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Contact: Celia Hagert, [hagert@cppp.org](mailto:hagert@cppp.org)

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## CLARIFICATION ON FOOD STAMP RESOURCE TEST

IRAs are still counted when determining eligibility for Food Stamps

In Policy Page #149, which addressed new Food Stamp Program rules regarding vehicle limits and the resource test, we **incorrectly** reported that an IRA (Individual Retirement Account) would no longer be counted as a resource in determining a family's eligibility for Food Stamps. In fact, because they are considered a **liquid** resource, IRAs are still counted toward the new \$5,000 resource limit established in February. Under the new policy, most **non-liquid** resources are **not** counted, while most **liquid** resources are. This Policy Page provides additional detail on how resources are now treated in the Food Stamp Program.

### NEW FOOD STAMP RESOURCE TEST

Under the new rules, a family can have up to \$5,000 in liquid resources and still be eligible for Food Stamps. Under the old policy, the limit was \$2,000 on combined liquid and non-liquid resources, or \$3,000 if the family contained a member age 60 or older. The new Food Stamp resource test disregards all **non-liquid** resources owned by the applicant. The only exception to this is excess vehicle value (see below for how vehicles are counted). Most **liquid** resources are still counted.

**Resources that ARE counted:** In general, the Texas Department of Human Services (DHS) considers a resource to be "liquid" (and therefore countable) as any resource that is *readily available* such as a checking or savings accounts, savings certificates, stocks or bonds. This definition is based on federal Food Stamp regulations (7CFR 273.8(c)(1)), which define liquid resources to include "cash on hand, money in checking or savings accounts, savings certificates, stocks or bonds, lump sum payments...(such as income tax refunds, SSI, TANF one-time payments, railroad retirement benefits, or lump-sum insurance settlements), funds held in IRAs, and funds held in Keogh plans..." In valuing IRAs or Keogh plans, the total cash value of the account or plan minus the amount of any penalty for early withdrawal of funds is counted.

**Resources that are NOT counted:** DHS considers the following resources to be "non-liquid," and therefore not countable: buildings, land, and property; the value of certain vehicles (see below); up to \$7,500 in pre-paid burial funds; and the cash value of resources that are exempted under TANF (Temporary Assistance for Needy Families, or cash assistance) policy, such as a Texas Tomorrow Fund or IDA (individual development

account). 401K accounts also are not counted, *unless* the client withdraws the money, at which point these funds are treated as income (which affects a family's eligibility for Food Stamps and the amount of benefit) or as a countable resource. DHS is involved in an ongoing effort to simplify rules across programs as part of the rollout of TIERS (Texas Integrated Eligibility Redesign System), its new computer eligibility system. This simplification of rules may result in further changes in how resources are counted in the Food Stamp Program. CPPP will let its readers know once these changes are made; final rules are expected in October.

**How vehicles are counted as part of the resource test:** Under the new rules, \$15,000 of the fair market value of the applicant's first car will be exempted. Any additional value will be counted toward the \$5,000 resource limit. If an applicant owns more than one car, then \$4,650 of the fair market value of each additional vehicle is excluded, with any additional value counted toward the \$5,000 limit. The old policy on cars exempted \$4,650 of each car's fair market value.

### CAN TEXAS FURTHER RELAX FOOD STAMP RESOURCE RULES?

Yes. Texas adopted these new rules as a result of recent federal regulations that allow states to use the resource limits from TANF-funded programs to determine eligibility for Food Stamps instead of the Food Stamp Program's own resource rules. Because states have complete flexibility in establishing resource rules in their TANF-funded programs, many states have used these federal regulations to eliminate the resource test entirely in their Food Stamp Programs by adopting the policy of a TANF-funded program that exempts all resources.

While there is nothing in current federal regulations that would prevent DHS from using this option to further relax the Food Stamp resource policy, the Texas law that directed DHS to implement new resource rules (SB 184, passed during the 2001 legislative session) specifies that the agency must “establish resource limits governing...eligibility for food stamps.” Thus, in order for DHS to amend the resource policy, legislation would have to pass in the 2003 session permitting such a change. Because there was a lot of resistance among legislators and state officials last session to adopting more generous resource limits in the Food Stamp Program, further relaxing the resource policy could present an uphill battle. On the other hand, a good argument exists to support more generous resource limits in the Food Stamp Program. By allowing Food Stamp recipients to hold on to their assets, such as an IRA, Texas would be adopting a policy consistent with its own goals for welfare reform: to help families achieve permanent independence from welfare. One of the interim charges of the House Human Services

Committee is to look for ways government can promote asset development in low-income households to support Texas’ goal of helping low-income families become economically self-sufficient. As part of this charge, the committee will “examine any difficulties public assistance clients may encounter because of asset test standards.” This interim research topic presents an ideal opportunity for the anti-hunger community to weigh in with members of the House Human Services Committee in support of further changes in Food Stamp resource policy. Contact information for members of this committee is located at <http://www.capitol.state.tx.us/tlo/cmte.htm>.

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