNAP benefits,” 2) to expand transitional SNAP benefits to children who receive state maintenance-of-effort (MOE) funds or state funds that do not count toward the state MOE requirement, and 3) mandate that applications for SNAP benefits be processed within 30 days, rather than the current 60 day period in which they remain open.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Name change

The federal Food, Conservation, and Energy Act of 2008 (FCEA) renamed the Food Stamp Program the Supplemental Nutrition Assistance Program on a national basis. This change acknowledges the transformation that has occurred in the delivery of benefits. Benefits are no longer issued through paper coupons or stamps but are instead issued electronically. FCEA does not mandate adoption of the SNAP name by states; however, adoption of the name will lessen confusion as all references, guidance documents, and instructions provided by the U.S. Department of Agriculture will identify the program as SNAP. The name change is also important because it focuses on the importance of SNAP in meeting the nutritional needs of low-income Virginians. Further, it reduces the stigma associated with receiving food stamps. The

Virginia Department of Social Services (DSS) will be phasing in the program name change gradually.

Expand Transitional Benefits

The Board proposes to provide that transitional SNAP benefits will apply to households with children whose state-funded MOE program benefits or benefits from a state funded program that does not count toward MOE end in the same manner as federally funded public assistance benefits. The transitional benefits component allows eligibility for SNAP benefits to be determined without considering current circumstances to allow the recipient to adjust to the loss of the public assistance income source. Transitional SNAP benefits are a means to provide up to five months of SNAP benefits to households leaving TANF cash assistance without requiring the household to submit additional paperwork or information. The FCEA contains a provision that allows states an option to expand transitional benefits to cases with children that receive state MOE funds or state funds that do not count toward the state MOE requirements. Approximately 3,600 TANF cases are closed per month.¹ According to DSS, at least half those households will be eligible for the proposed transitional benefits. Since all of the additional transitional benefits are paid for with federal dollars, this is unambiguously a net benefit for the Commonwealth.

SNAP Application Processing

The Board also proposes to change how SNAP benefit applications are handled when an application is not processed after 30 days because information is lacking due to the fault of the household. The purpose of this proposed regulatory action is to reduce the number of administrative matters held open by local eligibility workers. According to DSS, the amount of benefits households receive, and the number of eligible households, will not be affected by the change in how applications are processed.

Citizens who seek SNAP benefits must apply for them in the city or county where they live. Local eligibility workers have 30 days to process an application for SNAP benefits. Benefits are calculated from the application date, so eligible households will receive a higher benefit if the application is filed early in the month. Currently, if the eligibility worker is unable to process the application at the end of 30 days because of the applicant's failure to provide information or to

¹ Estimate based on data provided by the Virginia Department of Social Services

take other needed actions, the eligibility worker must extend the processing period by an additional 30 days. If the applicant supplies the information or takes the needed actions during the second 30 day period, benefits are prorated from the date the information is supplied. The application is denied if information is still needed at the end of the 60th day.

Approximately 30% of SNAP applications that are held for the extended period are processed, while the majority (or about 1,000 per month) of the pending applications are ultimately denied because of the failure of the applicant household to provide needed information. The Board proposes to require that applications for SNAP benefits be disposed of within 30 days. Eligibility workers will be required to reopen the denied application if an applicant provides the information before the 60th day. If the household is eligible, benefits will be calculated from the date the last verification was provided.

Under the proposed amended system, local departments of social services will save an estimated 15 to 30 minutes of staff time for each of the approximate 1,000 applications that are ultimately denied because of the failure of the applicant household to provide needed information. That works out to about a range of 250 to 500 hours of staff time saved per month. Since the amount of benefits households receive and the number of eligible households will not be affected by the change in how applications are processed, while there is a significant reduction in cost due to reduced staff time expended, this proposal should produce a net benefit.

Businesses and Entities Affected

The proposed amendments affect the state and local departments of social services, and SNAP recipients and applicants.

Localities Particularly Affected

The proposed amendments affect Virginia localities. Localities with proportionately more residents receiving SNAP benefits will be particularly affected.

Projected Impact on Employment

The proposed amendments are unlikely to significantly affect employment.

Effects on the Use and Value of Private Property

The proposed new transitional benefits will moderately increase the net worth of households who receive this aid.

Small Businesses: Costs and Other Effects

The proposed amendments are unlikely to significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments are unlikely to significantly affect small businesses.

Real Estate Development Costs

The proposed amendments will not significantly affect real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.