

Report to the 89th Assembly

State of Arkansas

Act 535

A Study on the Current Resource Limits for the Supplemental Nutrition Assistance Program and the Temporary Assistance for Needy Families Program

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Introduction

The purpose of this study is “to determine the effectiveness, consistency, and efficiency of program administration; to understand the potential implications of changing the current resource or asset limits; and for other purposes” in accordance with Act 535. The programs to be studied are the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) and Transitional Employment Assistance (TEA).

SNAP provides a nutrition safety net for low income children, families and adults. Over \$734.6 million in benefits were provided to 693,564 people during State Fiscal Year (SFY) 2012.¹

TEA is Arkansas’s program funded by the Transitional Assistance for Needy Families (TANF) block grant and maintenance of effort (MOE) funds. This program provides time-limited cash assistance each month to low-income families with dependent children. Approximately 31,504 people were provided this service during State Fiscal Year 2012.

Characteristics of Arkansas’s SNAP Households²

In Federal Fiscal Year (FFY) 2011, the average SNAP household had gross countable income totaling \$722 each month³ and a net countable income of \$420 each month. The average SNAP household had \$363 in countable expenses each month and received a monthly SNAP benefit of \$282. The average household is comprised of 2.3 people and the average certification period is 14.2 months.⁴

Approximately one-third of Arkansas’s SNAP caseload reports earned income (or income from working) at an average value of \$1,052 each month. Approximately 1 in 5 Arkansas SNAP households have no gross countable income (21.3%). Another 1 in 5 have gross countable income within 1% to 50% of the poverty guideline (21.1%). Almost half of all Arkansas SNAP households live at or above 50% of the poverty guideline (46.1%). Only 11.5% live above the poverty guideline.⁵ The maximum FPL for SNAP is 130%.

¹ Arkansas Department of Human Services, 2012 Statistical Report:

<http://humanservices.arkansas.gov/Pages/StatisticalReports.aspx>

² All data provided in this section was derived from U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2011*, by Mark Strayer, Esa Eslami, and Joshua Leftin. Project Officer, Jenny Genser. Alexandria, VA: 2012.

<http://www.fns.usda.gov/sites/default/files/2011Characteristics.pdf>

³ Totalling an average of \$8,664 annual gross income.

⁴ Most SNAP households in Arkansas are certified to receive SNAP benefits for a period of 12 months. Households that meet certain criteria may be certified for up to 36 months. This may be the reason why the average certification is in excess of the standard 12 month certification. All households are required to update their case on a regular basis despite their certification length.

⁵ Households that do not have a member over the age of 60 or living with a disability must first pass a Gross Income Test set at 130% of the Federal Poverty Limit (FPL). To pass the Gross Income Test, households must have income below 130% *before* any allowable deductions are subtracted. Households that have a member over the age of 60 or

More than half of the SNAP households in Arkansas include at least one child (52.2%). Households that include at least one member age 60 or higher comprise 13.1% of Arkansas's caseload. More than one quarter of all SNAP households in Arkansas include at least one member that is under the age of 60 and living with a disability (25.8%).

In Arkansas, 2.1% of households report receiving TEA (TANF) income. Nearly one quarter (24.4%) receive Supplemental Security Income (SSI) at an average value of \$537 each month. Roughly the same portion (24.6%) receives Social Security Income (SSA) at an average value of \$697 each month. Approximately 5,000 households had income low-enough and deductions high-enough to warrant expedited (or emergency) SNAP benefits.

What are Considered Resources?

The SNAP policy manual for Arkansas summarizes resources as follows:

For the purpose of determining eligibility for the Supplemental Nutrition Assistance Program, resources are defined as assets available to the household such as money in bank accounts, certificates of deposit, stocks, bonds, land, or houses that the household could sell. Vehicles are also considered to be resources, unless excluded for specific reasons allowable by policy.

Some assets are totally excluded from consideration as resources. Other assets are considered inaccessible if the household can demonstrate that the asset is not available and will not likely become available.

Households may not transfer resources to become eligible or remain eligible for SNAP benefits.⁶

Resources are reviewed at a household's initial application and recertification for SNAP. If a household exceeds the resource limit, its initial application will be denied or its existing case will be closed at recertification.

Federal regulations allow certain resources to be excluded, or not considered, when determining SNAP eligibility. Excluded resources include the following:

- The household's home and lot. SNAP §4410
- Household and personal goods. SNAP §4420
- Life Insurance policies and pension funds. SNAP §4420
- Certain vehicles. SNAP §4840
- Property essential for the maintenance or use of certain excluded vehicles. SNAP §4430
- Income producing property. SNAP §4440
- Payments that are excluded as a resource by law. SNAP §4450
- Resources owned by a SSI recipient in a mixed household. SNAP §4300
- Resources owned by the members of a categorically eligible household. SNAP §4300

living with a disability must only meet a Net Income Test. To meet the Net Income Test, households need to have income, *after* allowable deductions, at or below 100% of the FPL.

⁶ Arkansas Department of Human Services, Online SNAP Policy Manual, SNAP §4100, <https://dhsshare.arkansas.gov/DHSPolicy/DCOPublishedPolicy/SNAP4000.pdf>.

- Earmarked resources. SNAP §4460
- Indian lands and certain payments to Indians. SNAP §4460
- Burial lots, limited to one per household member. SNAP §4460
- Prepaid burial plans to the extent that the funds in such a plan are inaccessible. SNAP §4602
- Inaccessible resources. SNAP §4500
- Educational Income. SNAP §§4450 & 4460⁷

What is the Resource Limit?

As explained in the SNAP policy manual:

A household's eligibility will be denied or terminated when the value of the household's countable resources (both liquid and non-liquid assets) exceed the following:

- \$3,250 for all households with an age 60 or Older or a individual with disabilities (see Glossary definition of age 60 or Older/Individuals with Disabilities Households) member regardless of household size;

OR

- \$2,000 for all other households.

A household where at least one member receives a TEA benefit as specified in SNAP 1920 is categorically eligible and the Supplemental Nutrition Assistance Program's resource limits will not apply to that household.

If no household member receives TEA benefits, the household is classified as categorically eligible only if all household members receive SSI benefits. If not all household members receive SSI benefits, the entire household is not categorically eligible. However, the individual household members who receive SSI benefits are categorically eligible. This means that any resources solely owned by an SSI recipient are not to be counted when the household's total resources are determined, but all resources owned by the other household members are to be counted. If the resources owned by household members who do not receive SSI exceed the resource limit, the entire household (including the SSI recipient) is ineligible to participate in the Supplemental Nutrition Assistance Program. Co-owned resources will not automatically be excluded under this policy. Instead, the resource will be handled in the same manner as any other jointly owned resource. See SNAP §4910 and SNAP §4601 for instructions.⁸

The resource limits for households do not increase or decrease based on household size. For example, a household of one able-bodied person under the age of 60 can only have up to \$2,000 total in non-excluded resources. A household of four able-bodied people who are under the age of 60 can also only have up to \$2,000 total in non-excluded resources.

Program Options to Change Current Resource Limits

⁷ Arkansas Department of Human Services, Online SNAP Policy Manual, SNAP §4400, <https://dhsshare.arkansas.gov/DHSPolicy/DCOPublishedPolicy/SNAP4000.pdf>.

⁸ Arkansas Department of Human Services, Online SNAP Policy Manual, SNAP §4300, <https://dhsshare.arkansas.gov/DHSPolicy/DCOPublishedPolicy/SNAP4000.pdf>.

Federal SNAP law provides two basic pathways for financial eligibility to the program: (1) meeting program-specific federal eligibility requirements; or (2) being automatically or “categorically” eligible for SNAP based on being eligible for or receiving benefits from other specified low-income assistance programs. Categorical eligibility eliminated the requirement that households who already met financial eligibility rules in one specified low-income program go through another financial eligibility determination in SNAP.

In its traditional form, categorical eligibility conveys SNAP eligibility based on household receipt of cash assistance from Supplemental Security Income (SSI), the Temporary Assistance for Needy Families (TANF) block grant, or state-run General Assistance (GA) programs. However, since the 1996 welfare reform law, states have been able to expand categorical eligibility beyond its traditional bounds. That law created TANF to replace the Aid to Families with Dependent Children (AFDC) program, which was a traditional cash assistance program.

TANF is a broad purpose block grant that finances a wide range of social and human services. TANF gives states flexibility in meeting its goals, resulting in a wide variation of benefits and services offered among the states. SNAP allows states to convey categorical eligibility based on receipt of a TANF “benefit,” not just TANF cash welfare. This provides states with the ability to convey categorical eligibility based on a wide range of benefits and services. TANF benefits other than cash assistance typically are available to a broader range of households and at higher levels of income than are TANF cash assistance benefits.

As of July 2013, 43 jurisdictions have implemented what the U.S. Department of Agriculture (USDA) has called “broad-based” categorical eligibility (BBCE). These jurisdictions generally make all households with incomes below a state-determined income threshold eligible for SNAP. States do this by providing households with a low-cost TANF-funded benefit or service such as a brochure or referral to an “800” number telephone hotline. There are varying income eligibility thresholds within states that convey “broad-based” categorical eligibility, though no state has a gross income limit above 200% of the federal poverty guidelines. In all but five of these jurisdictions, there is no asset test required for SNAP eligibility. Categorically eligible families bypass the regular SNAP asset limits. However, their net incomes (income after deductions for expenses) must still be low enough to qualify for a SNAP benefit. That is, it is possible to be categorically eligible for SNAP but have net income too high to actually receive a benefit. The exception to this is one- or two-person households that would still receive the minimum benefit.⁹

The final Farm Bill adopted by Congress did not remove BBCE. If this option was removed, these 43 states would need to revert to the original resource limits for SNAP in order to comply with federal regulations.

⁹The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility, December 31, 2013; Gene Falk and Randy Alison Aussenberg <http://www.fas.org/sgp/crs/misc/R42054.pdf>; <http://origin.www.fns.usda.gov/snap/rules/Memo/BBCE.pdf>

The Number of Applicants for SNAP and TANF That Were Denied Based on Resource or Asset Limits

As explained in the Introduction, households completing an initial application or recertification to receive SNAP or applying for the TEA program may be found ineligible if they exceed the resource limit for their household type.

Denied applications for each month were averaged into four quarters for the period April 2013 through March 2014. The applications were reviewed using the index of denial codes. All denials associated with resources were identified and counted for each period. A percentage of denials associated with resources were identified. From the matrix found below only an average of .23% of all TANF (TEA) denials and 2.53% of all snap denials of applications and recertifications were based on resource issues.

TEA Denial codes	April-Jun '13	July-Sept '13	Oct-Dec '13	Jan-Mar '14	4 Qt Average
- 003 Excess Resources	13	9	12	4	9.50
- 034 Failed to verify resources	0	6	3	1	2.50
Total Applications Denied	5,197	6,097	4,915	4,339	5,137
Percent of Denials due to Resources	0.25%	0.25%	0.31%	0.12%	0.23%

SNAP Denial codes: applications/re-certifications	April-Jun '13	July-Sept '13	Oct-Dec '13	Jan-Mar '14	4 Qt Average
- 010 Resources exceed max. (real property)	40	45	42	45	43.00
- 011 Resources exceed max (check/savings)	73	98	114	111	99.00
- 012 Resources exceed max. (vehicle)	10	9	12	5	9.00
- 013 Combination of resources	29	33	25	37	31.00
Total Applications Denied	6,303	7,985	7,391	7,095	7,194
Percent of Denials due to Resources	2.41%	2.32%	2.61%	2.79%	2.53%

The Cost Associated With Verifying Resource or Asset Limits, Including Staff Time and Department Resources

The current eligibility systems allow a caseworker to deny an application, or close a case, based on a specific code, to include excess resources. Costs are allocated based on the amount of time that a caseworker spends determining eligibility on a specific program, not the level of the actual eligibility factor that resulted in the closure or denial. It should also be noted that eligibility factors are processed sequentially, meaning that if someone is ineligible based on their income, the agency never makes an assessment of the household's resources. As a result, there is no way to identify the value of departmental resources spent on verifying resources.

The Cost Implications of Changing or Eliminating the Resource or Asset Limits

The cost to train staff is expected to be minimal. This policy change can be conveyed to staff through Computer Based Trainings and/or staff meetings. A change to an eligibility system is much more complicated and costly, especially since the Division is currently transitioning from a Legacy Based system (ANSWER) to a new Eligibility and Enrollment Framework still under development. There are no funds in the SNAP budget to pay to reprogram the logic/rules engine to remove the resource component. The division also has no funds to conduct an education campaign. If the resource test were eliminated, the Division would have to try to work with advocacy groups and non-profits to help educate potential clients.

A Review of the Practices, Policies, and Trends Regarding Resource and Asset Limits in Other States, Including How They Apply to the SNAP and TANF Programs

Year of Asset Test Removal or Increase		
	Year of Implementation¹⁰	Current Asset Limit (as of July 2013)¹¹
Alabama	2010	No limit on assets**
Alaska	-	-
Arizona	2007	No limit on assets
Arkansas	-	-
California	2009	No limit on assets
Colorado	-	No limit on assets**
Connecticut	2009	No limit on assets
Delaware	2000; changed in 2001	No limit on assets
District of Columbia	2010	No limit on assets
Florida	2010	No limit on assets
Georgia	2008	No limit on assets**
Guam	2009	No limit on assets
Hawaii	-	No limit on assets
Idaho	2009	\$5,000
Illinois	2010	No limit on assets**

¹⁰ Mathematica Policy Research, Inc. "Non-Cash Categorical Eligibility For SNAP: State Policies and the Number and Characteristics of SNAP Households Categorically Eligible Through Those Policies Final Memo," July 2010. http://mathematica-mpr.com/publications/PDFs/nutrition/non-cash_snap.pdf

¹¹ USDA, Food and Nutrition Service. "Broad-Based Categorical Eligibility," July 2013. Currently unavailable online.

Indiana	-	-
Iowa	-	No limit on assets
Kansas	-	-
Kentucky	2010	No limit on assets**
Year of Asset Test Removal or Increase		
	Year of Implementation¹²	Current Asset Limit (as of July 2013)¹³
Louisiana	2010	No limit on assets
Maine	2000; changed in 2010	No limit on assets
Maryland	2001	No limit on assets
Massachusetts	2002; changed in 2008	No limit on assets**
Michigan	2001; October 2000; changed in 2002	\$5,000 (first vehicle is excluded; other vehicles with fair market value over \$15,000 are counted)
Minnesota	2007*	No limit on assets
Mississippi	2010	No limit on assets
Missouri	-	-
Montana	2009	No limit on assets
Nebraska	-	\$25,000 for liquid assets
Nevada	2009	No limit on assets
New Hampshire	2009	No limit on assets
New Jersey	2010	No limit on assets
New Mexico	2010	No limit on assets
New York	2008; changed in 2009	No limit on assets**
North Carolina	2010	No limit on assets
North Dakota	2001; changed in 2002	No limit on assets
Ohio	2009	No limit on assets**
Oklahoma	2009	No limit on assets
Oregon	2001	No limit on assets
Pennsylvania	2009	\$9,000 for elderly and disabled; \$5,500 for all other households**
Rhode Island	2009	No limit on assets**
South Carolina	2001; changed in 2009	No limit on assets**
South Dakota	-	-
Tennessee	-	-
Texas	2002*	Asset limit of \$5,000 (excludes 1 vehicle & includes excess vehicle value)

¹² Mathematica Policy Research, Inc. "Non-Cash Categorical Eligibility For SNAP: State Policies and the Number and Characteristics of SNAP Households Categorically Eligible Through Those Policies Final Memo," July 2010.

http://mathematica-mpr.com/publications/PDFs/nutrition/non-cash_snap.pdf

¹³ USDA, Food and Nutrition Service. "Broad-Based Categorical Eligibility," July 2013. Currently unavailable online.

Utah	-	-
Vermont	2009	No limit on assets
Virgin Islands	2009	No limit on assets**
Virginia	-	-
Year of Asset Test Removal or Increase		
	Year of Implementation¹⁴	Current Asset Limit (as of July 2013)¹⁵
Washington	2004; changed in 2009	No limit on assets
West Virginia	2009	No limit on assets**
Wisconsin	2004	No limit on assets
Wyoming	-	-

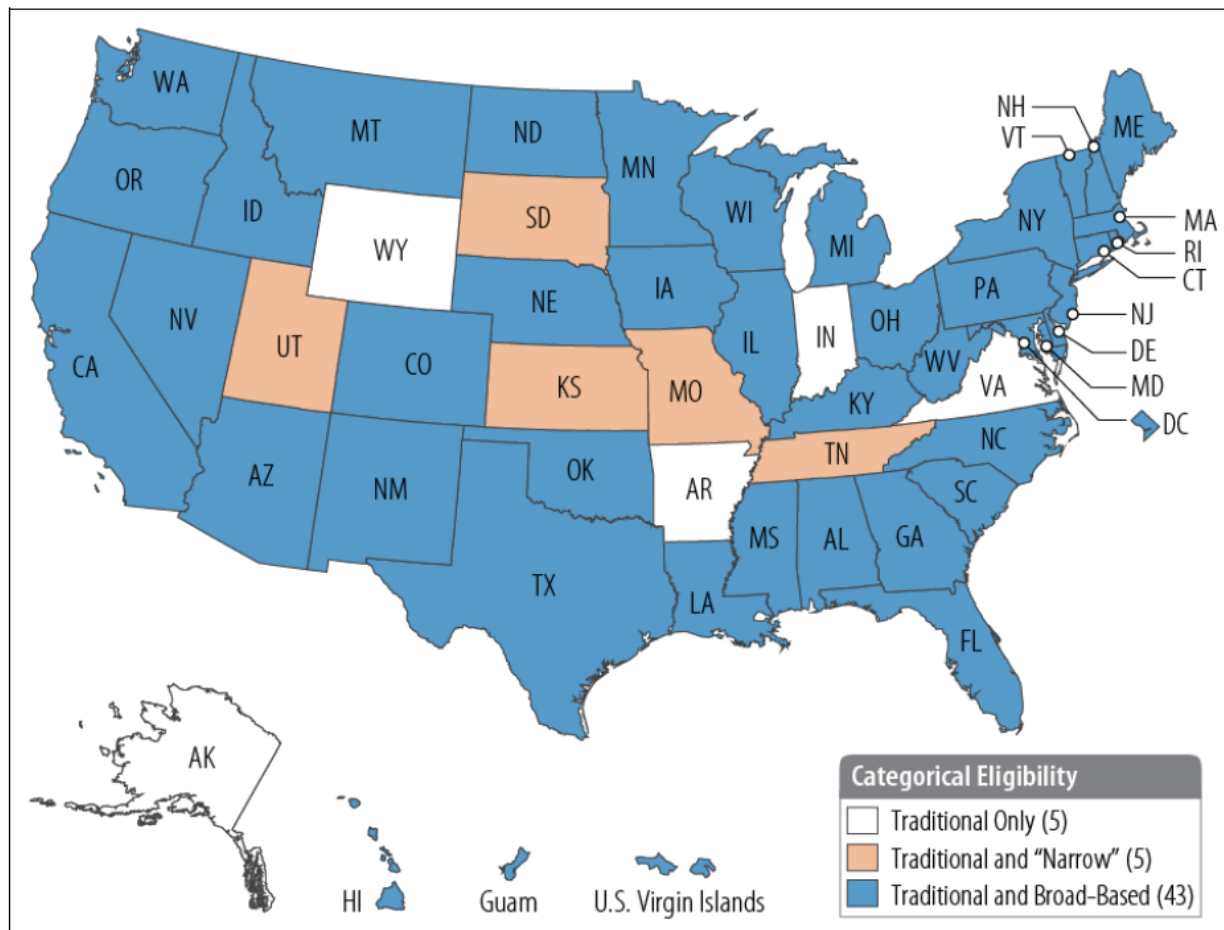
Notes:

*Minnesota's and Texas's initial implementation of categorical eligibility option did not include an adjustment or removal of the asset test. Minnesota's and Texas's current asset tests are listed on this same chart.

**In these states, households with seniors or people with disabilities and gross income under 200 percent of poverty do not face an asset limit. Those over 200 percent of poverty are not categorically eligible and do face a \$3,000 asset limit.

¹⁴ Mathematica Policy Research, Inc. "Non-Cash Categorical Eligibility For SNAP: State Policies and the Number and Characteristics of SNAP Households Categorically Eligible Through Those Policies Final Memo," July 2010. http://mathematica-mpr.com/publications/PDFs/nutrition/non-cash_snap.pdf

¹⁵ USDA, Food and Nutrition Service. "Broad-Based Categorical Eligibility," July 2013. Currently unavailable online.



Source: Congressional Research Service (CRS), based on data from the U.S. Department of Agriculture, October 2012.

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¹⁶ Congressional Research Service, *The Supplemental Nutrition Assistance Program: Categorical Eligibility*, by Gene Falk and Randy Alison Aussenberg. Washinton, D.C.: 2013. <http://www.fas.org/sgp/crs/misc/R42054.pdf>, p7

An Analysis of Other Public Benefits Programs That No Longer Have Resource or Asset Limits

Please see Appendix A for charts of public benefit programs available in Arkansas that do not include a resource limit as part of eligibility criteria.

Appendix A: Additional Information

Please see the charts below for public benefit programs available in Arkansas that do not include a resource limit as part of eligibility criteria. Income limits are only provided up to a household of six people and for amounts as of January 1, 2014. Additional income information is located at the source cited for each program.

	SNAP		TEA (TANF)		Medicaid – Health Care Independence		Medicaid – ARKidsA		Medicaid – ARKidsB	
Current Resource Limit	\$2,000 for regular households \$3,250 for A/D households (tied to inflation)		\$3000 for all family sizes		No Limit		No Limit		No Limit	
Income Limit	Household Size	Limit	Household Size	Limit	Household Size	Limit	Household Size	Limit	Household Size	Limit
	1	\$1,245	1	\$223	1	\$1,273.48	1	\$1,359.65	1	\$2,020.33
	2	\$1,681	2	\$223	2	\$1,719.03	2	\$1,835.35	2	\$2,727.18
	3	\$2,116	3	\$223	3	\$2,164.58	3	\$2,311.05	3	\$3,434.03
	4	\$2,552	4	\$223	4	\$2,610.13	4	\$2,786.75	4	\$4,140.88
	5	\$2,987	5	\$223	5	\$3,055.68	5	\$3,262.45	5	\$4,847.73
	6	\$3,423	6	\$223	6	\$3,501.23	6	\$3,738.15	6	\$5,554.58

Sources:

- SNAP - http://humanservices.arkansas.gov/dco/dco_docs/QuickReferenceSNAPeligibilityCharts.pdf
- TEA (TANF) - <https://dhsshare.arkansas.gov/DHSPolicy/DCOPublishedPolicy/TEA%20Quick%20Reference%20Guide.pdf>
- All Medicaid Categories – Limits to be publicly available on January 1, 2014 at <https://dhsshare.arkansas.gov/DHSPolicy/DCOPublishedPolicy/MSAppendixF.pdf>

	Medicaid – Arkansas Health Care Access		Medicaid – Full PW and Caretaker Relative		Medicaid – Transitional Medicaid		Medicaid – Limited Pregnant Woman / Unborn Child		Commodity Distribution Program / The Emergency Food Assistance Program	
Current Resource Limit	No Limit		No Limit		No Limit		No Limit		No Limit	
Income Limit	Household Size	Limit	Household Size	Limit	Household Size	Limit	Household Size	Limit	Household Size	Limit
	1	\$1,436.25	1	\$124	1	\$1,771.38	1	\$2,001.18	1	\$1,245
	2	\$1,938.75	2	\$220	2	\$2,391.13	2	\$2,701.33	2	\$1,681
	3	\$2,441.25	3	\$276	3	\$3,010.88	3	\$3,401.48	3	\$2,116
	4	\$2,943.75	4	\$334	4	\$3,630.63	4	\$4,101.63	4	\$2,552
	5	\$3,446.25	5	\$388	5	\$4,250.38	5	\$4,801.78	5	\$2,987
	6	\$3,948.75	6	\$448	6	\$4,870.13	6	\$5,501.93	6	\$3,423

Sources:

- All Medicaid Categories – Limits to be publicly available on January 1, 2014 at <https://dhsshare.arkansas.gov/DHSPolicy/DCOPublishedPolicy/MSAppendixF.pdf>
- Commodity Distribution Program (CSFP) and The Emergency Food Assistance Program – Limits provided by Jim Ponzini, Program Administrator for the Arkansas Department of Human Services

Low Income Home Energy Assistance Program / Weatherization Assistance Program		Head Start		School Breakfast and Lunch Program / Special Milk Program / Summer Food Service		WIC		
Current Resource Limit	No Limit (Households may be eligible for service based on participation in other programs that do include resource limits.)		No Limit		No Limit		No Limit	
Income Limit	Household Size	Limit	Household Size	Limit (Annual)	Household Size	Limit (Annual)	Household Size	Limit (Annual)
	1	\$1,481	1	\$14,521	1	\$21,257	1	\$20,665
	2	\$1,937	2	\$19,669	2	\$28,694	2	\$27,991
	3	\$2,393	3	\$24,817	3	\$36,131	3	\$35,317
	4	\$2,849	4	\$29,965	4	\$43,568	4	\$42,643
	5	\$3,305	5	\$35,113	5	\$51,005	5	\$49,969
	6	\$3,760	6	\$40,261	6	\$58,442	6	\$57,295

Sources:

- HEAP/WAP - <http://www.benefits.gov/benefits/benefit-details/1542>
- Head Start - <http://www.benefits.gov/benefits/benefit-details/1898>
- School Breakfast and Lunch Program - <http://www.benefits.gov/benefits/benefit-details/1952>
- Special Milk Program - <http://www.benefits.gov/benefits/benefit-details/1781>
- Summer Food Service - <http://www.benefits.gov/benefits/benefit-details/1703>
- WIC- <http://www.benefits.gov/benefits/benefit-details/2040>