Feeding America Analysis of the 2023 Debt Limit Deal (Fiscal Responsibility Act of 2023)

Summary Released June 1, 2023

On May 29, the Fiscal Responsibility Act of 2023 was introduced in the U.S. House of Representatives. The bill is the result of a series of negotiations between the White House and House Speaker Kevin McCarthy. It includes a provision to temporarily suspend the nation's debt limit, providing a path to avoid a catastrophic debt default that would cause severe harm to people experiencing food insecurity and poverty. But the bill also includes provisions that would harm people with low incomes and limit access to social safety net programs for some adults.

This summary breaks down the elements of the bill most relevant to people experiencing food insecurity and the Feeding America network.

More Information

- Fiscal Responsibility Act of 2023 Bill Text
- Congressional Research Service Summary of the Fiscal Responsibility Act of 2023
- Congressional Budget Office Estimates of the Budgetary Effects of the Fiscal Responsibility Act of 2023

Debt Limit and Budget

- The bill suspends the debt limit through January 2, 2025. This will allow the federal government to borrow the money needed to meet its obligations.
- Current fiscal year (FY 2023) spending would not change.
- The bill would limit federal appropriations levels over the next two fiscal years (FY 2024 and FY 2025), cutting growth in nondefense discretionary spending. This could result in pressure to cut discretionary spending on nutrition programs, including TEFAP storage and distribution, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the Commodity Supplemental Food Program (CSFP).

Supplemental Nutrition Assistance Program (SNAP)

Time Limits and Categorical Exemptions

Currently, SNAP participants ages 16-59 who can work must meet general work-reporting requirements to access SNAP benefits. There is an additional time limit placed on certain SNAP participants ages 18-49 who do not live with dependent children. (Adults in this population are often referred to as able-bodied adults without dependents, or ABAWDs.) If these participants do not document compliance with additional work-reporting requirements, they can only receive benefits for three months in a three-year period. This bill makes changes related to this SNAP time limit.

- The bill proposes cutting benefits from hundreds of thousands of individuals by expanding the additional time limit to older adults ages 50-54. The bill would expand the time limit in FY 2024 to include people ages 50-52, and in FY 2025 to include people up to age 54.
- The bill proposes categorical exemptions from the time limit for individuals experiencing homelessness, veterans, and people ages 18-24 who recently aged out of foster care.
- These changes to time limits and categorical exemptions would apply starting 90 days after the enactment of the bill and would sunset on Oct. 1, 2030.
- The expanded time limit will lead to hundreds of thousands of individuals being cut from the program. The Congressional Budget Office (CBO) estimates the expanded time limit will decrease federal spending by about $6.5 billion from 2023 to 2033. The new categorical exemptions from the time limit are estimated to improve access to SNAP and increase federal spending by about $6.8 billion over 10 years. Implementing these changes simultaneously would increase direct spending for SNAP by an additional $1.8 billion over 10 years (on top of the $0.3 billion difference). Combined, the CBO estimates these changes would result in approximately 78,000 additional people being able to gain or retain benefits in an average month and an increase in spending of $2.1 billion over 10 years.

State Time Limit Exemptions

Currently, each state agency that administers SNAP can provide time limit exemptions for up to 12% of individuals who have reached the three-month time limit for able-bodied adults ages 18-49 without dependents. The bill proposes permanent changes to these monthly discretionary exemptions.

- The bill reduces the number of exemptions from 12% to 8% of impacted individuals.

- The bill adds language that prevents state agencies from carrying over unused exemptions for more than one year, starting in FY 2024. States could lose accumulated exemptions under this new limitation if they do not use them.

SNAP's Purpose

- The bill includes language that would modify the purpose of SNAP to include a provision that the program "assist low-income adults in obtaining employment and increasing their earnings." This language change would expand the purpose of SNAP beyond the original intent of focusing on addressing hunger and malnutrition among households with low incomes.

Temporary Assistance to Needy Families (TANF)

For a detailed summary of TANF provisions, review "TANF Provisions in Debt Ceiling Agreement" from the Center on Budget and Policy Priorities.

Work Requirements

- Currently, states must show that a certain share of parents receiving assistance meet work requirements. The bill would make it harder for states to satisfy work participation rules by showing reductions in their caseloads because it would set the comparison year for caseload reduction to 2015 (it was formerly 2005). This would increase the work participation rate some states must meet, resulting in more families being subject to ineffective work-reporting requirements.
- The bill also includes language that would prevent people who receive less than $35 in monthly TANF cash assistance from being included in a state's accounting for meeting its work participation rate. This would make it harder for states to meet requirements and could result in states restricting access to assistance.

Work Outcomes Pilot Project

- The bill proposes a helpful TANF pilot project focused on improving outcomes for families. Through this pilot project, up to five states will be selected to test a new approach to TANF services and support. These pilots could help demonstrate how to measure states' effectiveness in improving the outcomes of the families who turn to TANF for assistance, rather than focusing only on compliance with rigid work-reporting requirements that do not address families' needs or help them achieve their long-term family and employment goals. These projects would run for five fiscal years, with an additional year to establish performance benchmarks.

Other Provisions

Rescissions

The bill will rescind some of the unobligated COVID response funds provided by six laws enacted from 2020 to 2022. The bill will also rescind certain funds provided to the Internal Revenue Service (IRS) and related agencies. It is unclear at this time whether there will be an impact on TEFAP Reach and Resiliency grants, first-round Local Food Purchase Assistance Cooperative Agreement Program (LFPA) grants, or other USDA programs funded through COVID response funds.

Administrative Action

The bill also limits the ability of federal agencies to take administrative action that would increase spending. The bill states that agencies will not be able to take administrative actions that would increase the budget deficit by over $100 million in any year, unless the actions are legally required, needed for delivery of essential services, or needed for effective program delivery.

Student Loan Repayment

The bill terminates the current and ongoing suspension of student loan payments. The pause on student loan repayments will end 60 days after June 30, 2023 (late August). Additionally, the pause on student loan interest accrual and collections on defaulted loans will end. The bill prohibits the secretary of education from using any existing authority to extend the suspension of student loan repayments unless expressly authorized by Congress. The administration has already signaled its intent to resume student loan repayments on Sept. 1, 2023.