



SB650 AS AMENDED WOULD HURT THE TRULY NEEDY AND INCREASE DEPENDENCY IN PERPETUITY

1. ARKANSAS HAS A STRONG FOOD STAMP ASSET TEST THAT PROTECTS THE TRULY NEEDY.

Arkansas' food stamp program is one of the best in the country, in large part because of the state's strong asset test.¹ The asset limit, which mirrors federal standards, is \$2,250 for most households. Households with elderly or disabled residents have an even higher limit of \$3,500.² There are many exemptions for what counts towards the asset limit, including:

- Household dwelling;
- Household personal goods;
- Life insurance policies;
- Pensions;
- And at least one vehicle, with additional exemptions for certain other vehicles, such as those used for work-related purposes.³

Essentially, the only assets considered are liquid resources like cash.⁴ This firm-but-fair standard ensures that Arkansans who can provide for themselves cannot drain the safety net but that Arkansans who truly need help can obtain it. Unfortunately, SB650 as amended proposes raising the asset limit to \$4,500 which would expand dependency and take Arkansans backwards.

2. SB650 WOULD ADD 13,000 ARKANSANS TO FOOD STAMPS IN THE FIRST YEAR ALONE—AND WOULD EXPAND DEPENDENCY IN PERPETUITY.

Raising the asset limit to \$4,500 would initially add 13,000 Arkansans to welfare.⁵ But this is just the beginning: SB650 also adjusts the asset limit *automatically* on a biennial basis, leading to ongoing increases in food stamp dependency.⁶ The asset limit would continue to increase in perpetuity from there, in tandem with inflation.⁷ This unmitigated surge in enrollment will sap resources from the truly needy and promote dependency.

3. ARKANSANS WITH \$4,500 IN CASH SHOULD BE ABLE TO AFFORD GROCERIES.

\$4,500 is not an amount of money to scoff at. In fact, the median American household typically has thousands less than that in their checking accounts, meaning many of them could qualify for food stamps under the standard set forth in SB650.⁸ Here are some examples of how that money could be used in Arkansas:

- Nearly a year's worth of groceries for a single mom and a toddler;⁹
- More than 6 months of rent for a one-bedroom apartment in Little Rock;¹⁰
- Nearly ten months of child care for a four-year-old;¹¹
- More than a year of tuition and fees for workforce education at Arkansas Tech University;¹²
- More than a year of health insurance premiums for a 40-year-old Arkansan enrolled in a bronze plan;¹³



- Or nearly three years of gas for an Arkansan driving a GMC Sierra 200 miles per week at \$2.75 per gallon.¹⁴

4. SB650 WOULD DILUTE LEGISLATIVE AUTHORITY.

Currently, thanks to Act 518 of 2017, the asset limit in Arkansas cannot be adjusted without input from the state legislature.¹⁵ SB650 as amended would undo this and place new power in the hands of the Department of Human Services (DHS) to enter into a waiver with the Biden Administration.¹⁶ Legislative approval would also not be required for all future automatic, inflation-related increases in the asset limit. This would concentrate power into the hands of state bureaucrats at the expense of legislative oversight over the program.

5. SB650 WOULD PUT ARKANSAS BEHIND MANY OF ITS NEIGHBORS.

Many of Arkansas's neighboring and rival states have the same strong asset test, including Kansas, Missouri, Mississippi, and Tennessee.¹⁷ Texas also has an asset test that is stricter than SB650 proposes.¹⁸ As Arkansas continues to compete with many of these states for jobs and taxpayers, SB650 as amended would put the state at a disadvantage, growing dependency instead of the economy.

BOTTOM LINE:

SB650 WOULD DIVERT RESOURCES FROM THE TRULY NEEDY, EXPAND DEPENDENCY IN PERPETUITY, AND CIRCUMVENT THE AUTHORITY OF THE LEGISLATURE—ALL AT THE COST OF TAXPAYERS.

¹ Arkansas Department of Human Services, "SNAP certification manual – sections 100 to 900," Arkansas Department of Human Services (2021), <https://humanservices.arkansas.gov/wp-content/uploads/Supplemental-Nutrition-Assistance-Program-Policy-Manual.pdf>.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Opportunity Solutions Project calculations based upon data provided by a proprietary microsimulation model that incorporates data on food stamp enrollment and expenditures in fiscal year 2019 disaggregated by age, disability status, eligibility category, and income-to-poverty ratio, total food stamp enrollment in fiscal year 2021, the distribution of income-eligible households by countable asset values, the current resource limit disaggregated by age, disability status, and eligibility category, the proposed resource limit in 2021, and participation rates of households and individuals made eligible under broad-based categorical eligibility policies.

⁶ Arkansas State Legislature, "SB650 – To amend the asset limits for the Supplemental Nutrition Assistance Program; and to direct the Department of Human Services to request a broad-based categorical eligibility waiver," Arkansas State Legislature (2021), <https://www.arkleg.state.ar.us/Bills/Detail?id=SB650&ddBienniumSession=2021%2F2021R&Search=>.

⁷ Author's calculations assuming three percent inflation.

⁸ Chris Moon, "Average U.S. Checking Account Balance 2021: A Demographic Breakdown," Value Penguin (2021), <https://www.valuepenguin.com/banking/average-checking-account-balance>.

⁹ U.S. Department of Agriculture, "Official USDA food plans: Cost of food at home at four levels, U.S. average, February 2021," U.S. Department of Agriculture (2021), <https://fns-prod.azureedge.net/sites/default/files/media/file/CostofFoodFeb2021.pdf>.



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- ¹⁰ U.S. Department of Housing and Urban Development, “FY2021 final fair market rents documentation system,” U.S. Department of Housing and Urban Development (2021), https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021_code/select_Geography.odn.
- ¹¹ Economic Policy Institute, “The cost of child care in Arkansas,” Economic Policy Institute (2020), <https://www.epi.org/child-care-costs-in-the-united-states/#/AR>.
- ¹² Arkansas Tech University, “Estimated cost of attendance at ATU,” Arkansas Tech University (2021), https://www.atu.edu/finaid/Est_COA.php.
- ¹³ Kaiser Family Foundation, “Average marketplace premium by metal tier, 2018-2021,” Kaiser Family Foundation (2021), <https://www.kff.org/health-reform/state-indicator/average-marketplace-premiums-by-metal-tier/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.
- ¹⁴ Calculators.org, “Yearly cost of gasoline budget calculator,” Calculators.org (2021), <https://www.calculators.org/auto/fuel-budget.php>.
- ¹⁵ Arkansas State Legislature, “Act 518 – To affirm the legislative authority over waivers for the Supplemental Nutrition Assistance Program; and to promote economic advancement for Arkansans,” Arkansas State Legislature (2017), <https://www.arkleg.state.ar.us/Bills/Detail?id=HB1462&ddBienniumSession=2017/2017R>.
- ¹⁶ Arkansas State Legislature, “SB650 – To amend the asset limits for the Supplemental Nutrition Assistance Program; and to direct the Department of Human Services to request a broad-based categorical eligibility waiver,” Arkansas State Legislature (2021), <https://www.arkleg.state.ar.us/Bills/Detail?id=SB650&ddBienniumSession=2021%2F2021R&Search=>.
- ¹⁷ U.S. Department of Agriculture, “Broad-based categorical eligibility,” U.S. Department of Agriculture (2020), <https://fns-prod.azureedge.net/sites/default/files/resource-files/BBCStatesChart%28May2020%29.pdf>.
- ¹⁸ Ibid.