MYTHS vs. REALITY: Asset Tests for Food Stamps

MYTH

Asset tests will lead to malnutrition.

REALITY

Checking assets protects limited resources for the truly needy and is unlikely to negatively impact nutrition for those no longer eligible.

According to research sponsored by the U.S. Department of Agriculture, food stamps have "little to no impact" on nutritional intake, although some evidence exists that those on food stamps have "significantly higher intakes of added sugar and added fat." As a result, the researchers concluded that there was "little evidence" that receiving food stamps had a positive impact on "overall dietary quality." More than two decades worth of research led the U.S. Government Accountability Office to conclude that the evidence was little to no evidence showing that food stamps "alleviates hunger and malnutrition." The individuals who will no longer qualify for welfare under this policy are even less likely to face negative nutritional impacts, as their incomes are generally higher than other enrollees and they have assets on which to rely.

Asset tests reduce access to free and reduced-price meals at school.

REALITY

Checking assets will have little to no impact on access to school meals.

According to the most recent data available from the U.S. Department of Agriculture, more than 99.9 percent of children receiving free or reduced-price meals at school would continue to be eligible for those meals if states began checking assets in accordance with federal law. Children may receive free or reduced-price meals even if their families are not eligible for food stamps, as long as their income is below 185 percent of the federal poverty level. This threshold is significantly higher than the standard eligibility threshold for food stamps.

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MYTH Asset tests discourage the poor from saving money.

REALITY

Checking assets has little impact on families' decisions to save.

Researchers have found that allowing people with more resources to receive welfare had "at best a negligible economic impact" on saving. Subsequent studies have confirmed that welfare asset limits "have relatively minor effects" on household savings and that allowing individuals with more assets to receive welfare may actually reduce savings by poor families.

MYTH Checking assets will increase administrative costs.

REALITY

There is no credible evidence to support this claim.

States that have implemented asset tests have not experienced rising administrative costs as a result. Additional verification costs are typically offset by lower caseloads. According to the U.S. Department of Agriculture, states that do not check assets have administrative costs between 30 and 35 percent higher per-person than states that do. Michigan, for example, began checking assets again in fiscal year 2012. Between 2008 and 2011, Michigan's administrative costs averaged $83 per person. But between 2012 and 2015, those administrative costs dropped to an average of $79 per person – below the national average.

MYTH Asset tests will increase payment error rates.

REALITY

States that have implemented asset tests have not experienced rising error rates as a result.

Between 2009 and 2011, when Michigan was not checking assets, the state's payment error rate averaged 4.1 percent, above the national average. But between 2012 and 2014, with asset tests in place, Michigan's payment error rate dropped to an average of just 3.1 percent – below the national average. According to the Government Accountability Office, fewer than 4 percent of all eligibility or benefit errors are related to assets. In fact, caseworkers report that not verifying assets could actually increase payment error rates. According to data from the U.S. Department of Agriculture, states that do not check assets had an average payment error rate of 4.2 percent in 2014. But the error rate in states that check assets is only half that – 2.1 percent on average.