NCCP National Center for Children *in* Poverty
Columbia University
MAILMAN SCHOOL OF PUBLIC HEALTH

State Policy Choices: Assets and Access to Public Assistance (OCTOBER 2003)

Most low-income families have few if any assets to help them weather even a short-term loss of employment.[1] Policies designed to assist low-income families can contribute to this problem by penalizing those who accumulate assets. In some states, even small levels of savings or a single car can make families ineligible for TANF cash assistance, food stamps, and public health insurance.

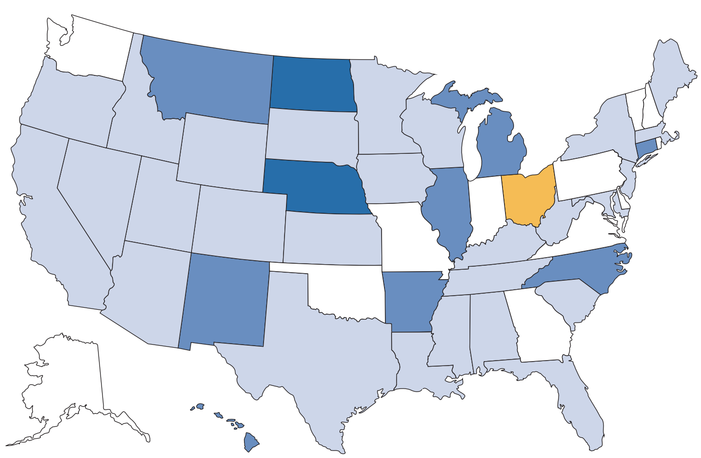
Policies should recognize the need to develop assets as part of the path to economic self-sufficiency. Recipients should be allowed to purchase vehicles—often critical to finding and keeping a job—and build modest savings. And low-income families faced with a financial crisis should be able to get supports without giving up their car or exhausting their savings.

Over the past several years, states have gained increased discretion to determine the treatment of family assets in benefit eligibility criteria. Asset tests now vary widely both across policies and across states.

TANF Cash Assistance

Prior to 1996, asset criteria for recipients of cash assistance (then called Aid to Families with Dependent Children—AFDC) were set by the federal government, with limited state flexibility. With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), states gained full discretion to set asset limits and define excluded resources under the new program—Temporary Assistance for Needy Families (TANF). All states have since implemented more generous rules for excluding vehicles—half exclude at least one car, regardless of its value. Most states have also raised the asset limit, resulting in widely varying asset criteria (see Figure 1).

Figure 1: Assets Limits for TANF Applicants[2]



Food Stamps

Food stamp eligibility rules are determined by the federal government and are generally constant across the states. Federal regulations limit countable assets to $2,000 ($3,000 if household includes a person who is age 60 or over or is disabled); households in which all members receive TANF or SSI benefits are exempt from this limit.

Federal food stamp rules exclude up to $4,650 for the fair market value of one vehicle per adult.[3] However, since 2001, states have had the option of applying more generous rules, and most have chosen this option (see Figure 2).

Figure 2: Treatment of Vehicles for Food Stamps Applicants[4]

Asset test waived[5] (7)	DE, ME, MI, ND, OR, SC, TX
Apply TANF assistance program rules (36)	AL, AK, AR, AZ, CO, CT, DC, FL, HI, IL, IN, KS, KY, LA, MA, MD, MN, MO, NC, NE, NH, NJ, NM,NV, NY, OH, OK, PA, RI, SD, UT, VA, VT, WI, WV, WY
Waiver to exclude one vehicle (1)	MT
Apply federal food stamp rules (7)	CA, GA, IA, ID, MS, TN, WA

Public Health Insurance

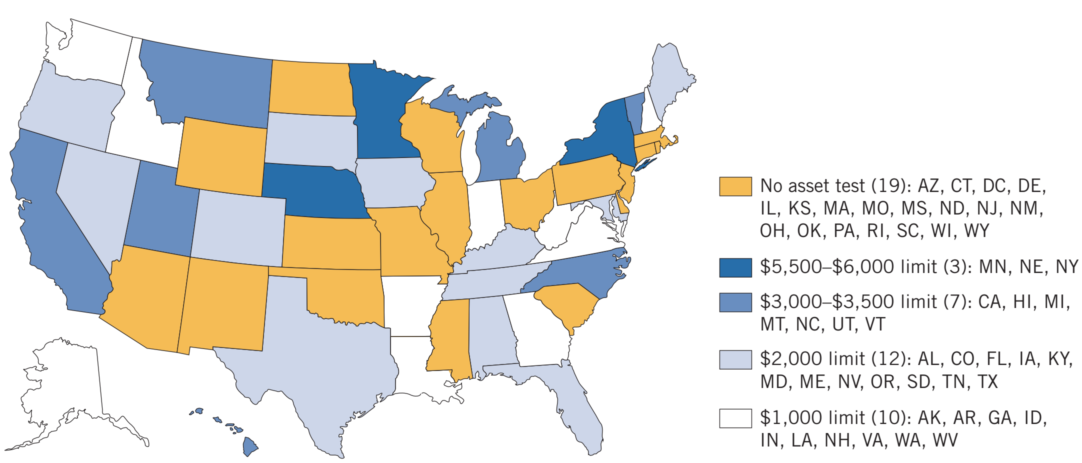
States have substantial flexibility in setting asset criteria in public health insurance plans for children under Medicaid and the State Children's Health Insurance Program (SCHIP). At a minimum, states must offer coverage to families who meet eligibility criteria that allow a maximum of $1,000 in assets.

- 44 states waive asset tests altogether.
- 7 states continue to limit children's eligibility (under Medicaid and/or SCHIP plans) based on their families' assets: Colorado, Idaho, Montana, Nevada, Oregon, Texas, and Utah.[6]

Parents applying for public health insurance face more restrictive eligibility criteria than children.

- 19 states have waived the asset test for parents as well.
- 10 states continue to limit assets to $1,000 per household (see Figure 3).

Figure 3: Assets Limits for Parents Applying for Public Health Insurance[7]



Other Government Assistance Programs

Assets do not limit families' eligibility for child and dependent care tax credits (federal and state), earned income tax credits (federal and state), Section 8 housing vouchers (and other federal housing assistance for low-income families), unemployment insurance, and (in most states) Child and Dependent Care Fund (CCDF) subsidies.

For more information see NCCP's LIFT policy database at **www.lift nccp.org**.

Endnotes

* This fact sheet was prepared by Kinsey Alden Dinan of NCCP.

1. Wagmiller, R. (2003). *Debt and assets among low-income families.* New York, NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health <www.nccp.org/pub_aad03.html>.

2. Data are from 2000. Source: Urban Institute, Assessing the New Federalism, ANF Data Resources database: *Welfare Rules* <http://newfederalism.urban.org/WRD>.

3. In addition, vehicles with less than $1,500 in equity value are excluded entirely; equity value equals the fair market value of the vehicle minus the amount the family still owes on the vehicle.

4. Data are from 2003. Source: Stacy Dean, S. & Horng, R. (2003). *States' vehicle asset policies in the Food Stamp Program*. Washington, DC: Center on Budget and Policy Priorities <www.cbpp.org/7-30-01fa.pdf>.

5. These states have essentially waived the asset test by making virtually all food stamp households eligible for a TANF-funded benefit that makes them categorically eligible for food stamps and thus exempts them from the asset test.

6. Data are from 2002. Source: Ross, D. C. & Cox, L. (2002). *Enrolling children and families in health coverage: The promise of doing more*. Washington, DC: Kaiser Commission on Medicaid and the Uninsured <www.kff.org/content/2002/4046/4046.pdf>.

7. Data are from 2001. Source: Kaiser Commission on Medicaid and the Uninsured. (2002). *Low-income parents' access to Medicaid five years after welfare reform*. Washington, DC: Kaiser Commission on Medicaid and the Uninsured ,<www.kff.org/content/2002/4052/4052.pdf>.