

New York Expands Food Stamp Eligibility for Families with Child Care Costs

Effective March 1, 2009, more low-income families in New York who struggle to pay child care expenses will be eligible for Food Stamp Benefits.

On October 1, 2008, a provision of the federal Farm Bill removed the cap on out-of-pocket child and dependent care deductions for Food Stamp Program households. Prior to this change, families were limited to a maximum dependent care deduction of \$200 per month for each child under age 2 and \$175 per month for older children and adults, a limit that did not reflect the actual cost of quality child care. In order to expand access to the Food Stamp Program and make more households eligible to benefit from this uncapped deduction, New York is raising the gross income level for categorical eligibility from 130 to 200 percent of poverty for households with these expenses. This change is designed to make nutrition assistance available to thousands of additional low-income households in New York, especially working families, who pay significant out-of-pocket child and dependent care costs.

Now, families with gross income up to 200 percent of poverty and who pay for child care in order to work or to seek work will be able to deduct the full amount of their out-of-pocket expenses. Previously, most families with household income greater than 130% of poverty were not eligible to have these expenses considered when assessing Food Stamp Program eligibility and benefit amounts.

In 2008 New York expanded categorical eligibility for Food Stamps, which eliminated the resource test for most households, but kept the gross income test at 130 percent of poverty for households without a disabled or elderly member. It was determined that an across-the-board move to 200 percent of poverty would result in large numbers of applicants being eligible for a zero Food Stamp benefit. With a full deduction for out-of-pocket child and dependent care expenses now allowed, we see an opportunity to make Food Stamp Benefits available to many families earning between 130 and 200 percent of poverty.

Example: Family of three with earned income at 180% of poverty limit (\$2640 per month for family of 3), monthly shelter costs in excess of the \$446 cap on FS shelter costs for households without aged/disabled members, and out-of-pocket dependent care costs of \$400 per month. Without expanded categorical eligibility, this household would be ineligible for Food Stamps because its income exceeds 130% of poverty. They would receive no benefits. With the expansion of categorical eligibility to 200% of poverty, the family would receive \$126 per month in Food Stamp benefits.

There is no change in what is considered a legitimate child or dependent care deduction, which is defined as:

“Unreimbursed payments for actual costs for care of a child or other dependents (including an incapacitated adult) when necessary for a household member to accept or continue employment, seek employment in compliance with job search criteria (or an equivalent effort by those not subject to job search), or attend training or pursue education that is preparatory to employment.” (FSSB, Sec. II, F., p. 251)

This change will complement other recent actions taken by New York State to expand access to Food Stamps and to maximize benefits.