

Best Practices for Eliminating the Asset Test in SNAP Through Broad-Based Categorical Eligibility

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SCOPE | State

PROGRAM | Supplemental Nutrition Assistance Program (SNAP)

PRACTICE | States can choose “categorical eligibility” (Cat EI) rules to raise or eliminate the federal asset test in the Supplemental Nutrition Assistance Program (SNAP). States may pursue broad-based Cat EI through state SNAP agency or state legislative action.

WHY | Eliminating the SNAP asset test:

- ✓ removes participation barriers that prevent households with modest savings that are struggling with hunger from accessing SNAP;
- ✓ helps the newly jobless more readily apply for SNAP benefits during a critical time of need;
- ✓ eases the verification demands and case-processing burdens for state agencies and households alike; and
- ✓ brings greater federal funding into states and local communities at little or no cost to state governments.

BACKGROUND | The federal asset test can deter eligible households from applying, increase red tape for both clients and caseworkers, and ultimately prevent deserving people from receiving SNAP. The asset test amount has remained basically unchanged for 30 years. Under regular federal rules, SNAP households may have only \$2,250 in countable assets, or \$3,250 for households with elderly persons or persons with disabilities. Low-income SNAP applicants tend not to have any meaningful assets, but for the relatively few who have assets above this very low, outdated threshold, removing the asset test is an important strategy to help these low-income families access vital nutritional support.

Asset limits in public benefit programs can also restrict a family’s economic mobility. When policies promote asset building, families are able to plan for the future by saving for a down payment, a security deposit, a financial emergency, or post-secondary education.

Fortunately, long-standing SNAP rules allow the state to increase the asset limit or to eliminate the asset test entirely for families who receive a cash or noncash, means-tested benefit. Households that are authorized to receive services or benefits funded mostly with federal Temporary Assistance for Needy Families (TANF) program funds, or with state TANF maintenance-of-effort (MOE) funds, can be deemed “categorically eligible” for SNAP, and therefore have their applications processed without regard to their assets.

SPOTLIGHT | As of January 2016, 34 states, the District of Columbia, Guam, and the U.S. Virgin Islands have completely eliminated the asset test for almost all households (a few types of households are not eligible for Cat EI treatment under federal rules). Five other states (Idaho, Maine, Michigan, Nebraska, and Texas) have asset tests, but set them higher than the federal test. Eleven states — Alaska, Arkansas, Indiana, Kansas, Louisiana, Missouri, South Dakota, Tennessee, Utah, Virginia, and Wyoming — still have the federal asset test.

KEY STEPS | Whether to pursue an administrative or legislative route to Cat EI depends on state law, circumstances, and stakeholder receptivity. In some Cat EI states, such as Illinois, New Jersey, and Pennsylvania, the state agency opted to apply the Cat EI policy; in others, such as Colorado, Minnesota, Nebraska, and the District of Columbia, the legislature enacted the policy. For example, Cat EI legislation, championed by leaders of the Legislature’s Economic Opportunity/Poverty Reduction Task Force, and by the nonprofit group, Hunger Free Colorado, was enacted in 2010 in Colorado.

Whether you decide to pursue a state’s adoption of Cat EI through legislation, agency action, or both, you will need to help identify what type of “TANF-funded benefit” will confer eligibility. Many types of “TANF-funded benefits” can trigger Cat EI, including child care assistance, employment and training, counseling services, a referral pamphlet, web-based information, and a toll-free number offering information on TANF-funded services to eligible households.

TIPS | To implement the broad-based Cat EI option, state agencies must:

- identify the triggering TANF-funded service;
- reprogram SNAP computers;
- eliminate asset questions on SNAP application forms and revise the relevant sections of agency manuals; and
- train caseworkers on the new policies.

Effective Cat EI advocacy campaigns include pointing out that eliminating the asset test:

- promotes SNAP participation among low-income households, especially seniors and those made newly eligible as a result of an economic downturn;
- helps combat hunger in the state;
- shortens application forms;
- reduces verification;
- eliminates a sometimes complicated asset determination, which, if done incorrectly, could result in significant errors that expose the state to potential federal financial penalties;
- reduces state administrative costs; and
- leverages additional federal benefit dollars that boost the local economy — each dollar in federal SNAP benefits generates an estimated \$1.79 in economic activity.

CHALLENGE | State legislators and SNAP agencies have many pressing issues, thus making it difficult to get them to prioritize and fully implement eliminating the asset test.

LESSONS | Some circumstances may make it more likely for a state to apply Cat EI rules and to do so for its overall population. In 2010, the Western Center on Law and Poverty teamed up with AARP California to encourage the California state agency to extend elimination of the asset test beyond households with children.

To help assure legislators and state agency staff that eliminating the asset test is sound policy, it is important to share the finding that once state leaders adopted Cat EI, states wanted to retain it. *A 2007 U.S. Government Accountability Office (GAO) report*¹ found that “many states believed eliminating noncash categorical eligibility would decrease Food Stamp Program participation, as well as increase the administrative workload and costs related to the Food Stamp Program.”

Once Cat EI has been adopted, advocates should ensure that the state is taking steps to communicate the policy to potential applicants and community partners. In a 2015 report, *The Supplemental Nutrition Assistance Program Asset Limit: Reports of Its Death May Be Exaggerated*,² the authors noted that the majority of states are not updating their website text or online prescreening tools for SNAP eligibility to reflect the elimination of the asset test. Refer to the report for information on how your state fares.

MORE RESOURCES

*Categorical Eligibility Federal Regulation: 7 CFR § 273.2(j)(2)*³

Find out Information in Your State on Cat EI:

- The U.S. Department of Agriculture, Food and Nutrition Service (USDA-FNS) has an *informational chart*⁴ about which states have adopted broad-based Cat EI;
- USDA-FNS *State Options Report*⁵ has information on which states have adopted broad-based Cat EI (Note: this is usually updated annually, but in some cases there is a

longer period between updates); and

- Each state's SNAP policy manual should contain information on Cat EI and whether broad-based Cat EI has been adopted. The Center on Budget and Policy Priorities [reviews state government SNAP websites and shares SNAP state policy manual links](#).⁶

Legislative Route:

- Sample Cat EI state law: [Colorado 26-2-305.5 Categorical eligibility – repeal](#)⁷ of asset test.

(2) (a) No later than October 1, 2010, the state department shall create a program or policy that, in compliance with federal law, establishes broad-based categorical eligibility for federal food assistance benefits pursuant to the Supplemental Nutrition Assistance Program.

(b) At a minimum, the program or policy shall, to the extent authorized pursuant to federal law, eliminate the asset test for eligibility for federal food assistance benefits.

State Agency Administrative Route:

- [Pennsylvania, Department of Human Services Operations Memorandum #15-04-03, Subject: Eliminating the Resources Test for Categorically Eligible Supplemental Nutrition Assistance Program \(SNAP\) Households](#)⁸

Resources to Make Your Case:

- FRAC's [SNAP webpage](#)
- [D.C. Hunger Solutions testimony](#) on why the D.C. Council should adopt Cat EI

For technical assistance, contact:

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For more on ending hunger, read FRAC's [A Plan of Action to End Hunger in America](#).

ENDNOTES

¹U.S. Government Accountability Office. (2007). *Food Stamp Program: FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility*. Available at: <http://www.gao.gov/assets/260/258222.pdf>. Accessed on March 5, 2016.

²Heflin, C. M. (2015). *The Supplemental Nutrition Assistance Program Asset Limit: Reports of Its Death May Be Exaggerated*. Available at: https://economics.missouri.edu/working-papers/2015/wp1506_mueser.pdf. Accessed on March 5, 2016.

³United States Government. (2015). *7 CFR 273.2(j)(2) – Office operations and application processing*. Available at: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title7-vol4/pdf/CFR-2015-title7-vol4-sec273-2.pdf>. Accessed on March 5, 2016.

⁴U.S. Department of Agriculture, Food and Nutrition Service. (2016). *Broad-Based Categorical Eligibility*. Available at: <http://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf>. Accessed on March 5, 2016.

⁵U.S. Department of Agriculture, Food and Nutrition Service. (2013). *State Options Report*. Available at: http://www.fns.usda.gov/sites/default/files/snap/11-State_Options.pdf. Accessed on March 5, 2016.

⁶Center on Budget and Policy Priorities. (2015). *SNAP Online: A Review of State Government SNAP Websites*. Available at: <http://www.cbpp.org/research/snap-online-a-review-of-state-government-snap-websites>. Accessed on March 5, 2016.

⁷Colorado General Assembly. (2013). *Colorado Revised Statutes, 26-2-305.5 Categorical eligibility – repeal*. Available at: http://tornado.state.co.us/gov_dir/leg_dir/olls/sl2010a/sl_414.htm. Accessed on March 5, 2016.

⁸Pennsylvania Department of Human Services. (2015). *Operations Memorandum #15-04-03, Eliminating the Resources Test for Categorically Eligible Supplemental Nutrition Assistance Program (SNAP) Households*. Available at: http://services.dpw.state.pa.us/oimpolicymanuals/snap/OPS_150403.pdf. Accessed on March 5, 2016.