

Michigan League for Public Policy

2019 BUDGET PRIORITIES

Eliminate the Asset Test for Food Assistance

— LEAGUE RECOMMENDATION —

Reverse the state’s decision to apply an asset test to food assistance—a policy that discourages families from saving the small amounts needed to handle temporary crises or setbacks, and has administrative costs for the state.

BACKGROUND: In 2002, the federal government gave states the option of setting their own asset limits for food assistance, including eliminating them entirely. Since then approximately 35 states have eliminated their asset tests. Michigan was one of the first states to eliminate the asset limits, but reinstated them in 2012.

- **Michigan’s asset test for food assistance is a state policy that can be reversed.** Since states control the food assistance asset test, Michigan could opt to eliminate it or increase the level. To receive food assistance, families currently cannot have more than \$5,000 in countable assets, with some exemptions for vehicles. Countable assets include, among others, checking and savings accounts.
- **Eliminating the asset test would not increase state costs, and may even save the state money.** Food assistance benefits are entirely federally funded, so any increases in benefits would not come from the state’s General Fund. However, the state participates in food assistance administrative costs with a 50% match. Given already high caseloads for eligibility specialists, eliminating the food assistance asset test could streamline the state’s efforts.

WHY IT MATTERS:

- **Asset tests can discourage families with low incomes from saving.** States that have eliminated or relaxed asset limits have seen increases in the savings families need to weather a temporary crisis like the breakdown of a car, unusually high heating costs or a potential eviction.
- **The asset test can create greater food insecurity for families.** Short-term or transitory increases in assets—like a student loan or unexpected bonus—can disqualify families, even though their ongoing income has not increased. This can result in more families cycling in and out of the program, placing them at greater risk of falling short of food, and increasing administrative costs associated with reassessing eligibility.
- **Some Michigan residents are more vulnerable to hunger.** One in 7 Michiganders is food insecure, but the numbers are higher for children, residents in rural areas, people with disabilities, people of color and seniors.
- **Hunger takes a direct toll on health and triggers a domino effect of negative outcomes.**

