



May 10, 2024

## How Does the Social Security Cost-of-Living Adjustment (COLA) Impact Households' SNAP Benefits?

The Supplemental Nutrition Assistance Program (SNAP) increases the food purchasing power of eligible low-income households by helping them buy a nutritionally adequate low-cost diet. Many SNAP recipients also receive income from other federal programs, including Social Security and Supplemental Security Income (SSI). In the months prior to the pandemic in FY2020, approximately 31.8% of SNAP households also received Social Security, and approximately 25.0% of SNAP households also received SSI.

SNAP, Social Security, and SSI all have automatic adjustments to protect beneficiaries from the effects of price inflation. However, the timing and particular methods used for these adjustments differ among the programs, which means annual cost-of-living adjustments (COLAs) for Social Security and SSI can affect SNAP eligibility and benefits. Policymakers may be interested in these programs' relationship, particularly in response to older Americans' concerns about changes to their SNAP benefits following the automatic annual increases in their Social Security benefits.

This In Focus provides an overview of SNAP, Social Security, and SSI and a discussion of how income from Social Security and SSI can affect SNAP benefits. It then outlines how Social Security and SNAP adjustments for cost of living differ in calculation and implementation.

### Program Summaries

#### SNAP

SNAP, formerly called the Food Stamp Program, is a means-tested program administered by the U.S. Department of Agriculture (USDA) Food and Nutrition Service in partnership with SNAP state agencies. Eligibility is based on financial need, and eligible households must have income below a certain dollar amount. Eligible households receive benefits (not the same as cash) loaded on to Electronic Benefits Transfer (EBT) cards that may be redeemed for eligible foods at eligible retailers. According to USDA administrative data, approximately 41.4 million people received SNAP benefits in October 2023, and participants received an average monthly benefit of nearly \$190 per person. In the months prior to the pandemic in FY2020, approximately 28.6% of SNAP households included individuals 60 years of age or older.

#### Social Security

The Social Security Administration (SSA) administers Social Security, a social insurance program that protects an insured worker and his or her eligible family members against a loss of income due to the worker's retirement, disability, or death. Nearly 66 million beneficiaries received

an average monthly benefit of \$1,528 in December 2022. Approximately 57.8 million Social Security beneficiaries were age 60 or older.

#### SSI

SSA also administers SSI, a means-tested federal assistance program that provides monthly cash payments to older adults and individuals with qualifying disabilities who have income and resources (i.e., assets) within prescribed limits. In December 2022, SSI provided average monthly federal SSI payments of \$601 to more than 7.5 million recipients. Over 2.3 million SSI recipients were age 65 or older.

### SNAP Eligibility and Benefit Calculation

#### Eligibility

SNAP has financial and non-financial rules for eligibility. Its financial tests require that those eligible have monthly income—and, in some states, liquid assets—below limits set by law and adjusted for inflation. Income eligibility limits are set as percentages of the federal poverty guidelines (commonly known as the federal poverty level, or FPL). The FPL is adjusted annually for inflation.

SNAP also conveys categorical eligibility to households that already participate in specific means-tested programs, including Temporary Assistance for Needy Families, SSI, or state general assistance cash benefits. A household must still have net income below a level that results in a nonzero SNAP benefit.

#### Benefit Calculation

An eligible household receives a SNAP benefit based on the household's size, its net (counted) monthly income, and the program's "maximum monthly allotment" for that household size (with some adjustments for geography). Monthly benefit amounts are determined by subtracting 30% of a household's net or countable income from the "maximum monthly allotment." The SNAP maximum allotment is adjusted annually for increases in food prices.

### SNAP Counts Social Security and SSI as Income

Household income in SNAP is defined as "all income from whatever source," excluding only specified forms of income, such as income tax refunded and federal energy assistance (7 U.S.C. §2014(d)).

SNAP law does not explicitly exclude Social Security and SSI from income and therefore implicitly includes them when determining SNAP eligibility and benefits. Accordingly, the annual increases to Social Security and

SSI may cause some individuals or households to lose eligibility for or receive lower benefits from SNAP.

How a specific SNAP household is impacted by a Social Security COLA will vary by the household's income and other characteristics. Households losing eligibility for SNAP due to the annual Social Security COLA would be relatively high-income SNAP households, with incomes that may have been just below the current eligibility thresholds before the COLA. For a household retaining SNAP eligibility but receiving a reduced monthly benefit, that reduction would be in an amount that is less than the Social Security COLA. SNAP presumes that 30% of net cash income is available for food, so SNAP benefits would be reduced by at most 30% of the Social Security COLA.

### COLAs in Social Security, SSI, and SNAP

To compensate for the effects of rising prices (also called inflation), Social Security beneficiaries usually receive an annual COLA which increases their benefits beginning with payments issued in January of each year. The same COLA is applied to the SSI federal benefit rate (FBR), the maximum monthly SSI payment amount. SNAP is also adjusted for inflation but in different ways and with different timing than Social Security and SSI. This helps to explain why, though all three programs adjust for inflation, they do not do so in a way that prevents the January Social Security and SSI increases from impacting SNAP benefit amounts or eligibility.

#### Social Security COLA

The Social Security COLA (also applied to the SSI FBR) is based on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The COLA equals the growth, if any, in the index from the highest third calendar quarter average CPI-W recorded (typically, from the previous year) to the average CPI-W for the third calendar quarter of the current year. Social Security payments always reflect the benefits due for the preceding month, so the COLA effective in December is payable in January of the following year. The 3.2% December 2023 COLA was payable starting in January 2024.

#### SNAP COLAs

SNAP adjusts for inflation using several different indices, including adjustments for income eligibility thresholds and maximum benefit amounts. Determining income eligibility uses a multiple (e.g., 130%, 200%) of the FPL as an eligibility criterion. The FPL is updated each year by the Department of Health and Human Services (HHS), generally in January, to reflect price changes through the most recent completed calendar year using the Consumer Price Index for All Urban Consumers (CPI-U). In October, SNAP income eligibility limits are updated to reflect this change.

The "maximum monthly allotment" used to calculate benefit levels for SNAP is also adjusted for food price changes. Maximum monthly allotments are tied to the cost of purchasing a nutritionally adequate low-cost diet, as measured by USDA's Thrifty Food Plan (TFP). Each June, maximum allotments are adjusted for food price inflation using the Consumer Price Index for the food items that

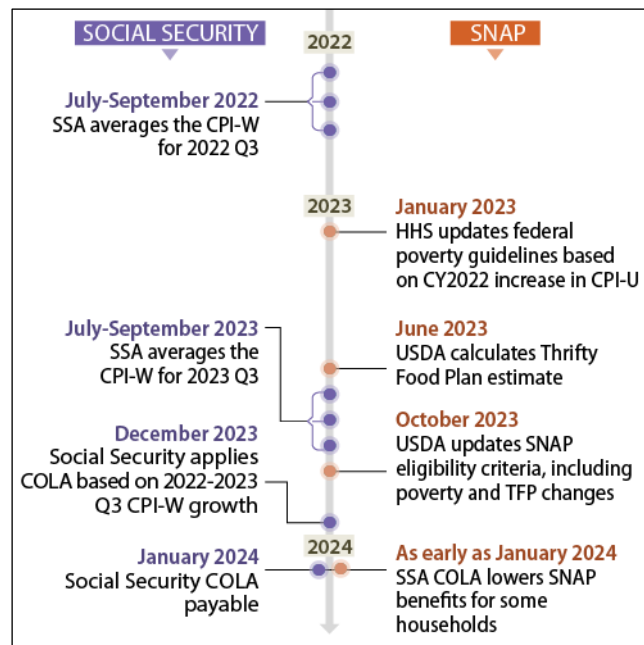
make up the TFP. As with the income eligibility limits, the maximum monthly allotments are updated in October to reflect this change.

SNAP also includes inflation adjustment for minimum benefits, resources limits (i.e., assets), and certain deductions (measures used to calculate net income). All are effective October 1, the start of the federal fiscal year.

#### Comparison

In comparison with the Social Security COLA, adjustments to SNAP to reflect price changes differ with respect to the price indices used to measure inflation and the time periods covered when measuring inflation as illustrated in **Figure 1**. The most noticeable difference, however, is when adjustments are applied to benefits. USDA updates SNAP program criteria on October 1 each year, while the Social Security and SSI increases are payable to beneficiaries beginning in January.

**Figure 1. Social Security and SNAP COLA Timelines**  
Illustrated with 2022-2024 Dates



Source: CRS, using program laws and regulations.

#### Examples of Recent Legislative Proposals

H.R. 5086 and S. 3806 are companion bills introduced in the 118<sup>th</sup> Congress that would amend SNAP's treatment of Social Security COLA income. This proposal was also introduced in the House during the 116<sup>th</sup> and 117<sup>th</sup> Congresses.

#### CRS Reports for Additional Information

CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*

CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*

CRS Report R42035, *Social Security Primer*

CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing*

T. Lynn Sears, Analyst in Social Policy

**Randy Alison Aussenberg**, Specialist in Nutrition  
Assistance Policy

---

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.