Increasing Retirement Saving: Clarifying Food Stamp Asset Test Rules

A STATE BY STATE ANALYSIS



The Retirement Security Project

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Increasing Retirement Saving: Clarifying Food Stamp Asset Test Rules

Currently, if a Food Stamp recipient is laid off, his or her 401(k) is likely to be converted to an IRA, thus disqualifying him or her from receiving Food Stamp benefits. Excluding all qualified retirement accounts from the Food Stamp asset test would allow well over 7 million Food Stamp recipient households in 46 states plus the District of Columbia to immediately start building retirement nest eggs. Countless more families in all 50 states plus DC would be able to save for retirement, knowing they will not be penalized should they need to rely on Food Stamps after a job loss or other financial shock. This report examines, state by state, how the current Food Stamp Program's asset test is an impediment to retirement saving and how excluding all qualified retirement accounts will help working families across the country better prepare for a secure retirement.1

Over the last 25 years, retirement saving has shifted largely from traditional defined benefit pension plans to defined contribution plans and individual accounts, such as 401(k)s and IRAs. In addition, one recent and significant development in retirement saving is the automatic 401(k), in which enrollment is automatic but participation is not mandatory, contributions are automatically increased over time, and funds are automatically rolled over at the time of job change. The automatic 401(k) has been growing in popularity over the last few years, especially since the Pension Protection Act of 2006, and will help increase saving by getting workers started earlier in preparing for a secure retirement.

However, in many related areas, public policy has failed to keep up with this changing landscape. One of these areas is the eligibility rules for government assistance programs like the Food Stamp Program. Because the automatic 401(k) and other policy initiatives are gaining ground and will increase saving among middle- to lower-income working families, it is imperative to address the outdated and inconsistent eligibility rules for government assistance programs.

U.S. Food Stamp Recipients

The U.S. Food Stamp Program provides monthly food assistance benefits to more than 26 million recipients: 11.7 million households, including 6.3 million with children. These benefits for food purchase, totaling \$30.2 billion in 2006, are generally available to families with gross incomes below 130 percent of the poverty line, or roughly \$22,320 per year in 2007 for a family of three. Food Stamps are an important part of the safety net for

moderate- and low-income households, who often rely on Food Stamps after losing a job or in response to a health or financial shock. As in other assistance programs, Food Stamp recipients must usually meet a strict asset test in addition to income requirements. Most employer-based retirement plan savings are excluded from the asset test, but assets in IRAs and several other qualified retirement accounts are counted. This report shows – state by state – an estimate of the number of current Food Stamp households who would be affected by a federal exclusion of all qualified retirement accounts from the Food Stamp asset test.

Food Stamp Asset Tests Discourage Saving and are Outdated

Research suggests that asset limits on Food Stamps and other means-tested programs discourage saving among moderate- and low-income workers. There are two ways in which this can happen:

- While receiving Food Stamps, families do not save because saving would disqualify them from receiving monthly benefits.
- Working families who might expect to rely on Food Stamps or other assistance programs at some point do not save because doing so would disqualify them in the future (or they think it would disqualify them).

Those moderate- and low-income workers that do not avoid saving in the first place are penalized by either ineligibility for Food Stamps or by having to spend down assets in order to qualify. Rather than encouraging people to save and rewarding those who do, asset limits do just the opposite.

In addition to the negative impact Food Stamp Program asset limits have on saving, the rules are outdated and inconsistently applied. In general, the Food Stamp Program will disregard assets held in most employer-sponsored retirement plans. However, assets in certain other retirement accounts are counted:

- Individual Retirement Accounts (IRAs), even if rolled over from an employer plan, such as a 401(k);
- Keogh plans, which are plans for self-employed individuals;
- Simplified Employer Pension (SEP) plans, which are IRA-like accounts into which small employers make direct deposits.

¹ This report compiles the Food Stamp related asset test policies of all 50 states plus the District of Columbia. Some policies may have changed since the research for this report. The information in this report has been gathered from each state's public assistance or Food Stamp policy manuals along with correspondence with state agencies overseeing Food Stamp assistance. Sources are available upon request.

These inconsistent rules are confusing to families and serve to discourage retirement saving. If a Food Stamp recipient is laid off, his or her 401(k) is likely to be converted to an IRA, thus disqualifying him or her from receiving Food Stamp benefits. Other workers who do not have a retirement plan at work may only have access to retirement saving by opening an IRA.

It's time to clarify eligibility guidelines in a straightforward and consistent way that encourages low-income families to move from poverty to solvency. A federal exclusion of all qualified retirement accounts for the Food Stamp Program would accomplish this.

Excluding All Qualified Retirement Savings from the Food Stamp Asset Test

As noted above, a blanket exclusion for all qualified retirement accounts at the federal level would be the most effective way to ensure that more moderate- and low-income households are able to save for their own retirement. At the same time, it's important to recognize the efforts of the states that have taken steps towards achieving asset rules that do not discourage or penalize saving.

- Four states Illinois, Missouri, Ohio, and Pennsylvania - entirely disregard IRAs and other qualified retirement accounts that are not yet excluded in federal guidelines. One state – Tennessee – disregards IRAs and other qualified retirement accounts that have a value less than \$20.000. These states have taken advantage of proposed Department of Agriculture regulations² to align Food Stamp asset test rules with their Temporary Aid to Needy Families (TANF) cash assistance program asset test rules. This option. however, has only been done on an temporary basis in each state and depends on the final regulations matching the proposed regulations, which were issued in 2004. While this is a positive step towards improving retirement security for those most in need, only a handful of states have taken advantage of the proposed regulations. Even when finalized, since the vast majority of states' TANF cash assistance asset tests still count IRAs and other retirement assets, a federal exclusion of all qualified retirement accounts for the Food Stamp Program will be necessary.
- Several other states are using another method to address the problems with assets tests in the Food Stamp program. In all, twelve states mitigate the impact of asset tests on Food Stamp recipients by either raising the asset limit for many participants or by not counting assets at all for some participants. These states (Delaware, Maine, Maryland,

Massachusetts, Michigan, Minnesota, North Dakota, Oregon, South Carolina, Texas, Washington, and Wisconsin) are using "expanded categorical eligibility" to grant Food Stamp eligibility through another program. In nearly all of the states listed above, at least some Food Stamp participants are still subject to the asset test in which IRAs are counted. And in several of the states, instead of disregarding retirement funds in IRAs or other qualified retirement accounts across the board, asset limits in general were only increased, not eliminated.3 Expanded categorical eligibility gives states a tool to increase the opportunity for families to save for their own retirement but has been under legislative pressure lately. If categorical eligibility were disallowed, all of these states would have to follow current federal guidelines which count assets in IRAs and other qualified retirement accounts towards the \$2,000 asset limit. Again, it is clear that a federal exclusion of all qualified retirement accounts for the Food Stamp Program is needed.

Since states have limited flexibility to deviate from federally set Food Stamp asset rules and the methods by which they have done so to date are tenuous and not viable for all states, it is important that changes to the Food Stamp asset test be done at the federal level. With a federal exclusion of all qualified retirement savings, Food Stamp recipients in all U.S. states and the District of Columbia would be able to save for retirement without penalty.

The Retirement Security Project's conservative estimate, based on data from a recent GAO report, is that well over 7 million Food Stamp households will be immediately affected by a federal exclusion. By increasing saving and encouraging working families to prepare for a secure retirement, fewer current Food Stamp recipients will need to rely on government assistance programs as they face their retirement years. Countless millions more moderate- and lower-income Americans will be able to save, confident their assets will not disqualify them should they need to rely on Food Stamps in the future.

Sources

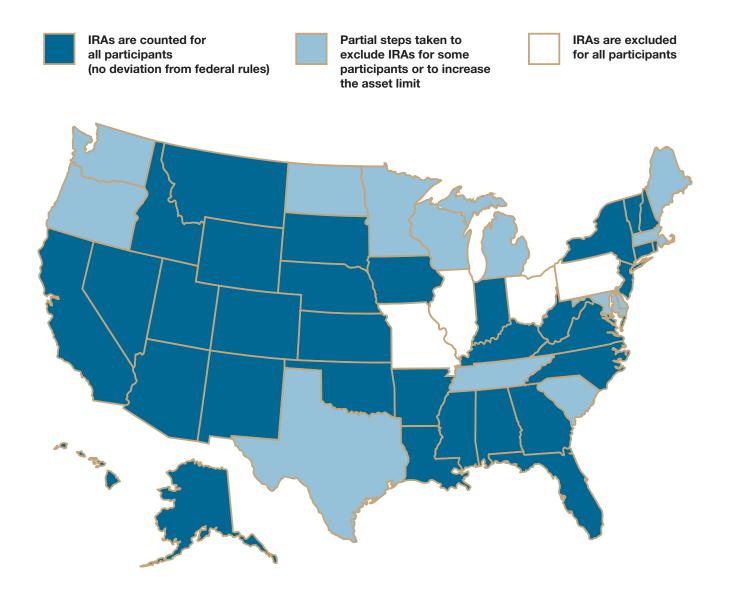
Government Accountability Office, "FOOD STAMP PROGRAM: FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility", Report to the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, (GAO-07-465; March 2007) Zoe Neuberger, Robert Greenstein, and Eileen P. Sweeney, "Protecting Low-Income Families' Savings: How Retirement Accounts are Treated in Means-Tested Programs and Steps to Remove Barriers to Retirement Saving", (Retirement Security Project Publication No. 2005-6, June 2005; available at www.retirementsecurityproject.org)

US Department of Agriculture Food and Nutrition Service, "Characteristics of Food Stamp Households: Fiscal Year 2005", (Report No. FSP-06-CHAR; September 2006)

^{2 &}quot;Food Stamp Program: Eligibility and Certification Provisions of the Farm Security and Rural Investment Act of 2002; Proposed Rule," Federal Register, Vol. 69, No. 74, April 16, 2004.

Excluding Retirement Savings from the Food Stamp Asset

A federal exclusion of IRAs and all qualified retirement saving would immediately allow well over 7 million Food Stamp recipient households to begin building assets for retirement. Several states' efforts to clarify and reform Food Stamp asset tests should be recognized and are described in this report, but a federal exclusion is the most effective way to make this common sense change to encourage retirement security.



Excluding Qualified Retirement Savings from the Food Stamp Asset Test

State	Asset Limit ¹	Percentage of Food Stamp Households Subject to Food Stamp Asset Test ²	Number of Food Stamp Households Subject to Food Stamp Asset Test ²	Do IRAs count in Food Stamp Asset Test?
ALASKA	\$2.000	90%	19.000	Yes
	* ,	88%	-,	
		99%	,	
	* ,	66%	- ,	
	* /	NA	,	
	* /	90%		
		39%		
		79%		
	* /		/	
	* ,	96%		
	* ,	87%	,	
			,	
		100%		
		98%		
	* ,	90%	-,	
		87%		
	* /	81%	,	
	* /	95%	-,	
	* ,	99%	,	
	* /	36%	-,	
MARYLAND	\$2,000	51%	72,000	Yes*
MASSACHUSETTS	\$2,000	73%	165,000	Yes*
MICHIGAN	\$2,000	19%	100,000	Yes*
MINNESOTA	\$2,000	NA	NA	Yes**
MISSISSIPPI	\$2,000	97%	200,000	Yes
MISSOURI	\$2,000	86%	256,000	No†
		94%		
NEBRASKA	\$2.000	84%	43.000	Yes
	* ,	94%	-,	
	* /	91%	- ,	
	* /	84%	-,	
	* ,	86%	- ,	
	* /	91%	- ,	
	* /	95%	,	
	* ,	95%NA	,	
	* /	NA		
	* /	98%		
	* ,		-,	
		90%		
		73%		
		10%		
	* /	NA		
		91%		
		49%	,	
		93%	,	
		89%		
		NA		
WASHINGTON	\$2,000	32%	86,000	Yes*
WEST VIRGINIA	\$2,000	75%	89,000	Yes
WISCONSIN	\$2,000	16%	24,000	Yes*
		99%		

¹ The Food Stamp program household asset limit is federally set at \$2,000 (or \$3,000 if a household member is disabled or over age 60).

² The number of participating households subject to the Food Stamp asset test is the number of households receiving Food Stamps less, where available, the number of households eligible for Food Stamps through either a TANF cash or non-cash assistance program (from the March 2007 GAO report, GAO-07-465). Eligibility rules for TANF cash or non-cash assistance are inconsistent across states, and recipients of these programs are almost always subject to even more stringent asset tests than the Food Stamp asset test.

^{*} These states have expanded eligibility through a TANF- or MOE-funded program that either raises the effective asset limit or completely eliminates the asset test for a portion or large percentage of the state's Food Stamp population.
† As allowed under USDA proposed rules (Federal Register, Vol. 69, No. 74, April 16, 2004), Illinois, Missouri, Ohio, and Pennsylvania have aligned their Food Stamp asset test rules with their TANF cash rules, which do not count assets in IRAs and other qualified retirement accounts.

^{**} Minnesofa and Texas still count IRAs in an asset test for applicants but use a TANF funded program to increase the asset limit (to \$7,000 and \$5,000, respectively) for a large segment of the state's Food Stamp population. Tennessee does not count IRAs or Keogh accounts with a value of \$20,000 or less.

Guide and Glossary for State-by-State Analysis

The Retirement Security Project has compiled the information in the following state reports using data from various sources, including the recent GAO Report (GAO-07-465, March 2007). Information on state policies was gleaned from state Food Stamp and public assistance policy manuals and through email and phone correspondence with state offices.

The estimate for the number of current Food Stamp participants in each state affected by a federal exclusion of all qualified retirement savings is constructed by taking the number of participating households receiving Food Stamps less, where available from the GAO report, the number of households eligible for Food Stamps through either a TANF cash or non-cash assistance program.

Sources are available upon request, but the following sources were used for every state:

- Household and individual Food Stamp participants.
 Source: USDA website.
- Monthly average and annual total Food Stamp benefits provided. Source: USDA website.
- Percent of participating households with children, 2005: Source: "Characteristics of Food Stamp Households: Fiscal Year 2005", USDA Food and Nutrition Service (Report No. FSP-06-CHAR; September 2006).
- State population and percent of population living below poverty level. Source: U.S. Census Bureau.

The following terms may be helpful as a reference throughout the report.

Individual Retirement Accounts (IRAs) are personal savings accounts that are not sponsored by an employer but are set up by an individual, often at a bank or with a stock-broker or other financial institution.

The *poverty line* or *threshold* is a federally set guideline defining U.S. poverty standards by gross income. It is used in determining eligibility for some assistance programs, such as Food Stamps. Food Stamp benefits are generally available only to households with gross income less than 130 percent of the poverty line. These are the 2007 federal poverty guidelines:

Persons in Family Family or Household	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$10,210	\$12,770	\$11,750
2	13,690	17,120	15,750
3	17,170	21,470	19,750
4	20,650	25,820	23,750
5	24,130	30,170	27,750
6	27,610	34,520	31,750
7	31,090	38,870	35,750
8	34,570	43,220	39,750
For each additional			
person, add	3,480	4,350	4,000

Federal Register, Vol. 72, No. 15, January 24, 2007, pp. 3147–3148.

Qualified retirement accounts is a broad term that encompasses tax-preferred personal saving accounts, such as IRAs, 401(k)s, and other accounts used primarily for the purpose of saving for retirement. Some accounts are opened directly by the individual while others may be provided by an employer. Qualified retirement accounts also include Keogh plans, which are plans for self-employed individuals and Simplified Employer Pension (SEP) plans, which are IRA-like accounts into which small employers make direct deposits.

Temporary Assistance for Needy Families (TANF) cash assistance provides federally funded cash assistance to needy families who are working towards self sufficiency and is administered at the state level. It is the program commonly referred to as welfare but may have different names in each state.

TANF non-cash assistance is a broad set of programs, services, and subsidies that states provide using federal TANF grants. These programs assist families with child care, job and skills training, and a wide range of other services, with the goal of promoting job preparation, work, and marriage and preventing out-of-wedlock pregnancies.

Alabama



Alaska



Food Stamp Participants

Households participating, 2006: 220,000 Individuals participating 2006: 547,000 Percent of participating households with children, 2005: 60 percent

Food Stamp Benefits

Monthly household average: \$225 Annual total: \$593,699,000

State Profile

Population: 4,599,000

Population living below poverty level: 16 percent

Analysis

- At 16 percent, Alabama has the eighth highest poverty level of the 50 states plus the District of Columbia, nearly four points higher than the national average.
- African-Americans make up 26 percent of Alabama's population and disproportionately receive aid from Food Stamps, making up nearly 60 percent of Alabaman Food Stamp households.
- An estimated 96 percent of Alabama's Food Stamp households are subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted towards the \$2,000 asset limit (\$3,000 for households with an elderly or disabled member).
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 212,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 21,000 Individuals participating, 2006: 57,000 Percent of participating households with children, 2005: 57 percent

Food Stamp Benefits

Monthly household average: \$338 Annual total: \$85,982,000

State Profile

Population: 670,000

Population living below poverty level: 10 percent

- An estimated 19 percent of Alaska's American-Indian and Alaska-Native population live below poverty and disproportionately receive aid from Food Stamps, making up nearly 45 percent of Alaska's Food Stamp households.
- Of the 57,000 individual Food Stamp participants, 50 percent are children.
- An estimated 90 percent of Alaska's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 19,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.



Arizona



Arkansas



Food Stamp Participants

Households participating, 2006: 220,000 Individuals participating, 2006: 541,000 Percent of participating households with children, 2005: 61 percent

Food Stamp Benefits

Monthly household average: \$237 Annual total: \$626,260,000

State Profile

Population: 6,166,000

Population living below poverty level: 15 percent

Analysis

- At 61 percent, Arizona has the sixth highest percentage of Food Stamp households with children.
- An estimated 88 percent of Arizona's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 193,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 159,000 Individuals participating, 2006: 385,000 Percent of participating households with children, 2005: 55 percent

Food Stamp Benefits

Monthly household average: \$217 Annual total: \$414,384,000

State Profile

Population: 2,811,000

Population living below poverty level: 16 percent

- At 16 percent, Arkansas has the ninth highest percentage of people living below poverty level, nearly 4 percentage points higher than the national average. Approximately 1 in 5 children in Arkansas live in poverty.
- Nearly 14 percent of Arkansas's population receives Food Stamp benefits, of which 55 percent are households with children.
- An estimated 99 percent of Arkansas households who receive Food Stamps are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 157,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance

California



Colorado



Food Stamp Participants

Households participating, 2006: 799,000 Individuals participating, 2006: 2,000,000 Percent of participating households with children, 2005: 79 percent

Monthly Food Stamp Benefits

Monthly household average: \$246 Annual total: \$2,363,068,000

State Profile

Population: 36,458,000

Population living below poverty level: 13 percent

Analysis

- California is the most populous state and has the second most Food Stamp recipients (after Texas).
- Approximately 35 percent of the state's population is Hispanic, which makes California the state with the third highest population (over 176,000 households) of Hispanic Food Stamp recipients in the country (after Texas and New York).
- An estimated two-thirds of California's Food Stamp households are subject to the Food Stamp asset test, in which IRAs count towards a \$2,000 limit (\$3,000 for households with an elderly or disabled member). The remaining one-third of households are eligible for Food Stamps through the TANF cash assistance program, which has a restrictive asset limit in which retirement assets, including even 401(k)s, are counted.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 531,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 107,000 Individuals participating, 2006: 251,000 Percent of participating households with children, 2005: 58 percent

Food Stamp Benefits

Monthly household average: \$249 Annual total: \$321,030,000

State Profile

Population: 4,753,000

Population living below poverty level: 10 percent

Analysis

 Data are not available to determine how many Coloradans would be able to save without risk of being disqualified from receiving Food Stamp assistance.

Connecticut



Delaware



Food Stamp Participants

Households participating, 2006: 112,000 Individuals participating, 2006: 210,000 Percent of participating households with children, 2005: 39 percent

Food Stamp Benefits

Monthly household average: \$178 Annual total: \$239,082,000

State Profile

Population: 3,505,000

Population living below poverty level: 9 percent

Analysis

- At 11 percent, the Hispanic population in Connecticut is below the national average, but makes up 31 percent of Connecticut's 112,000 Food Stamp households. This is the third highest percentage of households on Food Stamps who are Hispanic, behind only New Mexico (55 percent) and Texas (41 percent).
- An estimated 90 percent of Food Stamp households in Connecticut are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 101,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 28,000 Individuals participating, 2006: 66,000 Percent of participating households with children, 2005: 60 percent

Food Stamp Benefits

Monthly household average: \$207 Annual total: \$70,175,000

State Profile

Population: 853,000

Population living below poverty level: 10 percent

- Delaware uses expanded categorical eligibility to allow households (with children) earning less than 200 percent of poverty (about \$34,340 per year in 2007 for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- At 60 percent, Delaware has the seventh highest percentage of households on Food Stamps with children of the 50 states and the District of Columbia.
- Effective August 1, 2001, Delaware's Department of Social Services became one of the first states to make the administrative change to allow expanded categorical eligibility.
- Because of this expanded eligibility, only an estimated 39 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Delawareans that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.

District of Columbia



Florida



Food Stamp Participants

Households participating, 2006: 45,000 Individuals participating, 2006: 89,000 Percent of participating households with children, 2005: 43 percent

Food Stamp Benefits

Monthly household average: \$191 Annual total: \$104,153,000

State Profile

Population: 582,000

Population living below poverty level: 18 percent

Analysis

- At 18 percent, the District of Columbia has the third highest percentage of people living below the poverty level, nearly six percentage points higher than the national average.
- African-Americans make up 57 percent of the District's population and at 96 percent are the vast majority of the District's Food Stamp households.
- An estimated 79 percent of the District's Food Stamp households are subject to the Food Stamp asset test
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 36,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 673,000 Individuals participating, 2006: 1,418,000 Percent of participating households with children, 2005: 46 percent

Food Stamp Benefits

Monthly household average: \$208 Annual total: \$1,684,348,000

State Profile

Population: 18,090,000

Population living below poverty level: 12 percent

- Florida has the fourth highest number of households on Food Stamps in the United States.
- At nearly 20 percent, the Hispanic population in Florida is five percentage points higher than the national average. Florida has the fourth highest number of Hispanic households -over 172,000- who receive Food Stamp benefits.
- Florida has the highest number of elderly participants in the Food Stamp program, approximately 192,000 of the 1.4 million participants. By simplifying Food Stamp asset tests and encouraging retirement saving, fewer older American's will rely on Food Stamps in retirement.
- Data are not available to determine how many Floridians would be able to save without risk of being disqualified from receiving Food Stamp assistance.

Georgia



Hawaii



Food Stamp Participants

Households participating, 2006: 386,000 Individuals participating, 2006: 947,000 Percent of participating households with children, 2005: 60 percent

Monthly Food Stamp Benefits

Monthly household average: \$237 Annual total: \$1,098,314,000

State Profile

Population: 9,364,000

Population living below poverty level: 14 percent

Analysis

- African-Americans make up 30 percent of Georgia's population and disproportionately receive aid from Food Stamps, making up approximately 61 percent of Georgia's Food Stamp households.
- Nearly all (estimated 96 percent) of Georgia's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 369,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 45,000 Individuals participating, 2006: 88,000 Percent of participating households with children, 2005: 38 percent

Monthly Food Stamp Benefits

Monthly household average: \$275 Annual total: \$147,845,000

State Profile

Population: 1,285,000

Population living below poverty level: 9 percent

- Hawaii has the highest percentage of elderly Food Stamp recipients; just over one in four Food Stamp households have an elderly member.
- With its high cost of living, Hawaii also boasts the second-highest average Food Stamp benefit (to Alaska) of \$275.
- An estimated 90 percent of Hawaii Food Stamp recipients are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 39,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.



Idaho



Illinois



Food Stamp Participants

Households participating, 2006: 37,000 Individuals participating, 2006: 91,000 Percent of participating households with children, 2005: 61 percent

Food Stamp Benefits

Monthly household average: \$226 Annual total: \$100,167,000

State Profile

Population: 1,466,000

Population living below poverty level: 12 percent

Analysis

- At 61 percent, Idaho has the fifth highest percentage of food stamp households with children.
- An estimated 100 percent of Idaho's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 37,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 556,000 Individuals participating, 2006: 1,225,000 Percent of participating households with children, 2005: 51 percent

Food Stamp Benefits

Monthly household average: \$225 Annual total: \$1,503,197,000

State Profile

Population: 12,832,000

Population living below poverty level: 12 percent

- Illinois aligned its asset test rules in the Food Stamp program with its asset test rules in Temporary Aid to Needy Families (TANF) cash assistance to exclude all qualified retirement assets, such as IRAs, from counting towards the \$2,000 asset limit (\$3,000 for households with an elderly or disabled member).
- As Illinois has the fifth largest Food Stamp program in the country in terms of recipients, excluding all qualified retirement savings directly enables 556,000 recipient households to build their own retirement nest eggs.
- Still, Illinois's ability to exclude IRAs and other retirement assets depends upon Department of Agriculture proposed regulations, which are not yet finalized. Only a federal, legislative exclusion of qualified retirement accounts will enable working Illinoisans to save, confident that their savings will not eventually disqualify them from receiving Food Stamp benefits.





Indiana



lowa



Food Stamp Participants

Households participating, 2006: 249,000 Individuals participating, 2006: 575,000 Percent of participating households with children, 2005: 52 percent

Monthly Food Stamp Benefits

Monthly household average: \$216 Annual total: \$648,113,000

State Profile

Population: 6,314,000

Population living below poverty level: 11 percent

Analysis

- Indiana's Food Stamp program has been recognized by the Department of Agriculture as being among the top quarter of all states in their ability to get Food Stamps to those who are eligible. About 69 percent of those eligible are served by Food Stamps in Indiana.
- An estimated 90 percent of Food Stamp recipients are subject to the Food Stamp asset test, and the remaining 10 percent are granted categorical eligibility through Temporary Aid to Needy Families (TANF) cash assistance, which has an even stricter asset test in Indiana than the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 225,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 101,000 Individuals participating, 2006: 226,000 Percent of participating households with children, 2005: 53 percent

Food Stamp Benefits

Monthly household average: \$202 Annual total: \$244,225,000

State Profile

Population: 2,982,000

Population living below poverty level: 11 percent

- Since 2004 the number of individuals in lowa who participate in the Food Stamp has risen by 28 percent from 177,000 to 226,000.
- An estimated 87 percent of lowa's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 88,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Kansas



Kentucky



Food Stamp Participants

Households participating, 2006: 82,000 Individuals participating, 2006: 183,000 Percent of participating households with children, 2005: 50 percent

Food Stamp Benefits

Monthly household average: \$192 Annual total: \$188,317,000

State Profile

Population: 2,764,000

Population living below poverty level: 11 percent

Analysis

- An estimated 81 percent of Kansas Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 66,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 258,000 Individuals participating, 2006: 589,000 Percent of participating households with children, 2005: 51 percent

Monthly Food Stamp Benefits

Monthly household average: \$209 Annual total: \$645,357,000

State Profile

Population: 4,206,000

Population living below poverty level: 16 percent

- Kentucky's poverty rate of 16 percent is nearly four percentage points above the national rate.
 Approximately 14 percent of Kentucky residents receive Food Stamp assistance, the sixth highest of all the states plus the District of Columbia.
- An estimated 95 percent of Kentucky Food Stamp recipients are subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted towards a \$2,000 limit (or \$3,000 for a household with an elderly or disabled member).
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 245,000 lowincome Kentucky Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Louisiana



Maine



Food Stamp Participants

Households participating, 2006: 333,000 Individuals participating, 2006: 830,000 Percent of participating households with children, 2005: 58 percent

Food Stamp Benefits

Monthly household average: \$258 Annual total: \$1,031,647,000

State Profile

Population: 4,288,000

Population living below poverty level: 19 percent

Analysis

- At 19 percent, Louisiana has the highest percent of Food Stamp participants out of all the 50 states and the District of Columbia.
- African-Americans comprise 33 percent of Louisiana's population and disproportionately receive aid from Food Stamps, making up nearly 70 percent of Louisiana's Food Stamp households.
- An estimated 99 percent of Louisiana's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, 329,000 of low-income Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 82,000 Individuals participating, 2006: 160,000 Percent of participating households with children, 2005: 37 percent

Food Stamp Benefits

Monthly household average: \$173 Annual total: \$169,291,000

State Profile

Population: 1,322,000

Population living below poverty level: 12 percent

- Maine uses expanded categorical eligibility to allow households earning less than 185 percent of poverty (about \$31,776 per year in 2007 for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- Effective December 1, 2006, Maine's Department of Social Services became one of several states to allow expanded categorical eligibility through an administrative change.
- Because of this expanded eligibility, an estimated 36 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Mainers that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.



Maryland



Massachusetts



Food Stamp Participants

Households participating, 2006: 140,000 Individuals participating, 2006: 305,000 Percent of participating households with children, 2005: 51 percent

Monthly Food Stamp Benefits

Monthly household average: \$200 Annual total: \$336,097,000

State Profile

Population: 5,616,000

Population living below poverty level: 9 percent

Analysis

- Maryland's expanded eligibility allows households (with children) earning less than 200 percent of poverty (about \$34,340 in 2007 for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- Maryland's Department of Human Resources has taken administrative steps to promote retirement saving among moderate- and lower-income families who receive or someday may receive Food Stamp assistance. Effective March 1, 2001, Maryland became one of the very first states to allow expanded categorical eligibility.
- Because of this expanded eligibility, only an estimated 51 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Maryland residents that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 227,000 Individuals participating, 2006: 432,000 Percent of participating households with children, 2005: 49 percent

Food Stamp Benefits

Monthly household average: \$155 Annual total: \$421,536,000

State Profile

Population: 6,437,000

Population living below poverty level: 10 percent

- Massachusetts uses expanded categorical eligibility to allow households with gross income below 130 percent of poverty (about \$22,320 per year in 2007 for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- Although this administrative change encourages more Massachusetts Food Stamp recipients to save for retirement, an estimated 73 percent of Massachusetts Food Stamp households are still subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted towards a \$2,000 limit (or \$3,000 for a household with an elderly or disabled member).
- A federal exclusion of all qualified retirement accounts in the Food Stamp asset test would help those estimated 165,000 households build retirement savings and would reassure moderate- and lowerincome Massachusetts residents that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.



Michigan



Minnesota



Food Stamp Participants

Households participating, 2006: 515,000 Individuals participating, 2006: 1,134,000 Percent of participating households with children, 2005: 48 percent

Food Stamp Benefits

Monthly household average: \$200 Annual total: \$1,238,788,000

State Profile

Population: 10,096,000

Population living below poverty level: 13 percent

Analysis

- Michigan uses expanded categorical eligibility to allow households earning less than about \$32,184 per year for a family of three to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- Michigan is one of several states who have taken steps at the state level to promote retirement saving among moderate- and lower-income families who receive or someday may receive Food Stamp assistance
- Because of this expanded eligibility, only an estimated 19 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Michigander's that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 126,000 Individuals participating, 2006: 264,000 Percent of participating households with children, 2005: 48 percent

Food Stamp Benefits

Monthly household average: \$187 Annual total: \$282,403,000

State Profile

Population: 5,167,000

Population living below poverty level: 8 percent

- Minnesota uses expanded categorical eligibility to allow households within Food Stamp gross income of 130 percent of poverty (about \$22,320 per year in 2007 for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test. However, assets in some qualified retirement accounts, such as IRAs, are still counted but towards a higher \$7,000 asset limit.
- Following state legislation passed on May 21, 2006, the Minnesota Department of Human Services launched expanded categorical eligibility on December 1, 2006.
- Minnesota has encouraged personal saving by effectively increasing the asset limit to \$7,000 for many households. However, because Minnesota still counts IRA assets towards this limit, a federal exclusion of all qualified retirement accounts would more specifically encourage moderate- and lowerincome Minnesotans to build their own retirement nest eggs.
- Data are not available to determine how many Minnesota Food Stamp participants the federal exclusion of qualified retirement accounts would directly affect.



Mississippi



Missouri



Food Stamp Participants

Households participating, 2006: 206,000 Individuals participating, 2006: 448,000 Percent of participating households with children, 2005: 59 percent

Food Stamp Benefits

Monthly household average: \$233 Annual total: \$507,102,000

State Profile

Population: 2,911,000

Population living below poverty level: 19 percent

Analysis

- At 19 percent Mississippi has the second highest percentage of its population living below the poverty level, nearly 6 percentage points higher than the national average.
- Mississippi has the third highest percentage (69 percent) of Food Stamp recipient households that are African-American.
- An estimated 97 percent of Mississippi's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, 200,000 low-income Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 298,000 Individuals participating, 2006: 796,000 Percent of participating households with children, 2005: 56 percent

Food Stamp Benefits

Monthly household average: \$205 Annual total: \$740,064,000

State Profile

Population: 5,843,000

Population living below poverty level: 13 percent

- At 14 percent, Missouri has the eighth highest percentage of its population on Food Stamps out of all 50 states and the District of Columbia.
- Missouri aligned its asset test rules in the Food Stamp program with its asset test rules in TANF cash assistance to exclude all qualified retirement accounts, such as IRAs from counting towards the \$2,000 asset limit (\$3,000 for households with an elderly or disabled member).
- This rule change was made effective November 8, 2004.
- Still, Missouri's ability to exclude IRAs and other retirement assets depends upon Department of Agriculture proposed regulations, which are not yet finalized. Only a federal, legislative exclusion of qualified retirement accounts will enable working Missourians to save, confident their savings will not eventually disqualify them from receiving Food Stamp benefits.



Montana



Nebraska



Food Stamp Participants

Households participating, 2006: 35,000 Individuals participating, 2006: 82,000 Percent of participating households with children, 2005: 52 percent

Food Stamp Benefits

Monthly household average: \$213 Annual total: \$89,954,000

State Profile

Population: 945,000

Population living below poverty level: 14 percent

Analysis

- An estimated 94 percent of Food Stamp households are subject to the Food Stamp asset test and would therefore benefit from a federal exclusion of IRAs and other qualified retirement accounts in the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 33,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 51,000 Individuals participating, 2006: 120,000 Percent of participating households with children, 2005: 55 percent

Food Stamp Benefits

Monthly household average: \$202 Annual total: \$124,315,000

State Profile

Population: 1,768,000

Population living below poverty level: 10 percent

- Nearly 84 percent of Nebraska's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 43,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Nevada



New Hampshire



Food Stamp Participants

Households participating, 2006: 55,000 Individuals participating, 2006: 118,000 Percent of participating households with children, 2005: 48 percent

Food Stamp Benefits

Monthly household average: \$190 Annual total: \$124,332,000

State Profile

Population: 2,496,000

Population living below poverty level: 11 percent

Analysis

- At 23 percent, Nevada has the fifth highest percentage of food stamp recipients that are elderly of the 50 states and the District of Columbia.
- An estimated 94 percent of Nevada's Food Stamp households are subject to the Food Stamp asset
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 51,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 27,000 Individuals participating, 2006: 56,000 Percent of participating households with children, 2005: 49 percent

Food Stamp Benefits

Monthly household average: \$176 Annual total: \$57,878,000

State Profile

Population: 1,315,000

Population living below poverty level: 7 percent

- At nearly 35 percent, New Hampshire has the third highest percentage (next to Vermont and Maine) of Food Stamp households that have countable Social Security income.
- New Hampshire also has the fourth highest share –
 nearly two thirds of new Food Stamp recipients
 eligible for and receiving expedited (emergency) Food
 Stamp service, which is available to those who have
 minimal resources, usually not enough to even pay
 current expenses. By fixing asset limits and their
 complex, inconsistent rules, more working families
 will be able to build up assets and avoid the need for
 emergency Food Stamp assistance.
- An estimated 91 percent of Food Stamp households are subject to the Food Stamp asset test
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 25,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be encouraged to save, knowing that their retirement savings will not disqualify them if they may someday need Food Stamp assistance.



New Jersey



New Mexico



Food Stamp Participants

Households participating, 2006: 194,000 Individuals participating, 2006: 406,000 Percent of participating households with children, 2005: 50 percent

Food Stamp Benefits

Monthly household average: \$196 Annual total: \$455,856,000

State Profile

Population: 8,725,000

Population living below poverty level: 8 percent

Analysis

- At 20 percent, New Jersey has the ninth highest percentage of Food Stamp recipients that are elderly out of the 50 states and the District of Columbia.
- An estimated 84 percent of New Jersey's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 164,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 95,000 Individuals participating, 2006: 245,000 Percent of participating households with children, 2005: 65 percent

Food Stamp Benefits

Monthly household average: \$221 Annual total: \$253,365,000

State Profile

Population: 1,955,000

Population living below poverty level: 17 percent

- Hispanics make up 43 percent of New Mexico's population and disproportionately receive aid from Food Stamps, making up nearly 56 percent of New Mexico's Food Stamp households.
- At 65 percent, New Mexico has the fourth highest percentage of Food Stamp households with children, among all 50 states and the District of Columbia.
- An estimated 86 percent of New Mexico's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 82,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.



New York



Food Stamp Participants

Households participating, 2006: 935,000 Individuals participating, 2006: 1,786,000 Percent of participating households with children, 2005: 40 percent

Food Stamp Benefits

Monthly household average: \$200 Annual total: \$2,239,980,000

State Profile

Population: 19,306,000

Population living below poverty level: 15 percent

Analysis

- New York has one of the largest Food Stamp programs in the country – second to only Texas in number of households receiving benefits.
- New York has the second largest percentage of elderly Food Stamp recipients. By reforming asset test rules, working families would be encouraged to build retirement assets and would likely need to rely on fewer assistance programs in retirement.
- An estimated 91 percent of Food Stamp households are subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted towards a \$2,000 limit (or \$3,000 for a household with an elderly or disabled member).
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 849,000 lowincome Food Stamp recipient households would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

A Profile of Linda Jean George

Linda Jean George is a former substitute teacher from Arcade, New York. Her husband, Mike is a dairy farmer. Six years ago, Linda left her job to raise her two children and help her husband on the farm. In 2006, due to a drop in milk prices, the family income took a significant hit, dropping to \$10,232 for the year. Since then, their monthly expenses have exceeded their income by about \$3,000. When Linda applied for the food stamp program, she learned that her retirement funds, held in an IRA account, disqualified the family from receiving this benefit. The money had been rolled over from a 401(k) account when she left her job. In the state of New York, funds held in IRAs are included in asset tests while funds in 401(k)s are excluded. Under current law, the family will not be eligible for food stamps unless she liquidates her IRA account (paying a penalty for early withdrawal) and uses up the funds, thus denying the family access to future retirement security.

North Carolina



North Dakota



Food Stamp Participants

Households participating, 2006: 377,000 Individuals participating, 2006: 854,000 Percent of participating households with children, 2005: 58 percent

Food Stamp Benefits

Monthly household average: \$204 Annual total: \$920,977,000

State Profile

Population: 8,857,000

Population living below poverty level: 14 percent

Analysis

- In North Carolina, 404,000 children benefit from food stamps and 41 percent of Food Stamp households are single adults with children.
- Only 56 percent of North Carolina's eligible households receive Food Stamp benefits, putting it in the bottom quarter of states in this measure, according to the Department of Agriculture. Simplifying asset test rules at the federal level, such as the exclusion of all qualified retirement savings, may help reduce red-tape and increase the program's effectiveness.
- Nearly 95 percent of North Carolina's Food Stamp households are subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted toward a \$2,000 limit (or \$3,000 for a household with an elderly or disabled member).
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 359,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 19,000 Individuals participating, 2006: 43,000 Percent of participating households with children, 2005: 50 percent

Food Stamp Benefits

Monthly household average: \$200 Annual total: \$46,220,000

State Profile

Population: 636,000

Population living below poverty level: 11 percent

- In October 2001, North Dakota's Department of Human Services implemented expanded categorical eligibility to allow a large segment of Food Stamp recipients to qualify for Food Stamps without regard to their asset holdings.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower- income North Dakotans that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.
- Data are not available to determine how many North Dakotans would be able to save without risk of being disqualified from receiving Food Stamp assistance.

Ohio



Oklahoma



Food Stamp Participants

Households participating, 2006: 481,000 Individuals participating, 2006: 1,064,000 Percent of participating households with children, 2005: 51 percent

Food Stamp Benefits

Monthly household average: \$220 Annual total: \$1,266,220,000

State Profile

Population: 11,478,000

Population living below poverty level: 12 percent

Analysis

- Effective June 16, 2003, Ohio aligned its asset test rules in the Food Stamp program with its asset test rules in Temporary Aid to Needy Families (TANF) cash assistance to exclude all qualified retirement assets, such as IRAs, from counting towards the \$2,000 asset limit (\$3,000 for households with an elderly or disabled member).
- An exclusion of all qualified retirement accounts directly enables 481,000 recipient households to build their own retirement nest eggs.
- Still, Ohio's ability to exclude IRAs and other retirement assets depends upon the Department of Agriculture proposed regulations, which are not yet finalized. Only a federal exclusion of qualified retirement accounts will enable working Ohioans to save, confident that their savings will not eventually disqualify them form receiving Food Stamp benefits.

Food Stamp Participants

Households participating, 2006: 181,000 Individuals participating, 2006: 436,000 Percent of participating households with children, 2005: 56 percent

Food Stamp Benefits

Monthly household average: \$215 Annual total: \$467,306,000

State Profile

Population: 3,579,000

Population living below poverty level: 14 percent

- At 12 percent, Oklahoma has the eleventh highest percentage of total population on food stamps, out of all 50 states and the District of Columbia.
- An estimated 98 percent of Oklahoma's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 178,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Oregon



Pennsylvania



Food Stamp Participants

Households participating, 2006: 223,000 Individuals participating, 2006: 434,000 Percent of participating households with children, 2005: 42 percent

Food Stamp Benefits

Monthly household average: \$173 Annual total: \$463,280,000

State Profile

Population: 3,701,000

Population living below poverty level: 13 percent

Analysis

- Oregon uses expanded categorical eligibility to allow households earning less than 185 percent of poverty (about \$31,776 per year in 2007 for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- Oregon is one of several states which have taken steps at the state level to promote retirement saving among moderate- and lower-income families who receive or someday may receive Food Stamp assistance.
- Because of the this expanded eligibility, an estimated 29 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Oregonians that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 497,000 Individuals participating, 2006: 1,092,000 Percent of participating households with children, 2005: 46 percent

Food Stamp Benefits

Monthly household average: \$198 Annual total: \$1,182,250,000

State Profile

Population: 12,441,000

Population living below poverty level: 11 percent

- Effective March 8, 2004, Pennsylvania aligned its
 asset test rules in the Food Stamp program with its
 asset test rules in Temporary Aid to Needy Families
 (TANF) cash assistance to exclude all qualified
 retirement assets, such as IRAs, from counting
 toward the \$2,000 asset limit (\$3,000 for households
 with an elderly or disabled member).
- As Pennsylvania has the seventh largest Food Stamp program in the country in terms of recipients, excluding all qualified retirement savings directly enables 497,000 recipient households to build their own retirement nest eggs.
- Still, Pennsylvania's ability to exclude IRAs and other retirement assets depends upon Department of Agriculture proposed regulations, which are not yet finalized. Only a federal exclusion of qualified retirement accounts will enable working Pennsylvanians to save, confident that their savings will not eventually disqualify them from receiving Food Stamp benefits.

Rhode Island



South Carolina



Food Stamp Participants

Households participating, 2006: 34,000 Individuals participating, 2006: 73,000 Percent of participating households with children, 2005: 53 percent

Food Stamp Benefits

Monthly household average: \$197 Annual total: \$80,929,000

State Profile

Population: 1,068,000

Population living below poverty level: 12 percent

Analysis

- Only 52 percent of the eligible population in Rhode Island receives Food Stamp benefits, placing it among the bottom five states in administrative effectiveness at reaching the target population, according to the Department of Agriculture. Other states have been able to increase their effectiveness at providing Food Stamps by simplifying eligibility rules, such as the asset test.
- An estimated 73 percent of Food Stamp households are subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted towards a \$2,000 limit (or \$3,000 for a household with an elderly or disabled member).
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 25,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 227,000 Individuals participating, 2006: 534,000 Percent of participating households with children, 2005: 55 percent

Food Stamp Benefits

Monthly household average: \$217 Annual total: \$589,430,000

State Profile

Population: 4,321,000

Population living below poverty level: 15 percent

- South Carolina's expanded eligibility allows households eligible for Temporary Aid to Needy Families (TANF) funded Information and Referral Services (gross income less than 200 percent of poverty) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- South Carolina's Department of Social Services made the administrative changes to promote retirement saving and to avoid penalizing families who have saved but rely on Food Stamp assistance after a job loss or other emergency.
- Because of this expanded categorical eligibility, only an estimated 10 percent or 22,000, households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income South Carolinians that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.



South Dakota



Tennessee



Food Stamp Participants

Households participating, 2006: 24,000 Individuals participating, 2006: 58,000 Percent of participating households with children, 2005: 55 percent

Food Stamp Benefits

Monthly household average: \$232 Annual total: \$66,153,000

State Profile

Population: 782,000

Population living below poverty level: 13 percent

Analysis

- South Dakota has a very high percentage of American-Indian Food Stamp recipients, nearly 37 percent of all recipient households.
- South Dakota ranks at the bottom in Food Stamp administration effectiveness; only 53 percent of those eligible actually receive assistance, which is better than only five other states. Simplifying asset test rules at the federal level, such as the exclusion of all qualified retirement savings, may help reduce redtape and increase the program's effectiveness.
- Data are not available to determine how many South Dakota Food Stamp participants the federal exclusion of qualified retirement accounts would affect.

Food Stamp Participants

Households participating, 2006: 387,000 Individuals participating, 2006: 870,000 Percent of participating households with children, 2005: 50 percent

Food Stamp Benefits

Monthly household average: \$210 Annual total: \$976,013,000

State Profile

Population: 6,039,000

Population living below poverty level: 15 percent

- At 15 percent, Tennessee's poverty level is nearly 3 percentage points higher than the national average.
- Tennessee has the fifth highest percentage (14 percent) of its population receiving Food Stamp benefits.
- Tennessee disregards assets held in IRAs and Keogh accounts if their value is less than \$20,000 and counts the amount over \$20,000 towards the asset limit.
- An estimated 91 percent of Tennessee's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 352,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Texas



Utah



Food Stamp Participants

Households participating, 2006: 1,017,000 Individuals participating, 2006: 2,623,000 Percent of participating households with children, 2005: 65 percent

Food Stamp Benefits

Monthly household average: \$241 Annual total: \$2,939,331,000

State Profile

Population: 23,508,000

Population living below poverty level: 16 percent

Analysis

- Texas has the most food stamp recipients out of, all 50 states and the District of Columbia.
- Texas uses expanded categorical eligibility to allow households earning less than 165 percent of poverty (about \$20,928 per year in 2007 for a family of three) for Food Stamp assistance without regard to the Food Stamp asset test. However, assets in some qualified retirement accounts, such as IRAs, are still counted but towards a higher \$5000 asset limit.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 494,000 lowincome Food Stamp recipients would immediately be able to begin saving. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 54,000 Individuals participating, 2006: 132,000 Percent of participating households with children, 2005: 57 percent

Food Stamp Benefits

Monthly household average: \$217 Annual total: \$140,416,000

State Profile

Population: 2,550,000

Population living below poverty level: 10 percent

- An estimated 93 percent of Utah's Food Stamp households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 50,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Vermont



Virginia



Food Stamp Participants

Households participating, 2006: 24,000 Individuals participating, 2006: 47,000 Percent of participating households with children, 2005: 41 percent

Food Stamp Benefits

Monthly household average: \$178 Annual total: \$50,092,000

State Profile

Population: 624,000

Population living below poverty level: 9 percent

Analysis

- Vermont has the fourth highest percent of households on Food Stamps that are elderly.
- At nearly 39 percent, Vermont has the highest percentage of Food Stamp households that have countable Social Security income.
- An estimated 89 percent of Vermont's Food Stamp households are subject to the Food Stamp asset test
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 21,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 225,000 Individuals participating, 2006: 507,000 Percent of participating households with children, 2005: 69 percent

Food Stamp Benefits

Monthly household average: \$195 Annual total: \$525,712,000

State Profile

Population: 7,643,000

Population living below poverty level: 10 percent

- At 69 percent, Virginia has the second highest percentage of families on Food Stamps with children, out of all 50 states and the District of Columbia.
- Data are not available to determine how many Virginia Food Stamp participants the federal exclusion of qualified retirement accounts would directly affect.

Washington



West Virginia



Food Stamp Participants

Households participating, 2006: 270,000 Individuals participating, 2006: 536,000 Percent of participating households with children, 2005: 41 percent

Food Stamp Benefits

Monthly household average: \$183 Annual total: \$594,593,000

State Profile

Population: 6,396,000

Population living below poverty level: 12 percent

Analysis

- Washington uses expanded categorical eligibility to allow households income eligible for Food Stamp assistance (130 percent of poverty or about \$22,320 per year in 2007 for a family of three) to qualify without regard to the Food Stamp asset test.
- Washington is one of several states who have taken steps at the state level to promote retirement saving among moderate- and lower-income families who receive or someday may receive Food Stamp assistance.
- Because of the this expanded eligibility, an estimated 29 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Washingtonians that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 118,000 Individuals participating, 2006: 268,000 Percent of participating households with children, 2005: 50 percent

Food Stamp Benefits

Monthly household average: \$188 Annual total: \$266,403,000

State Profile

Population: 1,818,000

Population living below poverty level: 16 percent

- West Virginia has the fourth highest percentage of its population receiving Food Stamp assistance (after Louisiana, Mississippi, and the District of Columbia).
 Approximately 15 percent of its population participates.
- At 16 percent, West Virginia has the sixth highest poverty level of the 50 states plus the District of Columbia, nearly four percentage points higher than the national average.
- An estimated three-quarters of West Virginia Food Stamp recipients are subject to the Food Stamp asset test, in which IRAs and other qualified retirement savings are counted toward a \$2,000 limit (or \$3,000 for a household with an elderly or disabled member).
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 89,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.



Wisconsin



Wyoming



Food Stamp Participants

Households participating, 2006: 155,000 Individuals participating, 2006: 368,000 Percent of participating households with children, 2005: 58 percent

Food Stamp Benefits

Monthly household average: \$187 Annual total: \$346,650,000

State Profile

Population: 5,557,000

Population living below poverty level: 11 percent

Analysis

- Wisconsin uses expanded categorical eligibility to allow households earning less than 200 percent of poverty (approximately \$34,340 per year for a family of three) to qualify for Food Stamp assistance without regard to the Food Stamp asset test.
- Effective June 13, 2004, Wisconsin's Department of Health and Family Services made the administrative change to allow expanded categorical eligibility.
- Because of expanded eligibility, only an estimated 16 percent of households are subject to the Food Stamp asset test when applying for Food Stamp benefits.
- Still, a federal exclusion of all qualified retirement accounts in the Food Stamp asset test would reassure moderate- and lower-income Wisconsin families that they will not have to spend down their retirement savings at penalty to qualify for Food Stamp assistance.

Food Stamp Participants

Households participating, 2006: 10,000 Individuals participating, 2006: 24,000 Percent of participating households with children, 2005: 58 percent

Food Stamp Benefits

Monthly household average: \$216 Annual total: \$26,309,000

State Profile

Population: 515,000

Population living below poverty level: 10 percent

- Wyoming is the smallest state in terms of both population and the size of its Food Stamp program.
 In 2006, about 5 percent, or 24,000, of Wyoming's 515,000 residents received Food Stamp benefits.
- However, only 48 percent of the eligible population in Wyoming receives Food Stamp benefits, making it second-to-last in providing benefits to eligible households, according to the Department of Agriculture. Other states have been able to increase their effectiveness at providing Food Stamps by simplifying eligibility rules, such as the asset test.
- Wyoming's Department of Family Services administers the program in which an estimated 99 percent of the participating households are subject to the Food Stamp asset test.
- By eliminating qualified retirement accounts from the Food Stamp asset test, an estimated 10,000 lowincome Food Stamp recipients would be able to begin building their own retirement nest eggs. Even more working families would be able to save, knowing that if they lose a job or encounter temporary difficulty, their retirement savings will not disqualify them from receiving Food Stamp assistance.

Notes

The views expressed in this paper are those of the authors alone and should not be attributed to the Brookings Institution,
Georgetown University's Public Policy Institute, or The Pew Charitable Trusts.



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The Retirement Security Project 1775 Massachusetts Avenue Washington, DC 20036 Phone: 202-741-6524

Fax: 202-741-6515

www.retirementsecurityproject.org