Direct Cash Transfers and Cash and Food Assistance

The impact of Direct Cash Transfers on federally funded cash assistance and food assistance among young adults at risk of or experiencing homelessness

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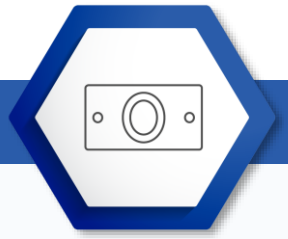

This brief examines how participation in direct cash transfer (DCT) pilots and programs may impact this population's eligibility and receipt of federally funded cash and food assistance.

Homelessness is the experience of living or sleeping in places not meant for long-term living, like in shelters or in the homes of others (also referred to as "couch surfing" or "doubling up"; Dworsky et al., 2019). Risk factors of homelessness include family instability, time in the foster care system, identification as Hispanic, Black, or LGBTQ+, noncompletion of high school, and the intersection of marginalized identities, such as being Black and identifying as LGBTQ+ (Berger Gonzalez et al., 2021). Systemic inequities give rise to these circumstances, the difficulty of which are compounded by other challenges such as disability, food insecurity, legal status, being pregnant or parenting, and limited access to income or financial assets, to name a few.

Federally funded cash and food assistance programs that are means-tested—meaning that they are only available to people who qualify due to their income falling below certain limits—are an important part of the U.S. safety net. Low-income youth benefit from these programs. As such, it is important for DCT administrators, DCT participants, and advocates of DCT programs to consider how DCT participation may impact the benefits these programs offer and to support informed decision making and potential policy advocacy. This paper examines how DCT receipt can impact eligibility and benefit amounts for Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), the Supplemental Nutrition Assistance Program (SNAP), the Special Nutrition Program for Women, Infants, and Children (WIC), and federally funded child nutrition programs, which include the National School Breakfast Program (SBP), National School Lunch Program (NSLP), the Summer Food Service Program (SFSP), and the Seamless Summer Option (SSO), among others. We also recommend both programmatic and policy approaches to protect cash and food assistance in ways that minimize risks and maximize benefits to young people and families.

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HIGHLIGHTS

- Nonprofit organizations, cities, and counties throughout the country are increasingly developing and piloting unconditional direct cash transfer (DCT) pilots and programs aimed at supporting youth and young adults experiencing homelessness.

- Program rules vary widely within cash and food assistance programs and across states regarding whether DCTs—typically classified as gift income—impact eligibility and benefit receipt.

- Categorical eligibility rules provide a potential shield against loss of certain benefits for DCT recipients.

- Current and previous DCT programs have employed effective solutions, such as advocating for legislation or obtaining administrative rulings, to protect cash and food assistance that many DCT participants receive from programs that do not exempt gift income and that are not protected through categorical eligibility.

Advocating for legislation or obtaining administrative rulings have proved to be effective solutions for protecting cash and food assistance that many DCT participants receive from programs that do not exempt gift income.

- Despite the success of these strategies in protecting some widely used cash and food assistance benefits among DCT recipients, there is no straightforward path to protecting Supplemental Security Income (SSI) among DCT recipients when DCTs are provided to participants as gift income.

- Contributions to Achieving a Better Life Experience (ABLE) accounts, a special type of savings account available to SSI recipients, constitute a viable alternative for DCT payments that would protect SSI and nearly all other cash and food assistance that young people with disabilities and their children receive.

- Structuring DCTs as refundable tax credits is a potential long-term solution to the challenge of more comprehensively protecting benefits among DCT target populations.

INTRODUCTION

This paper provides an overview of federally funded means-tested cash and food assistance programs[3] and a discussion of important population-specific considerations within these programs. It then describes gift income rules and categorical eligibility rules, examining how these rules can offer some protection against benefit loss. Because of these potential impacts that DCTs can have on cash and food assistance among DCT recipients, it is important to understand the following:

[3] Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), The Supplemental Nutrition Assistance Program (SNAP), The Special Nutrition Program for Women, Infants, and Children (WIC), and federally funded child nutrition programs, which include the National School Breakfast Program (SBP), National School Lunch Program (NSLP), the Summer Food Service Program (SFSP), and the Seamless Summer Option (SSO), among others.

- program rules specific to DCT target populations (discussed in Section 2);
- how income from DCTs is counted across these programs (discussed in Section 3);
- how special "categorical eligibility" rules can be used in certain circumstances to shield assistance from programs that count DCTs as income (discussed in Section 4); and
- strategies to protect cash and food assistance when these program rules do not necessarily prevent the loss of such assistance as a result of DCT receipt (discussed in Sections 5 and 6).

After exploring current strategies to protect cash and food assistance among DCT recipients, additional strategies are recommended to further protect these benefits. The final section offers a conclusion in the context of DCT programs within the current national policy environment. Primary recommendations include strategic approaches to safeguarding the benefits supporting DCT participants receiving SSI and the potential adoption of targeted refundable tax credits as a long-term approach to provide DCTs to young adults at risk of or experiencing homelessness.

SECTION 1. OVERVIEW OF FEDERALLY FUNDED CASH AND FOOD ASSISTANCE PROGRAMS OF FOCUS

This section summarizes federally funded, means-tested cash and food assistance programs (not including tax credits) that are used most among young adults ages 18 to 24 at risk of or experiencing homelessness:

A third of TANF agencies nationwide designate certain benefits or services specifically for families experiencing homelessness, and many TANF agencies partner with state-level housing departments to provide homelessness services (Administration for Children and Families, 2021b).

- **Temporary Assistance for Needy Families (TANF)** provides cash assistance to low-income parents, their children, and pregnant individuals. On average, about 1.8 million people received TANF cash assistance per month in 2021 (Administration for Children and Families, 2021a).

- **Supplemental Security Income (SSI)** provides cash assistance to low-income individuals who have disabilities preventing them from working full-time. As of April 2022, 7.6 million people received SSI (Social Security Administration, 2022a).

- **The Supplemental Nutrition Assistance Program (SNAP)** provides food assistance through EBT cards. In 2021, 41.5 million individuals received SNAP (U.S. Department of Food and Agriculture, 2022a).

- **The Special Nutrition Program for Women, Infants, and Children (WIC)** provides food assistance for pregnant individuals, postpartum parents, and children under age 5 through coupons for or direct provision of nutritious food items (U.S. Department of Agriculture, Food and Nutrition Service, 2019a). In 2021, 6.4 million households received WIC (U.S. Department of Agriculture, Food and Nutrition Service, 2022b).

- **Child nutrition programs**, which include the National School Breakfast Program (SBP), National School Lunch Program (NSLP), the Summer Food Service Program (SFSP), and the related Seamless Summer Option (SSO). SBP and NSLP programs provide free or reduced-price school meals to school children, while SFSP and SSO provide free meals during the summer in locations with high densities of low-income families. In FY 2019, 29.6 million children received free or reduced-price lunch via NSLP (Economic Research Service, 2022) and 14.8 million children received free or reduced-price breakfast via SBP (Economic Research Service, 2021).

Among these programs, SNAP is the most widely used and has the least restrictive nonfinancial eligibility criteria. Most low-income young adults likely satisfy these eligibility requirements, and of those eligible for SNAP, about 82% receive SNAP benefits (U.S. Department of Agriculture, Food and Nutrition Service, 2020b, 2022c). In contrast, young adults must be pregnant, parenting, in school, or have a disability to receive WIC, NSLP, SBP, TANF, or SSI.

A significant portion of young adults and people who are homeless use these programs:

- About 25% of parents in households receiving TANF are under age 25 (Hahn et al., 2021). A third of TANF agencies nationwide designate certain benefits or services specifically for families experiencing homelessness, and many TANF agencies partner with state-level housing departments to provide homelessness services (Administration for Children and Families, 2021b).

- In 2020, the last year detailed data are available, nearly 1 out of 5 SSI recipients were under 18 years of age while 5.3% were between 18 and 21 years old and 9.5% were between 22 and 29 years old (Social Security Administration, 2021a). A 2021 study found that between 2007 and 2017, about 769,000 SSI applicants could be classified as homeless (Nicholas & Hale, 2021).

- About 43% of people in households that receive SNAP are under 18 years of age (Cronquist, 2019). SNAP's excess shelter deduction, which specifically targets people experiencing housing insecurity (but who are not necessarily homeless), was claimed by approximately 70% of SNAP households in 2019. (Housing insecurity can be considered a risk factor for becoming homeless.) Unfortunately, qualitative research has shown that young adults experiencing homelessness encounter a number of barriers affecting access to SNAP, such as difficulty providing required documentation (Bowen & Irish, 2018). This may explain why, in 2019, only about 95,000 households who received SNAP benefits claimed a separate deduction specifically reserved for homeless family units[4] across the 27 states that allow this deduction (U.S. Department of Agriculture, Food and Nutrition Service, 2018).

- About 85% of parents receiving WIC were between 18 and 34 years old in April 2018, and about 2.5% were younger than 18 (U.S. Department of Agriculture, Food and Nutrition Service, 2020b). A 2010 study of 31 cities found that 76% of the homeless pregnant women in the study sample participated in WIC (Richards et al., 2011).

- Nationally, the number of homeless students identified by public schools—all of whom are eligible for free school breakfast and lunch—has increased each year since 2008, from 680,000 students to 1,384,000 students in 2019 (National School Boards Association, 2021).

Table 1 offers more granular descriptions of these programs, including target populations, income limits, asset limits, work requirements, what benefits each program provides, and the maximum cash value of these benefits. The information in Table 1 does not include expansions or temporary changes to these programs that occurred during the COVID-19 crisis.

[4] Authors' analysis of USDA SNAP Quality Assurance data, available on the USDA website at https://www.fns.usda.gov/resource/snap-quality-control-data

Table 1. Basic Eligibility Rules and Benefit Amounts for Cash and Food Assistance Programs

Program	Target Population	Income Limits*	Asset Limits	Work Requirements	Benefits	Value of benefits
TANF	Families living in poverty with children or pregnant individuals	Varies by state and family size. The maximum allowable monthly income for a single parent of two in 2020 ranged from $268 (Alabama) to $2,359 (Minnesota), and the median income limit across states was $848 (Dehry et al., 2022).	Varies by state, family size, whether household is applying for or already receiving TANF, and other factors. Recipient asset limits range from $1,000 (in 5 states) to nonexistent (in 8 states). The median limit in states with asset limits is $2,500. States also vary in what types of assets are included in this test, and most states exempt at least one vehicle (Dehry et al., 2022).	Can include employment, training, and job search, and vary by state, disability, age of children, and receipt of childcare subsidies. States can exempt a portion of TANF recipients from work requirements.	Monthly cash assistance. Participation is typically tied to workforce development services, and some states provide transit stipends to help cover transportation to work or training opportunities.	Maximum benefit amounts vary by state and range from $190 (Alabama) to $862 (New Hampshire). Across states, the median maximum monthly benefit amount is $399 for a family of 1, $492 for a family of 2, $583 for a family of 3, $663 for a family of 4, and more for larger families (Dehry et al., 2022).
SSI	People with disabling health conditions preventing them from working full time	In 2022, ~$2,607/mo for couples and ~$1,767/mo for individuals,** before any increases due to state supplement programs (Social Security Administration, 2021c). State programs that supplement SSI in 21 states in 2022 effectively raise SSI income limits by a median of $82/mo. for individuals (Social Security Administration, 2021c).	Married couples: $3,000 Unmarried individuals: $2,000	None	Monthly cash assistance	In 2022, up to $1,261 for couples and up to $841 for unmarried individuals. State supplement programs can increase these maximum benefit amounts.
SNAP	Low-income households	SNAP has two income limits, a "gross income limit" based on countable earned and unearned income and a "net income limit," based on countable income minus various deductions and disregards: Gross income limit: 130 to 200% FPL, depending on state. No gross income limit for households with disabled or elderly household members. Net income limit: Either 100% FPL or no limit, depending on state	Varies by state. 23 states effectively have no SNAP asset limit whatsoever, 13 states have applied asset limits only to certain higher-earning households, and 5 states apply asset limits from $5,000 to $15,000 (U.S. Department of Agriculture, 2022d). The remaining 8 states apply the minimum allowable SNAP asset limit of $3,750 for families that include at least one elderly or disabled individual and $2,500 for other households (U.S. Department of Agriculture, Food and Nutrition Service, 2022e).	Can include employment, training, and job search activities, and vary by presence and age of children (U.S. Department of Agriculture, Food and Nutrition Service, 2019b). States can exempt a portion of SNAP recipients from work requirements.	Monthly food allowances provided via EBT cards	Depends on family size. Maximum SNAP benefits are $250/month for a single person, $459 for a 2-person household, $658 for a 3-person household, $835 for a 4-person household, and more for larger households

Program	Target Population	Income Limits*	Asset Limits	Work Requirements	Benefits	Value of benefits
WIC	Pregnant individuals, postpartum parents of infants or toddlers, and children under age 5	185% of FPL***	None	None	Food packages / vouchers, health care referrals, and nutrition education, among others (U.S. Department of Agriculture, Food and Nutrition Service, 2021b)	Varies by age and location. Food packages were estimated to be worth an average of $57.60/month in FY 2018 across all ages, but $138.64/month for infants.
NSLP/ SBP	School-age children. Age range depends on state and disability status.	185% of FPL, or no limit for Community Eligibility Provision (CEP) sites, described below.	None	None	Free or reduced priced breakfast and lunch in school	Subsidy varies by location, grade level, meal type, and income (School Nutrition Association, n.d.). Meals covered by these programs save families the amount of cash they would otherwise spend on meals for participating children.

* "Income" refers to earned income, such as wages or income from self-employment, and also includes "unearned" income. The types of income classified as "unearned income," and whether such income is counted against eligibility or benefit amounts, vary depending on program and state. See Table 3 for a comparison of how different types of gift income are counted in the above programs. "Gross income" or "countable income" refers to the total of all sources of income used in determining eligibility for a particular program. The amount of countable income minus these deductions and disregards is often called "net income."

** Authors' analysis of SSI program rules.

*** While states have the option of setting WIC income limits between 100% and 185% of the federal poverty guideline (U.S. Department of Agriculture, Food and Nutrition Service, 2021c), all states currently set WIC limits at the maximum of 185% of the federal poverty guideline (Aussenberg, 2017).

STATE VARIATIONS ACROSS CASH ASSISTANCE AND FOOD ASSISTANCE PROGRAMS

Of all these programs, TANF rules vary most widely by state, as the federal block grant that funds the program allows states considerable flexibility to determine eligibility criteria, including criteria around income limits, asset limits, and what counts as income. States can also supplement federal funding for TANF programs with state "maintenance of effort" funds to support certain families beyond what federal funding allows, including through additional cash assistance. SNAP income limits and asset limits also vary widely by state, but federal rules dictate what types of income count in SNAP determinations. Compared to TANF and SNAP, there is considerably less flexibility for states to expand federal rules for SSI, WIC, and child nutrition programs, including what types of income are counted.

ELIGIBILITY AND COVID-ERA EXPANSION AMONG CHILD NUTRITION PROGRAMS

The two primary child nutrition programs of focus for this paper will be SBP and NSLP, or, respectively, school breakfast and school lunch. Both programs generally include income tests to determine eligibility, whereas federally funded summer meal programs (SFSP and SSO) do not assess eligibility at the individual or family level. As a result, the benefits these summer programs offer are completely protected from any additional income provided by DCT programs. Federal expansions to child nutrition programs during the COVID crisis also enabled schools to offer free school meals to students and other children during the pandemic, regardless of income, but these expansions have so far been temporary. Without legislative action (as of June 2022), these expansions will conclude before the 2022–23 school year (Cahan, 2022). Under permanent rules, SBP and NSLP enable schools to offer free meals to students whose families are eligible for SNAP or have incomes below 130% of the federal poverty line (FPL), and these programs also offer reduced-price meals to students from families with incomes below 185% FPL. Through an option within these programs called the Community Eligibility Provision (CEP), schools and school districts with high densities of low-income children can also provide free school breakfasts and lunches to all students, regardless of income.

OTHER CASH AND FOOD ASSISTANCE PROGRAMS

The programs mentioned above constitute the predominant, but not comprehensive, array of cash and food assistance programs available to youth in the U.S. at risk of or experiencing homelessness. For example, this paper does not explore General Assistance (GA) programs, which are state funded and administered. GA programs operate in only 25 states, and only 11 states provide GA cash assistance to nonpregnant and nonparenting adults without disabilities, the largest group categorically excluded by TANF and SSI. The maximum benefit amounts of GA programs across the states that offer them are usually well below the maximum benefit levels provided by TANF programs (Schott, 2020). GA programs typically do not confer eligibility for other cash and food assistance programs and are often programs "of last resort" used by individuals who do not receive other cash and food assistance.

Because only earned income from employment affects unemployment compensation, those receiving DCTs are not at risk of losing any unemployment payments.

Because of these features, it appears likely that in most states, any losses in cash and food assistance resulting from DCT receipt among GA recipients would be limited to a smaller loss of GA cash assistance compared to the value of the DCT they receive. While the following discussion largely does not incorporate GA programs due to their limited geographical scope, DCT administrators in states that offer GA will need to consider it in any comprehensive approach to shield the benefits DCT recipients receive. (This may be especially important in South Dakota, the sole state operating a GA program that has not expanded Medicaid. South Dakota extends Medicaid eligibility to GA recipients who would not otherwise qualify for coverage [Schott, 2020]). As GA programs operate under state or local rules, administrators and advocates can take similar approaches to protecting GA cash assistance as they currently do for protecting TANF cash assistance (see Section 5).

Additionally, young adults with official migrant and refugee status or who identify as American Indian/ Alaskan Native (AIAN) may also have access to separate cash or food assistance programs (Administration for Children and Families, 2020; Indian Health Service, n.d.; Office of Family Assistance, 2022; U.S. Department of the Interior, n.d.). These programs are not covered in this paper but merit further study among DCT programs targeting these populations. Payments from Social Security Disability Insurance (SSDI) are also not discussed below. This is partially because the youth researchers consulted for this paper reported that very few young adults at risk of homelessness that DCT programs currently target receive SSDI. Additionally, DCTs classified as gift income would not count against SSDI eligibility for people who receive SSDI, as only earned income can affect SSDI receipt in these cases. Similarly, because only earned income from employment affects unemployment compensation, those receiving DCTs are not at risk of losing any unemployment payments. Finally, legislation passed in the wake of COVID-19 provided cash assistance in the form of stimulus payments, federally funded paid family and medical leave, and expanded unemployment compensation, among other supports. However, these forms of assistance were pandemic-specific, temporary, and are not expected to become permanent in the near future. Food banks and other food distribution programs—including programs directly or indirectly supported by federal funds—can also be an important resource for families or individuals with limited income. However, they typically are administered locally or privately and usually do not have any eligibility criteria.

HOW DCTS CAN IMPACT CASH AND FOOD ASSISTANCE

Receiving DCTs may result in the reduction or loss of cash and food assistance programs in the following ways:

- **Reduced benefit amounts**. When a DCT payment is not excluded from what is considered "countable" income in a specific means-tested program, and the amount of cash or food assistance received depends on the income of benefit recipients, DCTs can lead to lower benefit amounts. The amount of SNAP, TANF, and SSI assistance that households receive vary depending on the amount of a household's income (usually adjusted income based on allowable disregards and deductions). For individuals/families enrolled in multiple programs, the combined impact of these incremental losses in benefit amounts can potentially exceed the amount of a DCT, resulting in an overall net loss.

- **Benefit cliffs**. Depending on the size of the DCT and other income an individual or family receives, DCTs may even push countable income above the income limit of a means-tested benefit, resulting in a complete loss of that benefit. While some programs reduce cash or food assistance gradually as income increases, program rules that use a gross income test to determine initial or ongoing eligibility—including rules in SNAP (among households that do not include an elderly or disabled household member), WIC, NSLP, and SBP—can result in a sudden, dramatic decline in benefit receipt. This decline, called a "benefit cliff," could potentially cause a loss greater than the cash value of a DCT.

- **Exceeding asset tests**. Within programs that set asset limits, any unused portion of a DCT may be counted towards eligibility if that portion is held in an account that the program considers as an asset (also called a "resource"), like a checking account. Federal rules impose an asset limit within the SSI program and states vary in whether they impose asset limits within TANF and SNAP programs. Some assets are typically excluded from these tests, such as the value of a home and vehicles used to get to work (and in some states, retirement accounts or other restricted savings accounts). However, no state that employs asset tests for SNAP or TANF excludes the funds held by households in regular checking or savings accounts from these tests. If DCT payments are held in accounts like these, and the balances in these accounts exceed allowable limits, individuals can lose SNAP, TANF, or SSI benefits.

- **Loss of categorical eligibility**. "Categorical eligibility" occurs when receipt of one public benefit confers eligibility for another one. Such rules can be very beneficial—they remove barriers to benefit receipt. However, categorical eligibility can also be a double-edged sword; the loss of eligibility for one program can cause near-simultaneous loss of eligibility for another program. This is further discussed in Section 4.

SECTION 2. TREATMENT OF TARGET POPULATIONS WITHIN CASH AND FOOD ASSISTANCE PROGRAMS

Special rules within cash and food assistance programs apply differently to young adults depending on past or present circumstances, including homelessness, involvement in the child welfare system, involvement in the justice system, disability, immigration status, and pregnancy or parenting status (none of which are mutually exclusive). Enrollment in high school or secondary education can also be a factor in determining eligibility or compliance with program rules. Table 2 summarizes special rules or considerations in these programs for these populations. Consideration of these special rules must also incorporate the significant overlap between these populations.

Table 2. How Certain Circumstances Affect Eligibility or Benefits

Program	Homeless	Student	Immigration Status	Pregnant/ Parenting	Disability	Current or Former Foster	Felony Conviction
TANF	Varies by state. As indicated above, many states connect TANF applicants or recipients experiencing homelessness to housing programs. The definition of homelessness also varies by state, although the majority of states adopt HUD's definition of "Category 1" homelessness: "Individuals or families who lack a fixed, regular, and adequate nighttime residence," the definition used in federal housing programs (Dunton & Sierks, 2021).	State-specific rules on work requirements vary depending on whether enrolled in high school or postsecondary education. Students' income is often disregarded when determining TANF eligibility and benefit amounts.	Noncitizens must be "qualified" immigrants*+	TANF cash assistance is only available to families with children or pregnant individuals. A teenage parent who is classified as head of a TANF household must be enrolled in school to be exempt from work requirements (Social Security Administration, 2012).	Disability status may exempt recipients from work requirements.	Varies by state. Foster children may be able to receive TANF as a "child-only" TANF case if they aren't eligible for federal foster care benefits. TANF funds may, in some cases, be used for kinship care (Brite, 2014).	Varies by state. Default federal rules ban people with drug felony convictions from receiving TANF, but states can partially or fully waive this ban (Opportunity Reconciliation Act of 1996, 1996; Center on Budget and Policy Priorities, 2022).
SSI	Agencies can expedite application processing for individuals or families who lack a fixed, regular, and adequate nighttime residence, or those who are at risk of losing such a nighttime residence within 14 days (Nicholas & Hale, 2021). People living in a public shelter can receive SSI cash assistance for 6 out of every 9 months (Social Security Administration, 2022c). SSI recipients in transient living situations may receive less SSI if they pay less than other cohabitants for household expenses (Nicholas & Hale, 2021).	SSI excludes income from certain children enrolled in educational programs (Social Security Administration, 2022d). Some education-related benefits are exempt from income in determining SSI eligibility and benefit amounts (Social Security Administration, 2021d).	Noncitizens must be "qualified" immigrants*+	The presence of a child in the home of a married couple when only one spouse is eligible for SSI can affect the monthly amount of SSI cash assistance (Social Security Administration, 2009).	SSI is only available to people who have been determined to be unable to earn wages or work hours that satisfy a federal definition of "substantial gainful activity," such as full-time work (What we mean by substantial gainful activity, 2020).	SSI payments to foster children are typically not available until all foster care payments have stopped (Social Security Administration, 2022e).	Prior felony convictions do not affect eligibility (Social Security Administration, 2021e).

Program	Homeless	Student	Immigration Status	Pregnant/ Parenting	Disability	Current or Former Foster	Felony Conviction
SNAP	Varies by state. Households experiencing homelessness are not required to show proof of housing costs to receive a special SNAP deduction available in 27 states—the homeless shelter deduction—that can enable eligibility for SNAP or increase SNAP benefits (Shahin, 2019; U.S. Department of Agriculture, Food and Nutrition Service 2018). The SNAP definition of "homelessness" used to claim this deduction is broader than that used in federal housing programs and includes staying in temporary residences such as halfway houses and other housing that will last less than 90 days (Supplemental Nutrition Assistance and Food Distribution Program, 1978) .	Students enrolled in postsecondary education at least half-time are not eligible for SNAP unless they are responsible for a child, meet additional work/training requirements, receive TANF, are younger than 18, or have a disability. Earnings of students under 18 in primary or secondary school are excluded from SNAP benefit determinations (U.S. Department of Agriculture, Food and Nutrition Service, 2021d).	Noncitizens must be "qualified" immigrants*+	Able-Bodied Adults without Dependents (ABAWDs) are subject to different work requirements and time limits.	Gross income limits are waived among households with a disabled or elderly household member. Disability status exempts recipients from work requirements.	Foster children living with families cannot receive SNAP as individuals. Families have the option to include foster children in their family unit or not (Supplemental Nutrition Assistance, 1978; U.S. Department of Agriculture, Food and Nutrition Service, 2020c).***	Individuals who have been convicted of certain crimes and who are not in compliance with terms of sentence are barred (Supplemental Nutrition Assistance Program: Student Eligibility, Convicted Felons, Lottery and Gambling, and State Verification Provisions of the Agricultural Act of 2014, 2019). States are allowed to impose restrictions on individuals with prior drug-related felony convictions (Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 42 U.S.C. § 1305, 1996).
WIC	Prioritized for enrollment (United States Department of Agriculture, Food and Nutrition Service, 2022f). Homelessness is defined in the WIC program more broadly than it is within SNAP and includes temporarily staying in the residence of another individual for less than 1 year (Child Nutrition Programs, Special Supplemental Nutrition Programs for Women, Infants and Children, 1985).	Not a factor.	State option, although nearly all states allow access to WIC**+	Must have a child aged 0-5 or be pregnant	Disability status may prioritize individuals when funds are low (Institute of Medicine Committee on Scientific Evaluation of WIC Nutrition Risk Criteria, 1996; U.S. Department of Agriculture, Food and Nutrition	Eligible via Medicaid or state option****	Not a factor (Special Supplemental Nutrition Program from Women Infants and Children, 1985)

Program	Homeless	Student	Immigration Status	Pregnant/ Parenting	Disability	Current or Former Foster	Felony Conviction
					Service, 2011), but WIC has been fully funded since 1997 (Carlson et al. 2017).		
NSLP/ SBP	Automatically eligible (Richard B. Russell National School Lunch Act As Amended Through P.L. 116–94, 2019). Homelessness is defined as "lacking a fixed, regular and adequate nighttime residence" (Determining eligibility for free and reduced price meals and free milk in schools, n.d.).	Must be a school-aged child.	Not a factor+	Must be school-aged or have a school-aged child	Not a factor	Automatically eligible (U.S. Department of Agriculture Food and Nutrition Service Child Nutrition Programs, 2017).	Not a factor

*Included in the definition of a "qualified immigrant" are those who are lawfully admitted or granted asylum (Opportunity Reconciliation Act, 1996). Undocumented immigrants and Deferred Action for Childhood Arrivals (DACA) recipients are among those not considered qualified immigrants. Legal permanent residents who have been in the U.S. for less than five years cannot receive federal support through TANF and SNAP, but states have the option to use state funding to provide equivalent supports to this population as offered by these programs.

**Federal law allows states to exclude immigrants from WIC participation based on the same immigrant groupings excluded from TANF and SNAP participation. As of October 2021, almost every state allows immigrant populations access to WIC (Broder et al., 2021; Congressional Research Services, 2017; Subpart C-Participant Eligibility, 1985; U.S. Department of Agriculture, Food and Nutrition Service, 1997).

***States may also provide exemptions to work requirements or time limits for SNAP receipt for former foster youth using the 12% waiver for Able-Bodied Adults without Dependents (ABAWDs).

****While federal rules do not mandate that foster children be automatically eligible for WIC (United States Department of Agriculture, Food and Nutrition Service, 2022g), federal rules mandate that states must include in their WIC state plans a description of how benefits are provided to foster children (Subpart B- State and Local Agency Eligibility- State Plan, 1985). WIC statutes also enable states to allow mothers and children enrolled in other state-administered programs to be automatically eligible for WIC (Certification of Participants, 1985). Many states have apparently applied this option to children in the state foster care system. Even among states in which foster children are not automatically eligible for WIC, foster children are eligible for Medicaid coverage (Centers for Medicaid and Medicare Services, 2013), and if they receive Medicaid, they are automatically eligible for WIC.

+While immigration status is not a factor for school breakfast and lunch, anti-immigrant rhetoric, policies, and practices deter many young immigrant adults from applying for them and other benefits. For example, the federal "public charge" rule stipulates that a person's receipt of cash benefits like TANF or SSI can be a deciding factor in whether petitions for permanent resident status are approved (National Immigration Law Center, 2013). A rule implemented by the Trump administration expanded the list of programs that would deem someone a public charge to noncash benefits like Medicaid and SNAP, but this rule was reversed under the Biden administration. Confusion about public charge and an environment of increased immigration enforcement and other anti-immigrant policies have led many in mixed status families to avoid public benefits altogether due to fear of detention or deportation, or fear that their future efforts to attain legal status would be affected (Haley et al., 2013).

As can be seen in Table 2, some cash and food assistance programs restrict access or implement stricter rules based on the specific circumstances, while other programs expand eligibility to targeted groups. For example, individuals who are undocumented or have DACA status do not fall under the definition of "qualified immigrants" based on federal rules and are therefore barred from receiving TANF, SNAP, and SSI benefits (U.S. Department of Health and Human Services, 1998; Personal Responsibility and Work Opportunity Act, 1996). Similarly, in many states, having a criminal conviction for a drug-related felony can result in being denied TANF or SNAP or facing barriers to TANF or SNAP receipt (Center for Law and Social Policy, 2022). Federal law restricts these bans to those with criminal convictions, meaning that states cannot bar receipt of TANF or SNAP due to juvenile adjudications.

While getting TANF cash assistance is often contingent on working or attending work training programs for a certain number of hours, individuals with disabilities typically do not have to satisfy these requirements, nor do parents younger than 20 years old who are enrolled in secondary school or in an educational program directly related to employment (Social Security Administration, n.d., Mandatory work requirements). And, importantly, SBP and NSLP waive income limits for foster children and homeless children. Because all foster children are eligible for Medicaid, all foster children are also eligible for WIC through Medicaid. This means that DCT receipt will not affect WIC, SBP, and NSLP benefits among certain homeless families (as long as their living situations qualify as "homeless" under federal definitions) or families with foster children enrolled in DCT programs.

Individuals who identify as trans, nonbinary, or gender nonconforming may have difficulty producing required documentation that aligns with their gender identity or that contains their "dead name"; having to fulfill these requirements may compound stress or trauma.

While transgender and other LGBTQ+ young adults do not face any statutory restrictions for accessing these programs and do not benefit from any specific inclusionary criteria, there is strong intersectionality between LGBTQ+ young adults and the above targeted population subgroups. Due to systemic inequities and social stigma, young adults who identify as LGBTQ+ experience higher disadvantages and marginalization. For example, the LGBTQ+ population has a relatively high prevalence of self-harm and mental health conditions (Rafferty, 2018), and disability classifications stemming from trauma can qualify individuals for SSI (Social Security Administration, n.d.-a). According to a recent study, 39% of transgender individuals have disabilities, compared to 15% nationwide (Disability Rights Education and Defense Fund, 2018). Additionally, in a national survey on youth homelessness, 29% reported substance use problems and 69% reported mental health difficulties (Morton et al., 2017). Individuals who identify as trans, nonbinary, or gender nonconforming may also have difficulty producing required documentation that aligns with their gender identity or that contains their "dead name"; having to fulfill these requirements may compound stress or trauma.

Systemic racism also results in Black, Hispanic, American Indian / Alaskan Native (AIAN), and foster youth having higher health risks and worse health status than their White counterparts (Isasi et al., 2016; Park et al., 2014). These racial and sexual/gender minorities are disproportionately represented among the population at risk of or experiencing homelessness (Morton, 2020; Strudwick, 2021).

Additionally, former foster youth, Black, and AIAN individuals experience disabilities at higher rates than the general population (Centers for Medicare & Medicaid Services, 2021; Cheatham et al., 2020; Goodman et al., 2019; Young, 2021).

SECTION 3. TREATMENT OF DCT INCOME

Direct cash transfers within DCT programs are typically *unconditional,* meaning there are neither conditions for receiving the payments nor conditions on how the funds provided should or could be used. Because of this, program administrators of the above benefit programs have historically accepted the classification of these cash transfers when provided through private sources as "gift" income when reported by DCT programs and DCT recipients. Other income rules apply to *conditional* direct cash transfers—for example, establishment-specific gift cards, education stipends, or cash transfers that are contingent on work activities—but this paper focuses on unconditional DCTs as the primary payment option of interest for practitioners seeking to use DCTs to support young adults at risk of homelessness.

PRIVATELY FUNDED DCTS

As with other eligibility criteria, different benefit programs treat gift income received from private sources differently and include separate rules for different types of gift income. Specifically, benefit programs have different rules for treating gift income when it is recurring (for example, provided monthly), is received as one lump sum, or is sporadically provided. In order to understand how the design of DCT programs affects the recipients' benefits, it is critical to examine how cash and food assistance programs treat these types of gift income (and, therefore, how these programs treat DCTs). Table 3 describes how these different forms of unrestricted gift income are treated by the benefit programs of focus.

Table 3: Treatment of Gift Income in Cash and Food Assistance Programs, by Frequency

Program	One-time lump sum payments	Regular, recurring payments	Small, infrequent, irregular, or sporadic payments
TANF	As of 2020, 17 states did not count lump sum gift payments as income in determining TANF benefits, while 26 states counted lump sum gifts as income and 6 states partially excluded lump sum gifts, up to a certain monetary value. Among states that do not exclude lump sum income, special rules that vary across states dictate how lump income is divided across months following receipt to determine TANF eligibility and benefit amounts. Some states exempt lump sum payments from asset tests when they are spent in the month received (Urban Institute, 2022).	Generally counted toward eligibility and benefit amounts as unearned income	38 states exempt a fairly small amount of "casual" gift income ($30-$100) from being counted as income for determining TANF eligibility and benefit amounts but count the remaining towards eligibility and benefit amounts as unearned income. Generally, these rules apply to much smaller gifts than amounts that are considered lump sums (Urban Institute, 2022).
SSI	Counted toward eligibility and benefit amounts as unearned income (Social Security Administration, 2021d)	Generally counted toward eligibility and benefit amounts as unearned income	The first $60 of unearned infrequent/irregular income in a quarter is not counted (Exclusions from Income, 2016)
SNAP	Certain types of nonrecurring lump sum payments, including those that could be considered gift income, are not counted toward eligibility or benefit amounts, but the full range of this exclusion is ambiguous (Income Deductions, 1978).*	Cash donations from charitable organizations based on need of more than $300 per quarter are additionally counted toward eligibility and benefit amounts (Income and Deductions, 1978). However, states have the option to exempt recurring cash income funded by a nongovernmental source, which can include private sources, contingent on federal approval of such exceptions (Income and Deductions, 1978).	Infrequent or irregular income in excess of $30 per quarter is generally counted toward eligibility and benefit amounts as unearned income (Income and Deductions, 1978).
WIC	Counted towards eligibility as "other" unearned income**	Counted toward eligibility as "other" unearned income (Income criteria and income eligibility determinations, 1985).	Counted toward eligibility as "other" unearned income**
NSLP/SBP	Seemingly not counted towards eligibility**	Counted toward eligibility as unearned income**	Ambiguous, seemingly excluded***

*The federal statute at 7 CFR. 273.9(c)(8) describes the types of nonrecurring lump sum payments excluded from countable income for determining SNAP eligibility and benefit amounts. The statute lists a range of examples of lump sum payments that do not count (including income tax refunds, retroactive benefits, refunds from security deposits, and certain types of TANF payments), but is also clear that excludable lump sum payments are not limited to these examples. The ambiguity in this statute underscores the importance of coordinating with SNAP agencies or the federal government to determine whether lump sum DCT payments could be considered excludable under this provision (Income and Deductions, 1978). It is important to note that the text of this federal statute appears to make an incorrect reference to 45 CFR 261.31(b)(1) instead of 45 CFR 260.31(b)(1), when referring to the types of TANF payments that can be excluded (What does the term 'assistance' mean?, n.d.).

**While the WIC program generally follows income definitions within NSLP and SBP programs (U.S. Department of Agriculture, Food and Nutrition Service, 2022h), a 1992 memo clarifies that lump sums provided as gifts and intended as income should be counted as "other" income and not excluded from WIC income determinations (Income criteria and income eligibility determinations, 1985; U.S. Department of Agriculture, Food and Nutrition Service, 1992). As both recurring gift income and lump sum gift income count toward WIC income determinations, sporadic payments would also be counted.

***The USDA's manual on Child Nutrition Programs indicates that infrequent and irregular earned income is excluded but is not explicit regarding irregular unearned income. Such income could likely be lump sum income received over several payments, however, which would seemingly be excluded based on the guidance in the USDA's latest eligibility manual (U.S. Department of Agriculture Food and Nutrition Service Child Nutrition Programs, 2017).

Likely because of SNAP's widespread take-up, expansive nonfinancial eligibility criteria compared to other programs (as indicated in Table 1), and expanded SNAP-related benefits due to COVID-era policy changes, DCT programs have invested considerable effort to ensure SNAP benefits are protected among DCT participants (as described in Section 5). SNAP participation and benefit amounts also increased substantially during the COVID-induced financial crisis (U.S. Department of Agriculture, Food and Nutrition Service, 2022i), so interest in protecting these benefits among DCT programs may have also increased as a result. The DCT programs often cited as successes are commonly private-public partnerships and have benefitted from the exception within SNAP rules that excludes recurring income provided through a nongovernmental agency working with nonprofits or that has access to other private funds (California Department of Social Services, n.d.).

PUBLICLY FUNDED DCTS

Recent DCT programs have primarily supported DCT payments through the use of private funds, for example, through foundation funding or public-private partnerships. However, public funds can also support unconditional DCTs. Cash and food assistance program rules categorize income provided through public sources distinctly from gift income provided through private funds, and, as with gift income, also consider whether such publicly supported income is recurring or provided in a lump sum. Notably, within SNAP, cash income provided as a recurring component of means-tested programs such as TANF, SSI, and GA are generally counted as income toward eligibility and benefit amounts (Income and Deductions, 1978). However, publicly funded lump sum payments can be excluded from SNAP income calculations in certain circumstances, such as when they are provided as short-term responses to crisis situations or episodes of need (Income and Deductions, 1978). This exemption suggests that DCTs funded by payments made to states under the American Rescue Plan Act (ARPA) are or would be excluded from SNAP income calculations.

Relatedly, NSLP and SBP count "regular cash assistance from State or local governments" as income (U.S. Department of Agriculture, Food and Nutrition Service, Child Nutrition Programs, 2017), but, as indicated above, exclude lump sum payments from income determinations. This exclusion could potentially apply to lump sum payments from public sources. WIC counts "public assistance or welfare payments" (Income criteria and income eligibility determinations, 1985) but excludes payments resulting from federal legislation that are excluded from income determinations, which presumably could also include payments funded by ARPA.

Refundable income tax credits offer additional potential pathways for publicly funded DCTs that are protected by additional rules at the state and federal level.

Similarly, SSI also excludes all "assistance based on need funded by a State or local government" as well as "disaster assistance," which could include payments made by states through ARPA funding (Social Security Administration, 2022f). However, SSI only excludes this type of assistance when payments are wholly funded by state or local governments and when income is a factor of eligibility for receipt (Unearned income we do not count, n.d.). For example, TANF payments, while based on income, are counted as income because they are not fully state funded.

Refundable income tax credits offer additional potential pathways for publicly funded DCTs that are protected by additional rules at the state and federal level. Refundable federal income tax credits are not counted as income across all benefit programs funded in whole or in part with federal funds, including TANF, SSI, WIC, NSLP, and SBP. SNAP rules also exclude all state and local refundable income tax credits from income calculations (Income and Deductions, 1978), as do SSI rules (Social Security Administration, 2022f). State and local income tax refunds provided as lump sum payments are also excluded from income calculations within NSLP and SBP, similar to the treatment of other lump sum payments in those

programs. Nearly all states include at least some flexibility to exclude state-level tax credits from being counted in TANF programs, as exemplified by data on whether state EITCs are counted in TANF determinations (Urban Institute, 2022). As with most TANF program rules, however, states have significant flexibility on what types of income, including income from means-tested programs or tax credits, count for such determinations.

SECTION 4. THE SIGNIFICANCE OF CATEGORICAL ELIGIBILITY FOR BENEFIT PROTECTION

Categorical eligibility rules can compound benefit losses, but can also be used to shield DCT recipients from losing public benefits.

Categorical eligibility, described earlier, can occur when receipt of one benefit qualifies individuals or families for another benefit program, or allows them to bypass eligibility tests for that second benefit program. Categorical eligibility rules can compound benefit losses: a DCT recipient may lose two or more benefits at the same time because they exceed income or asset limits in a single program. However, these same rules can also be used to shield recipients from losing benefits. Specifically, if eligibility for one program enables households to bypass income tests or asset tests for another program, efforts by DCT programs to protect eligibility for the former program can result in protected eligibility for the latter one. Categorical eligibility can therefore be a powerful tool for retaining eligibility across several important programs and maximizing benefits to individuals.

Categorical eligibility applies to this paper's programs of focus in the following ways:

- **TANF and/or SSI ► SNAP:** Households with countable income that falls below 200% of the federal poverty level, in which all members receive TANF or SSI cash assistance, or that receive a state-funded service that is part of a state's TANF program, are categorically eligible for SNAP and do not have to pass SNAP's gross income test.
- **TANF, SNAP, Medicaid, NSLP, and/or SBP ► WIC:** Receipt of TANF, SNAP, or Medicaid automatically confers eligibility for WIC if nonfinancial eligibility requirements for WIC (such as age of children) are met. Some states also confer eligibility to WIC among children who receive free school lunch or breakfast if they fulfill age restrictions.
- **TANF ► CCDF:** TANF recipients in many states are automatically eligible for Child Care and Development Fund (CCDF) childcare subsidies, which can be crucial for obtaining affordable childcare, and many states also waive CCDF co-payments for TANF recipients. See Box 1 for a brief discussion of CCDF subsidies.
- **SSI ► Medicaid:** While Medicaid is not a focus of this paper, it is essential to recognize that SSI provides categorical eligibility for Medicaid, which can be vital for the health of young adults—especially those who are pregnant, parenting, or have disabilities—and their children.
- **SNAP ► NSLP and SBP:** SNAP receipt confers eligibility for free school lunch and breakfast, relevant to young adults who have children or are still in high school.

- **SNAP, SSI, Medicaid, and/or federal housing subsidies ► Lifeline: SNAP**, SSI, and Medicaid recipients, as well as residents living in federally subsidized housing, are also eligible for Lifeline telephone subsidies. While the monetary amount of these subsidies is fairly small (about $9.25 per month for Lifeline, for example), private telephone providers offer reduced-price phone and data plans specifically for households eligible for Lifeline (so-called "Obamaphones"). This raises the value of this benefit to the cost of a monthly phone and internet plan, which can be upward of $100 per month.

- **SNAP, SSI, NSLP, SBP, WIC, Medicaid, Lifeline, or federal housing subsidies ► Affordable Connectivity Program:** Introduced in 2022, the Affordable Connectivity Program provides subsidies to help households pay for internet service, building off the temporary Emergency Broadband Benefit program implemented in 2020 (Federal Communications Division, 2022).

- **WIC ► Farmers' Market Nutrition Program:** WIC recipients are eligible to receive Farmer's Market Nutrition Program benefits, which support access to locally grown fresh produce (Certification of Participants, 1985).

- **Other local programs:** Depending on where DCT participants live, they may be able to access additional state or local benefits or services due to receiving cash or food assistance (NYC Consumer and Worker Protection, n.d.).

DCT programs can use, and have used, these rules strategically to protect participants from losing benefits. For example, as discussed in the Medicaid chapter in this toolkit, Modified Adjusted Gross Income (MAGI) Medicaid rules exclude gift income as a consideration in eligibility determinations. (This would include DCTs as long as Medicaid administrators and the U.S. Department of the Treasury continue to consider DCTs to be gift income.) In contrast, WIC counts both lump-sum and recurring gift income in determining eligibility. However, because of the rule that Medicaid enrollment enables WIC recipients or applicants to bypass WIC's income test, anyone who is on both WIC and MAGI Medicaid will not have their WIC eligibility endangered by receiving gift income through DCT programs. (This same categorical eligibility could protect WIC if DCTs are provided in the form of refundable tax credits, which are not counted as income in MAGI Medicaid income determinations.)

Categorical eligibility can and has been used to protect other benefits relevant to DCT recipients as well. For example, where DCT programs have negotiated the exclusion of DCT income from countable income for SNAP (via state waivers, coordination with SNAP offices, or any of the other strategies described in Section 5), the continuation of SNAP receipt among DCT recipients will also extend their eligibility or their children's eligibility for free school breakfast and lunch.

BOX 1. CHILD CARE DEVELOPMENT FUND (CCDF) SUBSIDIES

A crucial benefit for many low-income families, Child Care and Development Fund (CCDF) subsidies fully or partially cover the cost of child care while parents work, attend job training, or need child care for other covered reasons. States operate CCDF programs through block grants provided by the federal government. CCDF provided subsidies to an average of 857,700 families per month across the U.S. in 2019, subsidizing the care of an average of 1,396,500 children per month that year (Administration for Children and Families, Office of Child Care, 2021a).

Federal law dictates some of the requirements of these state-operated programs, but states have significant latitude to determine eligibility requirements, income limits, and benefit amounts (Administration for Children and Families, Office of Child Care, 2021b). Federal rules also require that all states must adopt some form of sliding-scale copayment system—under which parents cover an increasingly higher amount of their child care costs as their household income rises—and states also differ widely on how these copayment schedules are constructed and implemented (Dwyer et al., 2020). Treatment of gift income and other types of income, too, varies by state: as of 2019, 35 states and DC excluded at least nonrecurring gift income from determinations of CCDF eligibility, while other states counted all or part of gift income in CCDF determinations. According to the Urban Institute's latest collection of CCDF rules, the 15 states that do not fully exempt lump sum gift income from any source are Alaska, Colorado, Connecticut, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, Montana, Nevada, Oklahoma, Pennsylvania, Utah, and Wyoming. Some states—such as Florida and Virginia—count recurring gift income in CCDF eligibility determinations, but not lump sum gift income (Dwyer et al., 2020). A parent who lives in a state whose CCDF program counts cash gifts as income, and whose DCTs are classified as gift income under CCDF program rules, could therefore either become ineligible for CCDF subsidies or pay higher CCDF copays due to DCT receipt.

DCT practitioners consulted by the authors estimate that about 40–50% of DCT participants are parents. Moreover, parenting young adults are 200% more likely to report homelessness than nonparenting young adults (Morton et al., 2017). Especially within states whose CCDF programs count lump sum gift income as income, DCT programs aiming to protect the benefits parents receive will need to consider how DCT receipt impacts CCDF eligibility and copays. DCT programs' recent successful efforts to protect TANF benefits, described in Section 5, suggest that similar approaches could protect CCDF subsidies in states where DCT payments would count toward CCDF eligibility and benefits (as states have similar authority over both programs). However, the flexibility that DCT programs may have to protect CCDF subsidies, and the potential impacts that DCT payment methods might have on means-tested childcare programs, merits further study. Any exploration of child care in the context of DCTs should also explore the potential impact of DCTs on other means-tested programs that provide child care, such as Head Start, Early Head Start, and publicly subsidized Pre-K programs.

SECTION 5. CURRENT OR EMERGING STRATEGIES TO PROTECT DCT RECIPIENTS' PUBLIC BENEFITS

Protection of DCT recipients' public benefits would enable young adults experiencing homelessness to participate in pilot DCT interventions without the interruption of public benefits such as food assistance and temporary cash assistance. Without protection, young people facing elevated levels of adversity will be in danger of receiving smaller benefit amounts or losing some benefits entirely. This could potentially erode the net benefit of the intervention and possibly produce new forms of inequality. Recent DCT programs that have provided payments as gift income, whether partially or fully privately funded, have employed the following strategies to protect cash and food assistance among DCT participants:

PURSUING LEGISLATION TO PROTECT BENEFITS AMONG DCT PARTICIPANTS

Legislation introduced in Illinois, California, and New York has sought to prohibit payments distributed through certain pilot DCT programs from being counted as income or assets in determining benefit program eligibility or benefit amounts. Legislation in Illinois exempts unconditional DCTs provided through pilot or demonstration programs from being counted

as income in any program under the Illinois Public Aid Code, which includes TANF, provided that DCT payments are not funded through general revenue funds and have a research component (Illinois Public Aid Code, 2019). The recently passed New York bill, which is currently awaiting the Governor's signature (July 2022) exempts certain income and resources provided to people enrolled in pilot DCT programs from eligibility determinations for public assistance benefits (Act to Amend the Social Services Law, 2022). Finally, the proposed California bill was more expansive but did not pass. The bill would have exempted unconditional cash payments as income or resources under TANF and SNAP, to the extent possible under federal law, if the payments are distributed by registered entities through a program designed to reduce poverty and that contains a research component (Public social services programs: financial assistance demonstration and research programs, 2021).

While federal legislation is the most sustainable avenue to protect DCT recipients' public benefits, it would be harder to pass federal legislation than state-level legislation.

Legislation offers the most sustainable policy avenue for ensuring that DCT payments distributed by demonstration, pilot, or research programs are exempt from eligibility and benefit determinations for most cash and food assistance programs. In order for DCT payments to be exempted as income in these programs, state or local agencies and the laws that govern them have to have at least some control over benefit determinations. Evaluations of these pilot DCT programs—often required when exemptions to normal program rules are tied to research projects—may also produce data or outcomes that could serve as a timely and important public good. These results might include actionable evidence for city, state, and federal policymaking.

Federal rules, however, limit the reach of state or local legislation for protecting DCT recipients' benefits. For example, federal rules limit states' flexibility for expanding SSI benefits through state programs. They also limit the extent that state or local legislation can protect SSI benefits. While federal legislation is the most sustainable avenue to protect DCT recipients' public benefits, it would be harder to pass federal legislation than state-level legislation. Federal legislation exempting DCT income from cash and food assistance programs would likely need to take the form of adjusting the statutes that guide those programs, such as legislation amending the laws that guide the SNAP, SSI, or WIC programs.

PURSUING WAIVERS AND OTHER ADMINISTRATIVE SOLUTIONS

While legislation offers a sustainable route to protecting certain crucial benefits, passage depends largely on the support that DCT programs have among lawmakers, without whom legislation cannot move forward. Moreover, drafting, introducing, and debating legislation may take more time than DCT program administrators have allotted for the duration of their DCT programs. Instead, DCT programs have pursued administrative solutions to prevent participants' benefit loss, primarily through program-specific waivers, official memoranda, or letters that exempt DCTs from being counted toward eligibility. One downside of pursuing administrative rather than legislative solutions, however, is that administrative actions can be reversed relatively quickly with changes in politically appointed agency leadership.

PERTINENT EXAMPLES

The treatment of DCTs within California's SNAP and TANF programs offer one example of how the successful pursuit of waivers resulted in a national policy change without legislation. Staff at the landmark Stockton Economic Empowerment Demonstration (SEED) initially worked with the agency managing California's SNAP and TANF programs to secure a waiver exempting DCTs as countable income or resources in these programs. The original waiver specified that California Department of Social Services' (CDSS) reviewed DCT programs could be exempt from CalWORKS (California's TANF), regardless of the source of the funds, but that at least 50% of the DCT payments must come from a private source in order to be excluded from SNAP. In an April 2022 memorandum, though, the state of California noted that it had received clarification from the U.S. Department of Agriculture Food and Nutrition Service (USDA FNS) that DCT payments were exempt from SNAP determinations as long as payments were at least partially covered by nongovernmental (that is, private) funds (Yang, 2022). Shortly thereafter, FNS circulated a clarification that any state—not just California—has the option of excluding DCTs from SNAP eligibility and amount determinations as long as (a) DCT payments are funded either solely through private funds or through a mix of public and private funds and (b) the state also excludes such payments from TANF or Medicaid determinations. This revision provides greater flexibility for DCT programs and more protection for DCT participants' SNAP benefits.

Recent SSA guidance may allow DCT pilots funded through COVID-19 relief funding like ARPA, the CARES Act, and the Consolidated Appropriations Act to exempt DCT payments from SSI income tests.

Administrative rulings at the federal level may also be a fruitful avenue to consider. For example, separate from cash and food assistance programs, the U.S. Department of Housing and Urban Development (U.S. HUD) is one agency that has expressed a willingness to waive consideration of DCTs as income when tied to a research program (San Francisco Office of Financial Empowerment, 2021), as they did for the Abundant Birth Project in San Francisco. In cases of waivers tied to research projects, DCT participants would likely need to agree to enroll in a research study in order for DCTs to be disregarded from various benefits.

Other examples of administrative rulings that can be used to support DCT programs include clarifications on temporary expansions to federal programs. For example, the Social Security Administration (SSA) issued guidance in 2022 that exempts payments distributed by the Chicago Resilient Communities Cash Assistance Pilot program from being counted as income and resources in SSI, due to these payments being classified as COVID-19 financial assistance (Social Security Administration, 2022g). SSA classified these payments as COVID-19 financial assistance because they were made possible through American Rescue Plan Act (ARPA) funding issued to states to address the ongoing pandemic. DCT pilots funded through COVID-19 relief funding like ARPA, the CARES Act, and the Consolidated Appropriations Act should seek to exempt payments from SSI consideration under this guidance.

The success of any efforts to similarly exempt DCT income from SNAP, WIC, NSLP, SBP, SSI, or other programs operating through federal rules based on similar criteria—for example, to exempt youth-serving DCTs as long as programs have a research component—likely depends largely on the constraints of the laws covering these programs, the willingness of government officials to support DCT programs, and political headwinds. Recent actions, such as the clarification described above from USDA FNS, suggest that the Biden administration may be willing to consider such efforts, possibly without legislation.

PARTNERING WITH PUBLIC BENEFIT AGENCIES AND DEVELOPING AGENCY MEMORANDA OR AWARD LETTER TEXT

DCT programs have benefited from requesting clarifications and discussions with program administrators on ambiguous program rules through either internal conversations or via agency memoranda. For example, community-based organizations (CBOs) enlisted by THRIVE East of the River, a District of Columbia pilot DCT program, consulted with the DC Department of Human Services to understand and confirm how COVID-era changes helped protect participants' benefits even when DCT payments increased participants' income and resources above normal eligibility thresholds. (Shortly after COVID hit the U.S., recertifications for SNAP, TANF, SSI, and Medicaid were temporarily suspended.)

Close contact and transparency with agencies that operate public benefits can be helpful not only for confirming program rules, but also to build trust and support for DCT programs.

Where program rules or waivers are ambiguous or not widely known, award letters and agency memoranda can provide added legitimacy for recipients or their representatives in communicating the purpose of their DCT program and how DCT payments are counted (San Francisco Office of Financial Empowerment, 2021). Award letters can include information about any available waivers in the state, cite relevant legislation or agency memoranda if applicable, and provide contact information for DCT program staff or appropriate government agency staff for questions or concerns.

Federal officials have also informed the authors that agencies are more likely to respond to requests for clarifications on program rules when they are requested by multiple stakeholders across different states. Indeed, the aforementioned clarification of SNAP rules by USDA FNS was made in response to requests for clarification from multiple state agencies and nonprofit organizations. Other coordinated efforts by DCT stakeholders and state or local government agencies submitting such requests could lead to further official administrative clarifications that benefit DCT program participants.

Close contact and transparency with agencies that operate public benefits can be helpful not only for confirming program rules, but also to build trust and support for DCT programs among public benefit administrators, potentially increasing internal support for removing administrative barriers (such as by enacting waivers). Transparency and attempts at clarification will likely reduce risk to DCT participants even when local or state governments or administrators may not be supportive of or sympathetic to DCT programs. Alternatively, not informing administrators of DCT payments, when the law is ambiguous about whether such payments are countable, could result in severe penalties for DCT participants if administrators later determine that DCT payments are countable and have been unreported.

In deciding which of the above options to pursue in amending or clarifying rules for protecting DCT participants' benefits, DCT program staff should consider a number of factors, among which are (1) whether the benefits of interest are federal-, state-, or county-administered programs, (2) whether staff have connections to relevant agencies and can request meetings with them to discuss avenues for protecting DCT benefits, (3) how much time it may take to pursue legislation, waivers, or agency memoranda in relation to the allotted amount of time for the implementation of the DCT program, and (4) whether political will exists to change or clarify rules regarding cash transfers. DCT programs could choose to pursue options that prioritize protection of one benefit over others, as many have done with SNAP, or pursue multiple avenues to protect multiple benefits if capacity allows.

MAXIMIZING CURRENT CATEGORICAL ELIGIBILITY RULES AND TEMPORARY PROGRAMMATIC EXPANSIONS

As mentioned above, DCT programs have also made strategic use of categorical eligibility rules to shield at least some public benefits. For example, the authors understand that at least one site in the Mayors for Guaranteed Basic Income consortium is conducting preliminary research to determine the extent to which categorical eligibility can protect the benefits of their DCT program's target population. Similarly, as mentioned above, the DC THRIVE East of the River project made strategic use of temporary programmatic expansions to SNAP and Medicaid in order to protect DCT recipient benefits. Understanding and applying these program rules in creative ways can be used to ensure that DCT recipients will not lose their benefits.

PROVIDING BENEFITS COUNSELING

Empowerment and choice are central principles in the implementation and purpose of unconditional DCT programs. With this principle in mind, DCT programs such as the New York City Trust Youth Initiative—which supports young adults experiencing homelessness—have provided one-on-one benefits counseling to allow participants to make informed decisions on whether to participate in DCT programs and how to receive their DCTs. Culturally competent benefits counseling allows social workers or other highly trained individuals familiar with local, state, and federal public benefits to provide potential DCT participants with information about how DCTs may impact their benefit amount or eligibility. Offering such information supports informed decision making on whether to participate in DCT pilots. The DC THRIVE project adopted a multipronged version of this approach by both enlisting trusted CBOs to help participants understand and mitigate the risk of losing public benefits as a DCT recipient, while also retaining pro bono attorneys available to potential participants to discuss their individual circumstances prior to deciding whether to enroll in the program (Bogle et al., 2022). (See Box 2 for more details on issues that could be covered in benefits counseling.)

BOX 2: KEY QUESTIONS TO COVER IN BENEFITS COUNSELING

- **How will receipt of DCTs through this intervention affect the benefits I currently receive?** By understanding the considerations presented in this paper and others in this compendium, benefit counselors can help potential DCT participants understand the protections they have for certain benefits and risks that DCT participation may have for others. Informing DCT recipients of these risks before DCT participants decide to receive DCTs is important for obtaining informed consent. For example, benefit counselors could inform parenting or pregnant DCT participants on Medicaid and WIC that their WIC benefits would not be affected by participating in a DCT program because they are WIC-eligible based on their receipt of Medicaid, not based on their income. In addition, since WIC receipt provides categorical eligibility for the Farmer's Market Nutrition Program, the latter would be protected for these young adults as well.
- **Is DCT participation right for me?** Despite the above strategies, it may not be possible to completely protect a potential DCT participant's benefits. Through discussions with benefits counselors about the impacts of DCT participation, potential participants may decide that losing a certain benefit temporarily might be worth the added income from participation in a DCT program. For example, a participant may decide that a loss or reduction in TANF or SSI due to an influx of unconditional cash from a DCT program is an acceptable tradeoff. As SSI receipt confers eligibility for a Medicaid pathway specific to SSI recipients, benefits counseling could also help prepare SSI recipients to transfer to another Medicaid pathway in anticipation of possibly losing SSI coverage. (See Section 6 for a discussion on how alternative payment options may further help retain SSI benefits.)
- **How can I apply for benefits, or reapply for benefits if I lose them?** Counselors can also walk DCT recipients through how to reapply for benefits if lost and how to take advantage of categorical eligibility rules, by perhaps choosing to apply to one program before another. They can also help DCT recipients apply for other benefit programs, regardless of whether they had previously enrolled in those programs.
- **How do I report DCT income?** Benefit counselors can also inform participants how to properly report their DCT payments, because misreporting income could lead not only to returning benefit payments back to administering agencies, but also to a suspension of future benefits.
- **How can I arrange my DCT payments to best protect my current benefits?** As indicated in Table 3, different benefit programs have different rules on whether recurring gift income, lump-sum gift income, and sporadic income are counted toward eligibility. Benefits counseling can empower participants to better understand how frequency of payments could affect their individual benefits.
- **When should I receive DCT payments to best protect my current benefits?** The timing of any income may also impact benefit amounts. If incorporating this choice within the design of DCT programs, benefits counseling can also help DCT recipients determine what pacing of DCT receipt will best protect their benefits. For example, receiving a DCT payment shortly after certification or shortly before could help an individual retain eligibility for certain benefit programs, depending on how benefits may be affected and how often changes in income must be reported. Additionally, across all programs, the same source of income (unearned or earned) cannot count as income and resources in the same month. For example, in SSI, a $1,000 cash gift may be counted as income in May and as a resource/asset if there is any left over in June (SI 01110.600 First-of-the-Month (FOM) Rule for Making Resource Determinations, 1995). Benefits counselors can help DCT recipients time DCT payments to occur in the same month they are spent, reducing the risk that payments could push assets above a program's asset limits.
- **If I do not plan on spending my DCT income immediately, what resources are available to help me protect my increased savings from affecting benefits in programs that have asset tests?** Benefit counselors can also educate DCT recipients on the availability of savings accounts or other accounts that are exempt from SSI, TANF, or SNAP asset tests, and can also point recipients to other tax-advantaged financial assets. ABLE accounts, discussed in more detail in Section 6, are one of several savings accounts that provide such protection and also provide income tax advantages. Individual Development Accounts (IDAs; Administration for Children and Families, Office of Children, Office of Community Services, n.d.), contributions to 529 Education Savings accounts, Individual Retirement Accounts (IRAs), accounts set up by individuals to pay for future educational expenses, and accounts set up to save money toward the purchase of a house may also be exempt, depending on the state and program (Dehry et al., 2022). While these types of restricted accounts may not be appropriate for all DCT participants, they can offer helpful options in a toolbox of supports helping to protect benefits.

ADMINISTERING A HOLD HARMLESS FUND

Another strategy for protecting benefits is establishing a "hold harmless fund." Hold harmless funds compensate participants for the benefits they may lose as a result of receiving a DCT. One precedent for the use of such funds arises from the implementation of Alaska's permanent fund dividend (PFD), an annual direct cash benefit to Alaskan residents funded through Alaska's mineral resources revenue (State of Alaska Department of Revenue, n.d.). Alaska uses a hold harmless fund to cover the loss of SNAP or SSI benefits due to PFD receipt. Alaska's long-standing PFD program served as the model for SEED's hold harmless fund, implemented to cover the potential loss of federal housing subsidies as a result of DCT receipt (Baker et al., 2020).

Some members of the DCT community consider hold harmless funds to be a "last resort," for when efforts to protect benefits through administrative rulings, policy clarifications, or legislation are unsuccessful. Limitations include the following:

- Monetizing the value of benefit loss can be difficult when considering the nonmonetary aspects of some cash and food assistance programs. The impact of losing Medicaid upon loss of SSI benefits, for example, can depend on an individual's health needs and health care utilization, and any comprehensive compensation for the loss of WIC would need to include not only the estimated value of family food packages, but also additional services available through WIC programs, including, in some areas, lead screening for children and breastfeeding support (Frost, 1993; U.S. Department of Agriculture, Food and Nutrition Service, 2013).

- To truly protect against benefit losses from DCT receipt, hold harmless funds would not only need to cover losses by individuals currently receiving benefits, but would also need to account for the potential loss of benefits among people who are not currently enrolled in benefit programs but are eligible for them. Otherwise, programs could inequitably favor recipients of public benefit programs compared to potential applicants. Ensuring equity in fund distribution and accounting for this adds to the complexity it would take to fully budget funds needed to protect DCT recipients comprehensively.

- If higher-than-expected hold harmless fund payouts result in a shortage of funds available for DCT recipients, some DCT recipients may not be fully compensated for losses they experience.

For these reasons, the authors consider the inclusion of hold harmless funds in DCT programs as a promising program design element, albeit one that should be considered with these challenges in mind.

SECTION 6. ADDITIONAL RECOMMENDATIONS

The strategies covered in Section 5 that are currently being used by DCT programs have been crucial for protecting much of the cash and food assistance program participants receive. To further protect the benefits among the target population of youth at risk of homelessness enrolled in DCT programs, we suggest that: (1) programs consider alternative payment options for DCT participants receiving SSI and (2) efforts to scale up DCT programs consider refundable tax credits as another alternative payment method, as a long-term goal separate from pilot or demonstration projects.

PROVIDING ALTERNATIVE PAYMENT OPTIONS FOR DCT PARTICIPANTS RECEIVING SSI

With the exception of SSI cash assistance, DCT programs that provide DCTs using private funds or a mix of private and public funds to support DCT disbursements can protect eligibility for TANF, SNAP, WIC, and child nutrition programs. Eligibility can be protected even without implementing potentially costly measures such as hold harmless funds, via the following approaches described earlier, which we summarize here:

- DCT programs have obtained waivers or other favorable administrative rulings to exempt DCTs from being counted in determining applicant or recipient TANF eligibility and benefit receipt;
- DCT programs have been successful in exempting DCTs from being counted in determining applicant or recipient SNAP eligibility when the gift amounts offered through DCT programs are at least partially privately funded (Yang, 2022);
- clarifications from federal, state, and county agencies have revealed there may be further flexibility for exempting DCTs from SNAP determinations when a DCT is provided in a lump sum;
- receipt of SNAP benefits or CEP participation by schools or school districts confers eligibility for free school lunch or breakfast; and
- among DCT recipients who receive MAGI Medicaid coverage prior to receiving DCT payments, the receipt of DCTs classified as gifts will not impact Medicaid coverage (due to MAGI rules) and will therefore enable recipients to remain on or receive WIC without interruption, as Medicaid receipt confers WIC eligibility.

In contrast, there are no similar administrative pathways to protecting SSI cash assistance when the DCT is funded through any amount of private or federal funds. This is especially problematic for DCT programs seeking to include people with disabilities, because not only does SSI offer crucial financial support for many members of this population, but SSI also confers Medicaid eligibility. Individuals who lose SSI in states that have expanded Medicaid will likely be able to receive Medicaid through the MAGI Medicaid pathway. However, DCT recipients who live in Medicaid nonexpansion states may be unable to remain enrolled in Medicaid if DCT receipt pushes them above SSI's income and asset limits (Kaiser Family Foundation, 2022). All SSI recipients have disabling medical conditions, so alternative healthcare coverage with high premiums, deductibles, copays, or coinsurance rates can lead to costs that could far outweigh the value of any DCT. It is possible that SSI recipients may be able to enroll in alternative routes to qualifying for Medicaid (such as Medicaid While Working programs and Medically Needy pathways) to help reduce these expenses, and federal cost-sharing subsidies can also help reduce out-of-pocket costs. But previous research indicates that SSI recipients commonly do not want to lose the Medicaid coverage that SSI offers, and these alternative pathways, too, have income limits (Burke et al., 2021).

As a result of these potential negative impacts, DCT programs have reported difficulty identifying ways to protect SSI benefits within DCT programs and, in at least one case, have considered simply excluding individuals receiving SSI from receiving DCTs.[5] However, excluding current or potential SSI recipients would be especially problematic for DCT programs targeting young adults at risk of or experiencing homelessness, especially because of the high prevalence of disability and mental health conditions among homeless populations and former foster youth (Ayano, et al., 2019; Ayano et al., 2020;

[5] Privileged communication with Authors.

Cheatham et al., 2020). In order for DCT programs to be equitable, it is critical to include SSI recipients, rather than excluding them from receiving the benefits that DCT programs can offer. It is also important for DCT programs to encourage young adults at risk of homelessness who also have disabling medical conditions to apply for SSI, rather than inadvertently making them ineligible for SSI due to DCT receipt. Including young people with disabilities in DCT programs is also important to ensuring racial equity in these programs, as evidenced by the disproportionate overrepresentation of Black, Hispanic, and AIAN individuals among SSI recipients (Giefer, 2021; Smith-Kaprosey et al., 2012).

For DCT programs to be equitable, it is critical to include Supplemental Security Income recipients, rather than excluding them from receiving the benefits that DCT programs can offer.

To help achieve equitable access to DCT programs, the authors suggest that DCT recipients be provided additional DCT payment options. Specifically, SSI recipients may prefer to receive direct cash transfers as contributions into Achieving a Better Life Experience (ABLE) accounts, described in Box 3, as an alternative payment option rather than risk losing SSI benefits because of receiving DCTs as gift income (Internal Revenue Service, 2021a). There are very few limitations constraining how funds in ABLE accounts can be spent as long as they help support ABLE account holders. Benefits counselors could empower DCT participants by informing them about ABLE accounts and leaving the final choice of payment receipt up to the recipients themselves. Additionally, benefits counselors could also help DCT participants receiving SSI set up a Plan to Achieve Self-Support (PASS), described in Box 4. Both earned income and unearned income—which includes gift income—that is directed toward expenses that support career goals as outlined in PASSes also do not count toward income and asset limits for determining SSI eligibility and other benefit programs.

ABLE accounts are also universally available throughout the U.S. Although state governments decide whether to establish ABLE accounts, some states' ABLE accounts allow nonresidents to establish accounts, so even residents of the four states that do not have state-sanctioned ABLE accounts (Idaho, North Dakota, South Dakota, and Wisconsin) can establish ABLE accounts in other states (ABLE National Resource Center, n.d.-a). Benefits counselors could also help DCT participants on SSI choose the right ABLE account for their needs (such as an ABLE checking account or an ABLE account with a long-term investment option; ABLE National Resource Center, n.d.-b) or connect them with other specialists who can provide additional support.

In short, ABLE accounts or PASSes offer the means for DCT programs to support people with disabilities in a positive and equitable way. We feel that they offer two promising ways for young SSI recipients to be allowed the choice to participate in a DCT program in a way that does not threaten lifesaving healthcare coverage, allows them the opportunity to save money for a rainy day, and allows them to be full participants in society in a manner consistent with those who do not have disabling conditions.

BOX 3: ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACCOUNTS

Established by federal law in 2014, tax-favored ABLE accounts allow people who have disabilities that have manifested prior to age 26 to save money to maintain "health, independence, and quality of life" (ABLE Act of 2014, 2014). Any ABLE account balance under $100,000 is not counted as an asset in SSI, and ABLE accounts are also excluded from asset tests in SNAP (Silbermann, 2016) and most other federal and state benefit programs. Both contributions to ABLE accounts (including from third parties) and withdrawals from ABLE accounts are not counted as income in SSI, SNAP, TANF, WIC, NSLP, SBP, Medicaid, and federal housing programs. This means that if DCT programs provide DCT funds to SSI recipients as contributions to ABLE accounts instead of as gift income, eligibility for all the cash and food assistance programs discussed in this paper can be protected. As long as withdrawals (referred to as "distributions") from ABLE accounts are used within a month after withdrawal, there is no effect on SSI eligibility, and the distributions are not taxable (Internal Revenue Service, 2021b; Social Security Administration, 2022h). Funds in ABLE accounts can be used for "Qualified Disability Expenses (QDEs)," which include basic living expenses, transportation, healthcare, employment training, and other common expenses (Guidance under Section 529a: Qualified ABLE programs, 26 CFR 1, 25, 26, 301, 602, 2020). The federal government has purposefully left the definition of what counts as a QDE ambiguous, to avoid restricting ABLE account holders from using these funds on expenses that support their livelihood and economic advancement (Guidance under Section 529a: Qualified ABLE programs, 85 Fed. Reg. 74010, 2020).

Some constraints on ABLE accounts mean that benefits counseling will likely be necessary to ensure that DCT participants understand how to use them effectively. However, these constraints are minimal and can allow for DCT programs to contribute sizeable DCT amounts to participants with no other outside source of income except their own wages. The current maximum total contribution to ABLE accounts—including contributions by friends, family, and other third parties—is $16,000 annually; the maximum changes periodically with inflation (ABLE National Resource Center, n.d.-c). In addition to that $16,000, ABLE account holders can currently also contribute their own earnings—up to 100% of the FPL for a one-person household—into these accounts (Internal Revenue Service, 2018), due to a temporary expansion that applies through at least 2025 (ABLE National Resource Center, 2022). While only the first $100,000 in an ABLE account is disregarded in SSI, individuals whose excess ABLE account balance exceeds SSI asset limits retain Medicaid eligibility as long as the value of other assets remain below the SSI resource limit (ABLE Act of 2014, 2014; Social Security Administration, 2022i).

BOX 4: PLAN TO ACHIEVE SELF-SUPPORT (PASS)

SSI recipients who are working or are planning on entering the workforce might also benefit from dedicating DCT funds toward expenses identified in a current or new Plan to Achieve Self-Support (PASS). Income used on expenditures identified and approved by SSA administrators through PASS applications do not count as income for determining SSI benefits, and any purchases made through this pathway are not included as assets. Income set aside in this manner through a PASS is used to pay for goods and services needed to reach a work goal, such as education, training, child care, or purchasing work-related equipment. While a broad range of expenditures can be covered by PASS participation, all expenditures must be approved prior to purchase through an application for a PASS submitted to SSA (Social Security Administration, 2022j).The availability of PASS may offer DCT programs a way to protect SSI benefits for SSI recipients or applicants who are already working or planning to enter the workforce, and who already have income or access to funds that may, in combination with DCTs, exceed the maximum annual ABLE contribution amount (currently $16,000 plus up to $13,590 in contributions by the ABLE account holder). The ABLE National Resource Center suggests that it may benefit SSI recipients or applicants to use PASSes to pay these types of anticipated work-related expenses, while using ABLE accounts to purchase other items (ABLE National Resource Center, 2018). Benefit counselors can help SSI recipients work with SSA administrators to ensure that DCTs are dedicated to expenses identified in PASSes in order to exempt DCTs from income counted toward SSI eligibility and benefit receipt.

CONSIDERING GIFT INCOME OR OTHER POTENTIAL PAYMENT OPTIONS AS SHORT-TERM SOLUTIONS FOR DCT DISBURSEMENTS, WHILE ADVOCATING FOR REFUNDABLE TAX CREDITS AS A LONG-TERM GOAL

None of the above payment options provide both complete protection against benefit loss and complete freedom for how to spend DCTs for all members of the larger population of young adults at risk of homelessness. They do, however, provide possibilities for short-term, small-scale solutions based on the needs and preferences of DCT program participants. The strategies mentioned here for program design, coupled with advocacy efforts to pass legislation designed to protect public benefits among DCT recipients, can be effective for small-scale pilot and demonstration projects, but implementing DCTs at a systemic level will require more expansive changes. As an alternative, targeted refundable tax credits at the local, state, or federal level offer a form of direct cash transfers that could protect public benefit receipt across all of the public benefit programs of interest in this paper, as well as most, if not all, public benefits analyzed throughout this toolkit.

Implementing DCT programs as demonstration projects, pilot projects, or research projects has been both necessary and successful, as these interventions have shown that DCT programs can be both helpful and viable approaches to supporting young adults at risk of homelessness. But even successful legislation that excludes DCT gift income from eligibility determinations among DCT recipients can be limited in scope. For example, Illinois does not allow for exemptions for DCTs from programs funded by general revenue funds, and both the New York and Illinois bills do not allow DCT income to be exempt when DCTs do not include a research component. If a long-term goal is to provide unconditional direct cash transfers to a much larger portion of young adults at risk of homelessness, a DCT in the form of a refundable tax credit would provide the most comprehensive protection against benefit loss.

Refundable tax credits not only allow individuals to reduce their income tax to zero, but also provide tax filers with cash assistance—or tax "refunds"—for the remaining amount of a tax credit above the amount needed to reduce income taxes to zero. The expanded child tax credit included in the American Rescue Plan Act in 2021, offered monthly, allows people to receive such a credit in advance of filing taxes, and provides a template for how such a credit could be constructed and targeted to specific populations. Distributing child tax credits in this way offers evidence that refundable tax credits are a "gold standard" in providing unrestricted cash assistance to targeted groups. Pushing for legislation to provide young adults at risk of or experiencing homelessness a refundable tax credit, potentially distributed monthly, at the federal, state, or city level (especially in cities that already operate income taxes), could have far-reaching positive effects on this target population.

In order for a refundable tax credit model to be successful, supportive programs like Volunteer Income Tax Assistance (VITA) programs will play critical roles in ensuring that targeted populations know how to file taxes and claim tax credits. This kind of support can also include guidance on how eligible individuals should list their addresses, an especially important consideration for young adults experiencing homelessness. Successful efforts to support uptake of a new tax credit would also involve outreach about the availability of the credit, trust-building to encourage eligible individuals to file for the credit, and support for opening bank accounts that will enable access to the credit among eligible filers.

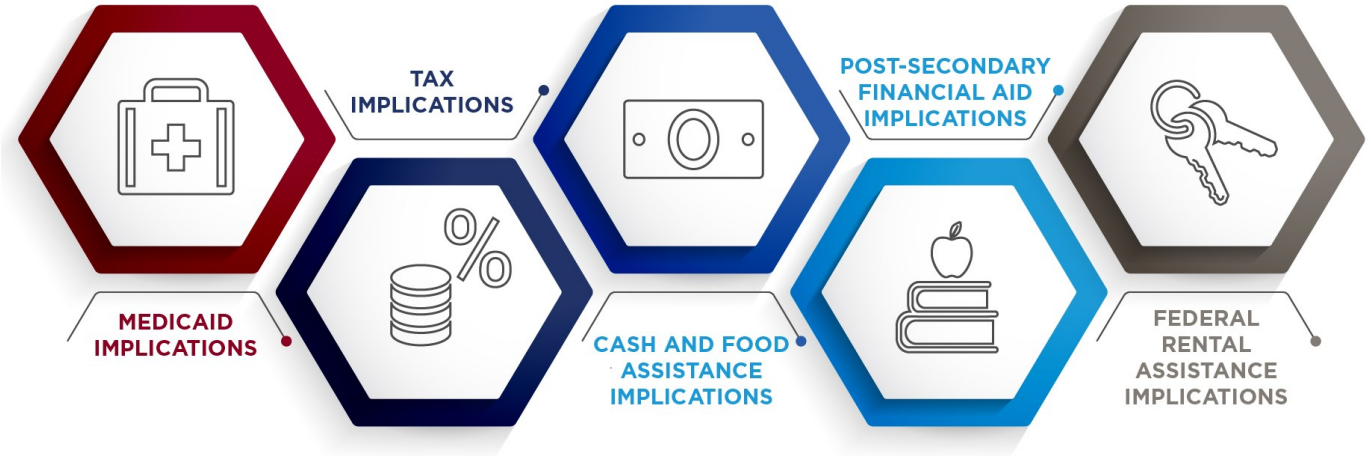
CONCLUSION

Young adults at risk of or experiencing homelessness face numerous and often overwhelming additional challenges relative to the general population. Restrictive rules within the programs designed to support them in times of need can unfortunately add to these challenges or limit the availability of external supports such as DCTs. The analysis and recommendations in this paper are intended to support efforts to work within the programmatic structures of cash and food assistance programs, rather than as criticisms of the very existence of these programs. We hope the guidance offered here proves helpful for organizations or agencies seeking to implement DCT projects for young adults at risk of homelessness, and for researchers, advocates, or public benefit administrators seeking to better understand how DCT program participation can impact the receipt of cash assistance and food assistance.

This white paper is being written in an era of dynamic and near-constant policy change, in which eligibility and benefit rules governing cash and food assistance programs have shifted at such a pace that any policy analysis may be outdated shortly after it is written. This dynamic policy environment contains risks but also offers fruitful opportunities for experimentation. DCT programs focused on young adults at risk of homelessness, along with other similar programs such as Guaranteed Income (GI) pilots targeting other populations, represent the evolution of a policy approach decades in the making. These programs have also benefited from this shifting policy environment. As described above, the success of some DCT or GI pilots over the past several years may partially be attributable to the expansion of eligibility rules for important benefit programs of interest.

The recommendations in this paper are made with the assumption that COVID-era expansions are temporary. While we hope the COVID crisis continues to recede, we also hope that the lessons of policy experimentations in the past few years are not dismissed out of hand. The efforts to improve policy at a national, state, and local level to address populations in great need of services should continue. Young adults at risk of homelessness—especially those with disabilities or severe medical conditions—are among members of the U.S. populations in greatest need for the types of innovative policy change that DCT programs aspire to. We hope that DCT programs will expand from demonstration projects to larger-scale policy changes, supported by the guidance offered here.

The toolkit is comprised of multiple well-researched, vetted, and user-friendly resources that cross the spectrum of taxes and public benefits to provide clear policy analyses and recommendations for state and local jurisdictions to implement and evaluate DCT projects for youth and young adults that maximize their positive outcomes and minimize risks to participants.



APPENDIX

ACRONYMS AND ABBREVIATIONS

ABLE	Achieving a Better Life Experience
AIAN	American Indian/Alaska Native
ARPA	American Rescue Plan Act
CBO	Community Based Organization or Organizations (CBOs)
CCDF	Child Care Development Fund
CEP	Community Eligibility Provision
DACA	Deferred Action for Childhood Arrivals
DCT	Direct Cash Transfer, used interchangeably in this paper with GI
EBT	Electronic Benefit Transfer
FFCRA	Families First Coronavirus Response Act
FNS	Food and Nutrition Service
FPL	Federal poverty line
FY	Fiscal year
GA	General Assistance
GI	Guaranteed Income
HCVP	Housing Choice Voucher Program
HUD	U.S. Department of Housing and Urban Development
LGBTQ+	Lesbian, Gay, Bisexual, Trans, Queer, Plus
MAGI	Modified Adjusted Gross Income
NSBP	National School Breakfast Program, also known as SBP
NSLP	National School Lunch Program
PASS	Plan to Achieve Self Support
PFD	Permanent Fund Dividend
QDE	Qualified Disability Expense
SBP	School Breakfast Program, same as NSBP
SEED	Stockton Economic Empowerment Demonstration
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
SSO	Seamless Summer Option
TANF	Temporary Assistance to Needy Families
USDA	United States Department of Agriculture
VITA	Volunteer Income Tax Assistance
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children

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