

FGA Asset Tests



What are asset tests?

Federal law requires that states check countable assets for individuals applying for food stamps.^{1,2} This policy is designed to ensure that limited resources are preserved for the truly vulnerable. In recent years, several states have used eligibility loopholes in order to waive these asset tests.³ This loophole allows individuals with significant financial assets—even millionaires—to receive food stamps.⁴



What is the asset limit?

Under federal food stamp rules, a household can have \$2,250 in countable resources or \$3,250 if at least one household member is age 60 or older or is disabled.⁵ States also have the ability to set a slightly higher threshold.⁶



What assets are checked and what assets are exempt?

Countable assets generally include cash, bank deposits, stocks, bonds, and other liquid assets owned by the applicant. Most other types of assets are exempt, including the value of a home and the surrounding property, household and personal goods, life insurance, pension funds or retirement accounts, education savings accounts, and assets of enrollees receiving cash assistance or supplemental security income. All states exempt at least one vehicle from the asset limit, while 33 states exempt all vehicles.^{7,8}



Have states ever checked assets?

Most states stopped checking assets relatively recently. In 2000, approximately 47 states were enforcing asset limits for those on food stamps. But as of 2015, 36 states have used a waiver to eliminate the asset test and 4 states used waivers to raise the asset limit.⁹



Do other welfare programs have asset limits?

Most states enforce asset limits for low-income families receiving cash assistance through TANF and elderly or disabled individuals receiving long-term care through Medicaid.^{10,11} These limits are frequently even stricter than the federal standard for food stamps.¹²



How many people would be impacted if states checked assets in accordance with federal law?

Nationally, as many as 4 million individuals are receiving food stamps despite having assets higher than allowed under federal law. According to the U.S. Department of Agriculture, more than half of households that pass the income test but fail the asset test have more than \$20,000 in countable assets.¹³ More than 20 percent of these households have more than \$100,000 in countable assets, including tens of thousands of households with nearly \$1 million in assets or more.¹⁴ Michigan and Maine recently began checking assets after identifying several high-profile cases of millionaire lottery winners still collecting food stamps.¹⁵⁻¹⁷



Who will be impacted if states check assets?

Most of the individuals impacted by asset testing are non-disabled, working-age adults.¹⁸ More than 68 percent of these impacted households have no dependent children. Nearly 90 percent of these households are headed by individuals with at least a high school diploma or G.E.D., with two-thirds headed by individuals with college educations.¹⁹ Those impacted are also much more likely to have higher incomes.²⁰



Will checking assets save taxpayer money?

If all states checked assets in accordance with federal law, taxpayers would save approximately \$7 billion per year. While these savings would largely accrue to the federal government, states may experience spillover effects in other, state-funded welfare programs (primarily Medicaid). Additionally, states are likely to experience an increase in income tax collections as enrollees replace lost food stamps with additional income. States and municipalities that collect sales tax on food items would also see a modest increase in sales tax revenue, as former enrollees would begin to pay sales tax on grocery purchases that were previously untaxed.

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2. 7 C.F.R. § 273.9 (2018), <https://www.gpo.gov/fdsys/pkg/CFR-2018-title7-vol4/pdf/CFR-2018-title7-vol4-sec273-9.pdf>.
3. Jonathan Ingram, "Memo to FNS regarding executive order reducing poverty in America by promoting opportunity and economic mobility," Foundation for Government Accountability (2018), <https://thefga.org/research/memo-to-fns-regarding-executive-order-reducing-poverty-in-america-by-promoting-opportunity-and-economic-mobility/>.
4. Jonathan Ingram & Nic Horton, Setting the Record Straight on Food Stamp Loopholes and School Lunches," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/06/School-Lunches-and-Food-Stamps-FINAL.pdf>.
5. Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP) Resources: Rules on Resource Limits," U.S. Department of Agriculture (2017), <https://www.fns.usda.gov/snap/resources-rules-resource-limits>.
6. Ibid.
7. "States' Vehicle Asset Policies in the Food Stamp Program," Center for Budget and Policy Priorities (2008), <https://www.cbpp.org/research/states-vehicle-asset-policies-in-the-food-stamp-program>.
8. Food and Nutrition Service, "Broad-Based Categorical Eligibility Chart," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/snap/BBCE.pdf>.
9. Ibid.
10. "Do Limits on Family Assets Affect Participation in Costs of TANF?" Pew Trusts (2016), <https://www.pewtrusts.org/en-research-and-analysis/issue-briefs/2016/07/do-limits-on-family-assets-affect-participation-in-costs-of-tanf>.
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12. "Lifting Asset Limits in Public Benefit Programs," Corporation for Enterprise Development (2012), <https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/tool-CFED-asset-limits.pdf>.
13. Karen Cunningham and James Ohls, "Simulated effects of changes to state and federal asset eligibility policies for the Food Stamp Program," U.S. Department of Agriculture (2008), <https://naldc.nal.usda.gov/download/26691/PDF>.
14. Ibid.
15. Melissa Anders, "Gov. Rick Snyder signs laws restricting food stamps for Michigan lottery winners," Michigan Live (2012), https://www.mlive.com/politics/index.ssf/2012/04/gov_rick_snyder_signs_laws_res.html.
16. "Maine Welfare Lottery Winners from 2010 – 2014," Maine Department of Health and Human Services (2015), <https://assets.documentcloud.org/documents/2646238/Maine-Welfare-Lottery-Winners-2010-2014.pdf>.
17. "Calendar Year 2012 Report Lottery Winners and Welfare Programs," Michigan Department of Human Services (2013), https://www.michigan.gov/documents/dhs/Lottery_Report_2012_417514_7.pdf.
18. Food and Nutrition Service, "Asset Limits, SNAP Participation, and Financial Stability," U.S. Department of Agriculture & The Urban Institute (2016), <https://fns-prod.azureedge.net/sites/default/files/ops/SNAPAssets.pdf>.
19. Author's calculations based on characteristics of individuals with assets exceeding federal limits.
20. Food and Nutrition Service, "Asset Limits, SNAP Participation, and Financial Stability," U.S. Department of Agriculture & The Urban Institute (2016), <https://fns-prod.azureedge.net/sites/default/files/ops/SNAPAssets.pdf>.