



TESTIMONY

**MODIFYING SNAP INCOME AND
ASSET REQUIREMENTS**

House File 3831

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TESTIMONY BEFORE

MINNESOTA HOUSE OF REPRESENTATIVES
Children and Families Finance and Policy Committee

TESTIMONY BY

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Good afternoon, Chairman West, Co-Chair Kotyza-Witthuhn, Vice Chairman Nelson, Co-Vice Chair Hanson and members of the Minnesota House Children and Families Finance and Policy Committee. Thank you for the opportunity to submit written testimony.

My name is Matthew Schmid, and I serve as the Director of the Farmers First campaign at the America First Policy Institute. As someone who works professionally to advance state and federal policies that promote good governance and who has previously worked as a budget official at the state level, I want to point out today how the policies contained within HF 3831 provide common sense guardrails needed to restore public trust in our welfare system and help prevent a fiscal disaster for the state.

Americans are a generous people who established the food stamp program to act as a temporary safety net for the most vulnerable. The program, now called SNAP, provides over [\\$850 million](#) in benefits annually to Minnesotans, 100% of which is currently federally-funded. Yet it is the states and local governments that administer the program, with further financial assistance from the federal government, meaning that states, or in the case of Minnesota, counties, are entrusted to manage the program well on behalf of *all* American taxpayers.

The Problem

Trust that the American tax dollars invested into the SNAP program are properly managed has eroded in recent years, and for good reason. The SNAP payment error rate in Minnesota, a measure of good program administration, [was almost 9% in 2024](#), translating to tens of millions of dollars in improperly-issued taxpayer-funded SNAP benefits. This error rate will result in almost \$87 million dollars in new state spending to cover a share of recipient benefits. Moreover, a new federal will place Minnesotans will be on the hook for these funds if not addressed immediately.

According to the Government Accountability Office (GAO), the federal government's auditor, a [main contributor](#) to payment errors is a loophole known as [Broad Based Categorical Eligibility \(BBCE\)](#), which states can use to confer SNAP eligibility on individuals who do not meet federal eligibility requirements. **The fundamental concern is that BBCE confers eligibility without asset testing and prior to income testing.** This means that hard data about finances is not always provided up front, contributing to errors later when the United States Department of Agriculture audits those benefit determinations. The GAO also found that the removal of asset testing under BBCE reduced caseworker ability to investigate and identify inconsistencies and possible fraud.

The Solution

Closing the BBCE loophole will give county caseworkers the tools that they need to verify resources and income up front to avoid errors, ensure that applicants really are who they say they are, and that they truly qualify for the needed assistance. This reform will go a long way toward restoring public trust and integrity to Minnesota's food stamp program. **Prior to 2007, these commonsense guardrails existed and Minnesota should bring them back.**



Recent [polling](#) has shown that 78% of voters agree that SNAP should have mandatory income and asset limits. Minnesota’s county employees need hard numbers about applicants to reduce the state error rate. Otherwise, a tremendous financial cost sharing burden will hit your state budget. When state budgets get hit, services and grant programs get reduced, which could also impact Minnesota’s robust food shelf and social services network – closing this loophole will help prevent that impact.

Limited Impact on SNAP Recipients

Further, these reforms do not change the income limits for SNAP beneficiaries. Instead, the reforms move the point in time when verification takes place, so that income is verified up front, for both SNAP eligibility purposes as well as for benefit allocation determinations. This reform is about eliminating a main source of the math errors contributing to the state payment error rate. Closing the BBCE loophole will not impose a “benefits cliff”, nor will it reduce monthly SNAP benefit payments amounts.

In addition, the re-introduction of asset testing will have limited impact on SNAP recipients who truly need it, as the proposed asset threshold is still significantly higher than federal limits. The asset threshold of \$10,000 applies to countable resources in readily accessible bank accounts. It does not apply to homes and primary vehicles, among other exceptions, or to participants who qualify for childcare assistance programs. This asset threshold prevents people with sizable resources like millionaires, lottery winners, and others with healthy bank accounts from an inappropriate allocation of tax dollars.

County Impact

As to the impact to the counties with this reform, in my years working in state policy development and later in a state budget office, I wrote or contributed to hundreds of fiscal notes and I understand the counties’ concerns with re-introducing asset testing. However, I would reiterate that asset testing was the norm prior to 2007 with much smaller county budgets. For example, according to state budget records, Hennepin County’s budget has more than doubled since 2006, when asset testing was required. Resources may have been diverted in the years since, but the county managed to asset test when their budget was over 50% lower. Budgets were not reduced in the years after introducing BBCE, which is often billed as an efficiency due to its lack of eligibility verification by caseworkers.

Finally, and most critically, the administrative efficiency of categorical eligibility for SNAP remains intact and tied to eligibility for cash assistance. In fact, the proposed reforms in HF 3831 would use the same asset thresholds as the Minnesota Family Investment Program (MFIP) and the General Assistance (GA) programs which *do* require asset testing. A person who is eligible under MFIP or GA, can be automatically eligible for SNAP, maintaining administrative efficiency. Thus, a new and separate asset test is not envisioned.

Failure to fix Minnesota’s SNAP error problem immediately, places county financial assistance in danger within the next year as the state must find an additional \$87 million in the budget.



Conclusion

The proposed reforms are not dramatic but are important. These reforms will return Minnesota to a previous era of good governance where the public could trust that American generosity was zealously safeguarded by elected leaders who held the line. This bill is an opportunity to restore that trust and protect Minnesota’s state budget.

Thank you.

