

SNAP Resource Limits Undermine Family Self-Sufficiency

SNAP Background

SNAP, formerly known as the Food Stamp Program, is designed to help individuals and families afford food when they go through a period of financial hardship. SNAP benefits are 100% federally funded but administered at the state level. Less than two-thirds of households eligible for SNAP in Texas currently participate. Participation is lower among eligible working families. States have substantial flexibility and choice in their delivery of the program, including options regarding resource limits, which can streamline program administration and improve participation rates significantly.

Current Texas SNAP Eligibility Policy

Income Limit

- Households must have gross income below 165% of the federal poverty limit (FPL) and net income below 100% FPL after taxes and standard deductions.

Resource Limit

- Total household resources cannot exceed \$5,000, including liquid resources and excess vehicle value.
- Liquid resources 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 resource 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 resource limit.
- Fair market value calculation does not take into account the amount of equity that the household has in the vehicle, but the actual value of the car.

Recipients must also meet federal immigration and work requirements in order to qualify.

Impact of the Current Policy on Texas Households

Texas was designed for drivers. Over 90% of Texas workers drive to work each day and the average commute time is 25 minutes. Reliable vehicles are a necessity in Texas, yet the current SNAP eligibility policy often disqualifies families who have more reliable transportation, especially two parent households.

Currently state eligibility staff spend a significant amount of time and energy determining the value of a household's resources despite the fact that the majority of families applying for SNAP benefits fall far below the existing resource limit. However, even those families that do have some savings or who own two vehicles are likely to have high levels of debt. Yet in order to get the help they need temporarily to feed their families when incomes are tight, the current policy forces individuals to spend down their savings or sell their vehicle to qualify for SNAP. **The current resource limit works to undermine a family's longterm ability to maintain employment and regain self-sufficiency.**

In 2001, Texas raised the SNAP resource limit from \$2,000 to \$5,000 and the value limit for the first vehicle from \$4,650 to \$15,000. The state recognized that the rise of inflation and average vehicle values, the federal limits were no longer applicable. Now, over a decade later, it is time to adjust the policy again. Inflation has eroded the value of the current limits and shows the need to remove the state imposed

caps. For example, \$15,000 in 2001 is the equivalent of nearly \$20,000 today. Similarly, the \$5,000 liquid resource limit set in 2001 is equal to almost \$6,600 today. To truly encourage upward mobility and increase the administrative efficiency of the application process, Texas should eliminate resource testing as a factor in SNAP eligibility determination.

Policy Recommendation

Eliminating or raising the resource limits for SNAP is beneficial for a variety of reasons:

- Encourages, rather than discourages, savings and resource building among low-income families.
- Makes the enrollment and eligibility process easier for potential applicants to understand.
- Reduces administrative workload for enrollment staff at HHSC.

A Case Study

The Wright family – 2 adults, 3 children

Dad earns \$12/hour and works 38 hours a week = \$1,961/month

Mom earns \$10/hour and works 20 hours a week = \$860/month

At \$2,821 a month for a family of 5, the Wrights are **INCOME ELIGIBLE** for SNAP

BUT

Dad's truck is worth \$13,000 –\$2,000 below the \$15,000 first vehicle limit

Mom's car is worth \$10,000 - \$5,350 above the \$4,650 second vehicle limit

With \$5,350 in excess value in their cars, the Wrights are **RESOURCE INELIGIBLE** for SNAP

HB 3845 Would Eliminate the Resource Test

USDA gives states the option of eliminating the resource limit for SNAP eligibility determinations. Currently, thirty-six states do not take a household's liquid resources into account when determining eligibility. Thirty-seven states exclude the value of all vehicles a household owns. Twelve other states exclude the entire value of at least one vehicle. Eliminating the resource test means avoiding situations in which a household with a modest amount of savings or two reliable vehicles is ineligible to receive SNAP, regardless of how low their income may be. Specifically, HB 3845 directs HHSC to disregard the value of all liquid resources and vehicles when determining eligibility and recertification for the Supplemental Nutrition Assistance Program.

SNAP Vehicle Asset Policy by State

