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HB 1533 by Farrar

Directs HHSC to disregard the value of any liquid assets and vehicles when determining eligibility for SNAP.

## CPPP Position: Support

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The Supplemental Nutrition Assistance Program (SNAP), formerly known as the food stamp program, is the largest program for preventing hunger in Texas. It is designed to help individuals and families afford food when they go through a period of financial hardship. SNAP benefits are 100 percent federally funded and administered at the state level by the Texas Health and Human Services Commission (HHSC). In 2016, 3.8 million Texans received SNAP, 81 percent of whom were in families with children. Most adult recipients under the age of 49 are required to work or participate in employment training through the SNAP Employment & Training (SNAP E&T) program to be eligible for benefits.

Several components determine eligibility for SNAP, including income, resources, and employment. In 2001, Texas instituted the current asset limit, which is not tied to inflation, to determine eligibility for SNAP. In effect, the asset limit negatively impacts two main groups:

- 1) **It keeps kinship households from accessing the financial help SNAP could provide** when they open their homes to grandchildren, nieces and nephews and other young relatives who would otherwise fall into state custody. Seventy percent of 250,000 children in Texas living in a kinship family are with their grandparents. These grandparents often live on fixed incomes and meet the income guidelines for SNAP, but have existing savings and vehicles that disqualify them under the current asset test.
- 2) **It stops families on SNAP from saving, trapping them in poverty and on government assistance.** For families to gain financial security and self-sufficiency, they must have reliable transportation to work and they must accumulate savings as a cushion against emergencies. Yet in order to get the help they need temporarily to feed their families when incomes are tight, **current policy forces individuals to spend down their savings** or sell their car or truck to qualify for SNAP. In addition the asset test prevents Texans from accessing SNAP E&T services when searching for work. Current rules keep families, especially two parent households, from working and saving their way to financial security.

Federal law gives states flexibility in setting income and asset eligibility criteria for SNAP to better meet the circumstances faced by low-income workers: **34 states have used that flexibility to completely remove the SNAP asset test as it disincentivizes saving and makes maintaining access to employment more difficult.** Additionally, asset tests are more likely to prevent households with an elderly member from qualifying for SNAP. Older individuals tend to have a decline in income following retirement but have an accumulation of assets built up throughout their working lives. Because Texas' asset limit is so low, households in Texas with older members are often penalized by strict SNAP eligibility rules.

### **Current Texas SNAP Eligibility Policy**

Beyond having a gross income below 165 percent of the federal poverty limit (FPL), a net income below 100 percent FPL after taxes and standard deductions, and meeting immigration and work requirements, Texas households must meet asset limits in order to qualify for SNAP:

- Total household assets cannot exceed \$5,000, including liquid assets and excess vehicle value. Liquid assets include cash on hand, money in checking or savings accounts, savings certificates, and stocks or bonds.
- The fair market value of one vehicle up to \$15,000 is excluded, but any value above that level is counted towards the \$5,000 total asset limit.
- \$4,650 of the fair market value of a second vehicle is excluded, but any value above that level is counted towards the \$5,000 asset limit.

### **A Case Study with a Kinship Family**

The Wright family – 2 grandparents, 3 grandchildren

Savings of \$1,500

Family receives \$2,800 a month in retirement benefits

At \$2,800 a month for a family of 5, the Wrights are **INCOME ELIGIBLE** for SNAP

***BUT***

Granddad's car is worth \$12,000; \$3,000 below the \$15,000 first vehicle limit

Grandma's car is worth \$9,000; \$4,350 above the \$4,650 second vehicle limit

With \$4,350 in excess car value, and \$1,500 in savings, the Wrights are **RESOURCE INELIGIBLE**

**HB 1533** directs HHSC to disregard the value of any liquid assets and vehicles of the applicant or recipient, or a member of his or her household, upon initial determination or recertification of eligibility for SNAP. **No significant fiscal implication to the State is anticipated**, as SNAP is fully-funded by federal dollars. Passage of HB 1533 would:

- Make it easier for kinship families to qualify for SNAP assistance;
- Encourage, rather than discourage, savings and asset building among low-income families;
- Allow unemployed workers to access SNAP's Employment & Training services;
- Make the enrollment and eligibility process easier for potential applicants to understand.

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