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Policy Brief
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Eliminating Asset Limits:
Creating Savings for Families and State Governments

Introduction

Cash assistance under Temporary Assistance for Needy Families (TANF) and food assistance under the Supplemental Nutrition Assistance Program (SNAP) are important federal safety net programs that help struggling families make ends meet and achieve economic stability. Both TANF and SNAP are means-tested programs, meaning that applicants and recipients must have income below a certain level to qualify for assistance. Historically, most means-tested programs also had asset tests, which deny eligibility to applicants and recipients with more than modest amounts of resources including cash, vehicles, or other property. For determining eligibility, assets or resources are defined as liquid or non-liquid assets such as money in bank accounts, certificates of deposit, stocks, and bonds, among other things. These limits were intended to ensure that only truly needy families, without significant savings or other assets, received public help. However, such limits run counter to the goals of TANF and SNAP of supporting recipients in work and enabling them to advance economically. Without savings, temporary setbacks such as a short-term job loss, an unusually high utility bill during a cold snap, or a car breakdown can result in a downward spiral that sets families back.

States have significant power to set asset limits—or to eliminate them entirely—under both TANF and SNAP, and there is great variation in the states' policies (See Table). Thirty-five states and the District of Columbia have asset limits for TANF applicants at or below $3,000, while eleven states have kept the default SNAP limit of $2,250 ($3,250 for households with an elderly or disabled member). In addition to restrictions on assets, 32 states have vehicle asset limits for TANF, making it difficult for families to have a reliable car to get to work. At the other end, eight states have eliminated non-vehicle asset limits for TANF, and 34 states and D.C. have eliminated non-vehicle asset limits for SNAP.

State Variation in Asset Limits

Supplemental Nutrition Assistance Program

For SNAP, the standard federal asset limit is $2,250, rising to $3,250 for households with an elderly or disabled member.[1] However, states are able to change the asset limit for households through a policy known as "broad-based categorical eligibility" (BBCE), which allows states to align the asset test and the gross income eligibility limit for SNAP with the eligibility rules used in programs financed by the state’s TANF block grant.[2] Through this avenue, states may bypass the regular SNAP asset limits to eliminate duplicative verifications of eligibility, simplify administration of benefits, and expand SNAP eligibility to certain families in need. Thirty-four states and the District of Columbia have eliminated their SNAP asset limits for most recipients through BBCE.[3] Another five states have used BBCE to raise their asset limits: Idaho, Maine, Michigan, and Texas have raised their SNAP asset limit to $5,000—more than doubling the federal standard—and Nebraska has raised its asset limit to $25,000 in liquid assets.

Temporary Assistance for Needy Families

States have not made as much progress eliminating TANF asset limits. Under welfare reform in 1996, states were given discretion to determine their own financial eligibility criteria. This has led to wide variation in TANF asset limits ranging from $1,000 in Texas and New Hampshire to $10,000 in Delaware. Eight states have eliminated their TANF asset limit for applicants and recipients—Alabama, Colorado, Hawaii, Illinois, Louisiana, Maryland, Ohio, and Virginia.[4] Of these eight states, six have also eliminated their SNAP asset limit.

Additionally, there is some variation in TANF asset limits for applicants and recipients. Six states have different applicant and recipient limits, all having higher limits for recipients than applicants. Some states, such as Indiana, have little variation between the two, with a $1,000 applicant asset limit and $1,500 recipient asset limit. However, a few states have large differences in their applicant and recipient asset limits. For example, Oregon has a $2,500 asset limit for applicants and a $10,000 asset limit for recipients. The differences in asset limits between the two are designed to limit TANF assistance to the neediest families, while still allowing recipients to build up savings while receiving assistance. However, such policies treat similar families differently depending on their history of TANF receipt. This can have unexpected consequences, for example, a short-term job might allow a family to temporarily leave assistance but then must spend down savings to requalify when the job ends.

Twenty-eight states and the District of Columbia have eliminated their SNAP asset limit but not their TANF asset limit. And, two states, Louisiana and Virginia, have eliminated their TANF asset limit but still have a SNAP asset test. TANF's block grant structure is designed to provide states the flexibility to adapt to changing state needs. Because of the ability to determine their own financial eligibility criteria, states can easily raise or eliminate their asset limit. Yet, few states have opted to do so with TANF.

Vehicle Asset Limits

When performing asset tests to verify eligibility for SNAP and TANF, some states account for the value of the applicant's vehicle. Under federal SNAP rules, states must disregard up to $4,650 of the value of a single car per household and *may* exclude one vehicle per household. The federal standard exemption value has not been adjusted for inflation since 1977. If it had been indexed to inflation, the vehicle exemption would be at least $11,000.[5] By counting vehicles toward SNAP and TANF asset limits, states are interfering with the ability of people to keep their vehicles when they are facing financial difficulties, rather than placing them in a position that would make them more susceptible to prolonged poverty. States should be equipping applicants and recipients with the tools they need to become economically independent and self-sufficient, and a vehicle is an important step to getting and keeping a job.

Significantly more states exclude all vehicles for SNAP compared to TANF. Eighteen states and the District of Columbia exclude all vehicles for the TANF asset limit, and 29 states and the District of Columbia exclude all vehicles from consideration for SNAP.[6] Additionally, all states either exclude at least one vehicle or exclude all vehicles for the SNAP asset test. Only sixteen states and the District of Columbia have excluded all vehicles for both SNAP and TANF.

Benefits of Raising or Eliminating Asset Limits

STATES SHOULD RAISE OR ELIMINATE ASSET LIMITS TO:

- Encourage saving and economic independence
- Enhance access to education, training and jobs
- Lower administrative costs and streamline processes

Raising asset limits or eliminating them altogether is beneficial for both applicant and recipient families. Asset limits force families to deplete savings and sell assets to qualify for assistance, sending the message that they should spend rather than save. Raising or eliminating asset limits promotes long-term savings and economic independence rather than dependence on immediate aid. Accumulating even a small amount of savings and assets may reduce the length of time families need public assistance.[7] Encouraging saving can soften economic hardship in the short- and long-term if families experience sudden income loss or unforeseen expenses. Savings provide families with a buffer for unexpected healthcare costs, allow them to plan for college so their children can have a brighter future, and prepare them to deal with unexpected job- and home-related problems.

Additionally, eliminating asset limits leads to greater participation in the financial mainstream. Families who cannot access the financial mainstream may be forced to rely on alternative financial services providers, many of which lack consumer protections and can be costly for those struggling to make ends meet. A recent Urban Institute study found that eliminating asset tests leads to an increase in lower-income households with a bank account by three percentage points or 5 percent, and an increase in recipients with a bank account with at least $500 by two percentage points or 8 percent.[8] Having a bank account helps families conduct basic financial transactions, save for emergencies, build credit history, and access fair, affordable credit.[9]

Secondly, raising or eliminating asset limits provides families access to education, training, and jobs.[10] Vehicle limits for both SNAP and TANF constrain recipients' ability to get to needed services such as community college classes, training courses, and employment opportunities. Having access to transportation increases workers' retention rates and improves participants' chances of transitioning off welfare and into full employment.[11] Vehicle asset limits can be particularly burdensome for families who must get to work and take children to child care or school. These opportunities are essential for recipients in developing and maintaining self-sufficiency to help lift them out of poverty.

Finally, eliminating asset limits is fiscally responsible and time-saving for state governments: it lowers administrative costs through streamlining processes. Asset limits can have extremely complicated rules governing the exclusion of some resources, such as certain dedicated retirement accounts, and some sources of funds, such as Earned Income Tax Credit refunds. Rather than spending time calculating and enforcing asset tests, states should focus on helping families overcome barriers to employment and self-sufficiency.

Since applicants and recipients typically have minimal assets, the reality is that increasing or eliminating the asset limit does not lead to significantly increased participation in assistance programs. Increasing or removing asset tests for state TANF programs has little effect on the number of applicants, application acceptance rates, and overall caseloads.[12] According to administrative data from the Administrations for Children and Families (ACF) in the U.S. Department of Health and Human Service, in 2014, only 10.2 percent of TANF families had cash resources. Of those families, the average cash amount was just $219.[13] Similarly, among states that have not eliminated the asset test, the average SNAP household in 2014 had only $446 in resources.[14]

In 1997, Ohio was the first state to eliminate its TANF asset limit and has since seen no increase in the number of families receiving assistance. Removing the asset limit does not lead to fraud or abuse of the system: only 0.1 percent of Alabama TANF applications were denied because of excess assets in FY 2015[15] and only four cases in Louisiana were closed due to excess resources in FY 2007-2008.[16] The highly burdensome work requirements for TANF applicants and recipients combined with the low benefit levels create a disincentive for many people with significant resources to apply for TANF.

States that have eliminated asset limits have found that the resulting administrative cost savings significantly outweigh any increase in the number of families receiving benefits. Virginia, an early adopter of TANF asset limit elimination, spent approximately $127,200 more on benefits for 40 families and had an estimated cost savings of approximately $323,050 in administrative staff time, resulting in a net savings of $195,850.[16] Additionally, raising or eliminating the vehicle cap is fiscally responsible for state governments. States that adopted moderate asset limits and exempted at least one vehicle had 2 percent lower administrative expenditures than states not exempting a vehicle.[17] Eliminating the asset test also saves time; Colorado projected that doing so would save caseworkers up to 90 minutes per case.[18]

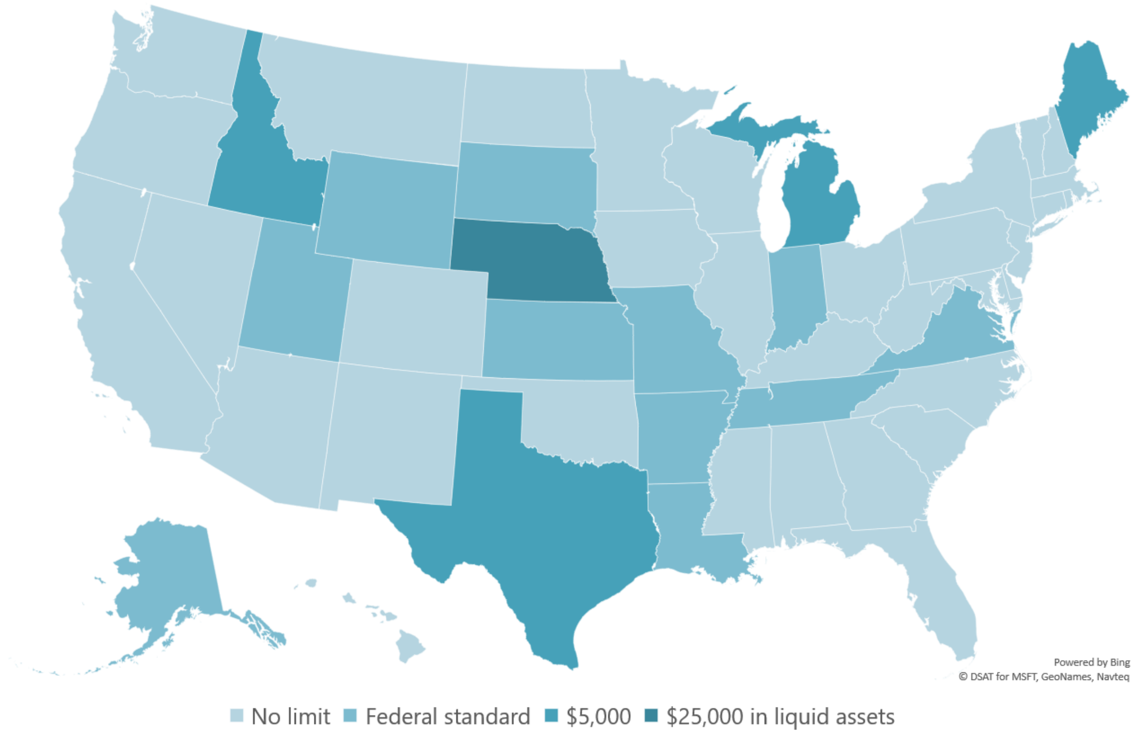
Removing the asset test decreases time spent filling out TANF or SNAP applications and leads to faster assistance delivery. Under the Affordable Care Act (ACA), the federal government eliminated the Medicaid asset test for most low-income individuals and families; using this same approach, states that eliminate asset tests for SNAP and TANF may be able to remove entire categories of questions from their applications. (Some questions may be needed to identify applicants who qualify for expedited SNAP benefits or disability-related Medicaid coverage.) Removing the asset limit saves times for state governments and administrators, as well as families who need extra support to climb the economic ladder.

Through BBCE, states can eliminate their SNAP asset limit for little to no cost to state governments since SNAP benefits are paid by the federal government. Through the flexibility of the block grant structure, states can easily eliminate TANF asset limit too. The federal government provides a block grant to states to operate their own programs, so administrators can easily tailor TANF provisions to meet state needs.

Federal policy also has a role to play in asset limits. The federal government should raise the SNAP federal standard from $2,250 to $10,000. The federal government should raise the SNAP federal standard, possibly to $10,000, as previously proposed by the Obama Administration.[19] In addition, federal guidelines should be changed in the next Farm Bill reauthorization to increase the vehicle exemption for those states that have not opted to take advantage of BBCE. Eliminating asset limits is useful for families and state governments. Families can save for unexpected events and build a stronger financial future while also gaining better access to education, training, and jobs on their path to economic independence. State governments reap the rewards alongside families by lowering administrative costs and saving staff time. Taking steps to eliminate the asset limit for SNAP and TANF is a win-win.

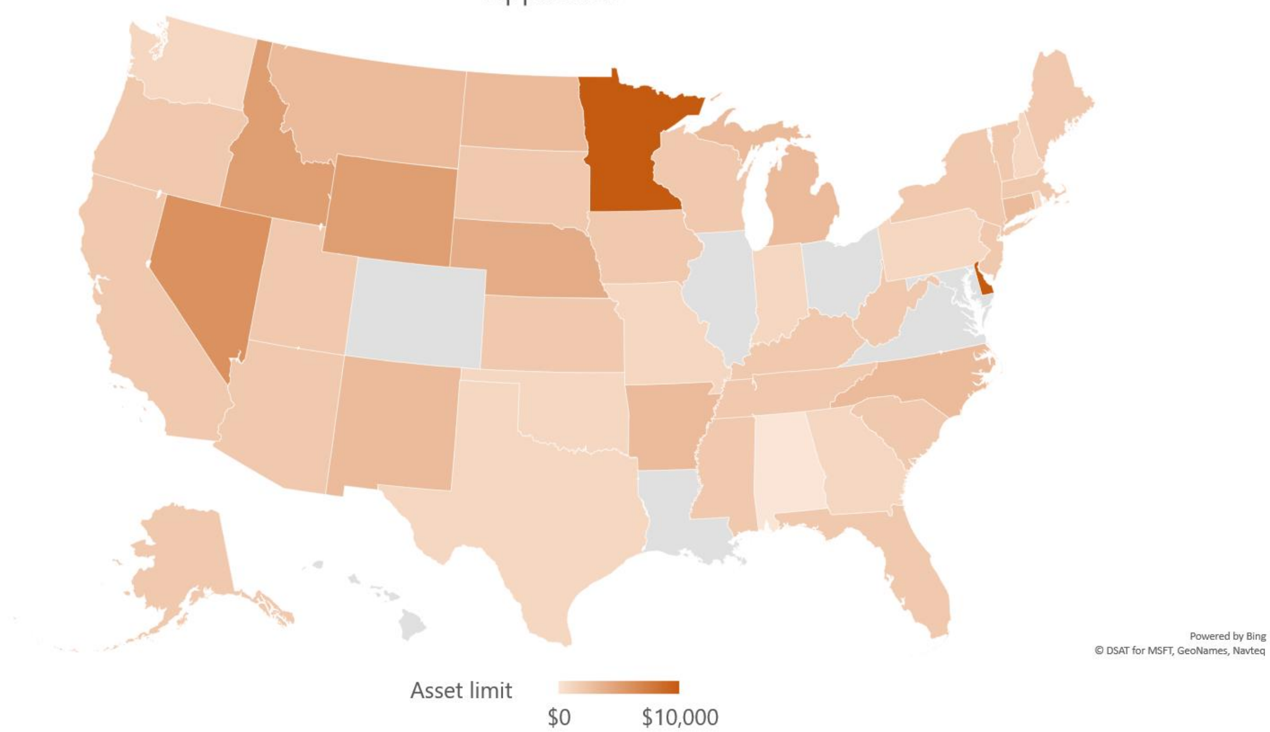
SNAP Asset Limit

Applicants and Recipients



TANF Asset Limit

Applicants



Asset Limits				
State	**TANF Asset Limit Applicant & Recipient**	**TANF Vehicle Limit**	**SNAP Asset Limit Applicant & Recipient**	**SNAP Vehicle Limit**
Alabama	**No Limit**	n.a.	**No limit**[l]	All vehicles excluded
Alaska	$2,000/$3,000 [a]	All vehicles owned by household	Federal standard[m]	At least one vehicle excluded
Arizona	$2,000	All vehicles owned by household	**No limit**	All vehicles excluded
Arkansas	$3,000	One vehicle per household	Federal standard[m]	At least one vehicle excluded
California	$2,250/$3,250	$9,500/One vehicle per licensed driver	**No limit**	All vehicles excluded
Colorado	**No Limit**	n.a.	**No limit**[l]	All vehicles excluded
Connecticut	$3,000	$9,500	**No limit**	All vehicles excluded
Delaware	$10,000	All vehicles owned by household	**No limit**	At least one vehicle excluded
District of Columbia	$2,000/$3,000[a]	All vehicles owned by household	**No limit**	All vehicles excluded
Florida	$2,000	$8,500	**No limit**	All vehicles excluded
Georgia	$1,000	$4,650	**No limit**[l]	All vehicles excluded
Hawaii	**No Limit**	n.a.	**No limit**	All vehicles excluded
Idaho	$5,000	One vehicle per adult	$5,000[e]	At least one vehicle excluded
Illinois	**No Limit**	n.a.	**No limit**[l]	All vehicles excluded
Indiana	$1,000[b]	$5,000	Federal standard[m]	At least one vehicle excluded
Iowa	$2,000[c]	One vehicle per household	**No limit**	At least one vehicle excluded
Kansas	$2,250	One vehicle per adult	Federal standard[m]	At least one vehicle excluded
Kentucky	$2,000	All vehicles owned by household	**No limit**	All vehicles excluded
Louisiana	**No Limit**	n.a.	Federal standard[m]	All vehicles excluded
Maine	$2,000	One vehicle per household	$5,000[e]	At least one vehicle excluded
Maryland	**No Limit**	n.a.	**No limit**	All vehicles excluded
Massachusetts	$2,500	$15,000	**No limit**[l]	All vehicles excluded
Michigan	$3,000	All vehicles owned by household	$5,000[e]	At least one vehicle excluded
Minnesota	$10,000	One vehicle per household member	**No limit**	All vehicles excluded
Mississippi	$2,000	All vehicles owned by household	**No limit**	All vehicles excluded
Missouri	$1,000[f]	First vehicle 100%, Second vehicle $1,500	Federal standard[m]	All vehicles excluded
Montana	$3,000	One vehicle per household	**No limit**	All vehicles excluded
Nebraska	$4,000/$6,000 [g]	One vehicle per household	$25,000 in liquid assets	At least one vehicle excluded
Nevada	$6,000	One vehicle per household	**No limit**	At least one vehicle excluded
New Hampshire	$1,000[h]	One vehicle per licensed driver	**No limit**[o]	At least one vehicle excluded
New Jersey	$2,000	All vehicles owned by household	**No limit**	All vehicles excluded
New Mexico	$3,500[d]	All vehicles owned by household	**No limit**	All vehicles excluded
New York	$2,000/$3,000[a]	$10,000[p]	**No limit**[n]	All vehicles excluded
North Carolina	$3,000	All vehicles owned by household	**No limit**	All vehicles excluded
North Dakota	$3,000/$6,000/+$25[i]	One vehicle per household	**No limit**	At least one vehicle excluded
Ohio	**No Limit**	n.a.	**No limit**[l]	All vehicles excluded
Oklahoma	$1,000	$5,000	**No limit**	All vehicles excluded
Oregon	$2,500[j]	$10,000 of vehicles owned by household	**No limit**	At least one vehicle excluded
Pennsylvania	$1,000	One vehicle per household	**No limit**[l]	At least one vehicle excluded
Rhode Island	$1,000	One vehicle per adult	**No limit**[l]	At least one vehicle excluded
South Carolina	$2,500	One vehicle per licensed driver	**No limit**[l]	At least one vehicle excluded
South Dakota	$2,000	One vehicle per household	Federal standard[m]	At least one vehicle excluded
Tennessee	$2,000	$4,600	Federal standard[m]	All vehicles excluded
Texas	$1,000	$4,650 of all vehicles owned by household	$5,000[e]	At least one vehicle excluded
Utah	$2,000	All vehicles owned by household	Federal standard[m]	All vehicles excluded
Vermont	$2,000	One vehicle per adult	**No limit**	At least one vehicle excluded
Virginia	**No Limit**	n.a.	Federal standard[m]	All vehicles excluded
Washington	$2,500[k]	$5,000	**No limit**	At least one vehicle excluded
West Virginia	$2,000	One vehicle per adult	**No limit**[l]	All vehicles excluded
Wisconsin	$2,500	$10,000	**No limit**	All vehicles excluded
Wyoming	$5,000	Two vehicles per household	Federal standard[m]	All vehicles excluded

Additional details on TANF asset limits may be found at the Welfare Rules Database Project website, http://wrd.urban.org/wrd/query/query.cfm.
Additional details on SNAP asset limits and BBCE may be found at http://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf.
Additional details on SNAP vehicle limits may be found at http://www.fns.usda.gov/sites/default/files/snap/12-State_Options.pdf.

Note: FNS State Options Report shows vehicle exclusion policies for all states; however these policies are not relevant in states that have eliminated the asset limit entirely using broad-based categorical eligibility
Note : "No Limit" indicates a state does not place a limit on the amount of assets that can be held by the unit. For SNAP, "No Limit" is for categorically eligible households. Non-categorically eligible households are subject to the federal standard.

[a] Units including an elderly person may exempt $3,000; all other units exempt $2,000.
[b] Applicant asset limit is $1,000. Recipient asset limit is $1,500.
[c] Applicant asset limit is $2,000. Recipient asset limit is $5,000.
[d] New Mexico allows $1,500 in liquid resources and $2,000 in illiquid resources.
[e] These states have implemented BBCE but have not eliminated their asset limit.
[f] Applicant asset limit is $1,000. Recipient asset limit is $5,000.
[g] The asset limit is based on unit size: one person receives $4,000, and two or more people receive $6,000.
[h] Applicant asset limit is $1,000. Recipient asset limit is $2,000.
[i] The asset limit is based on unit size: one person receives $3,000, two people receive $6,000, and another $25 is allowed for each additional person thereafter.
[j] Applicant asset limit is $2,500. Recipient asset limit is $10,000.
[k] Applicant asset limit is $2,500. Recipient asset limit is $4,000.
[l] In these States, households with seniors or people with disabilities and gross income under 200 percent of poverty do not face an asset limit. Those over 200 percent of poverty are not categorically eligible and do face a $3,250 asset limit.
[m] The federal standard is $2,250 in countable resources or $3,250 in countable resources if at least one person is age 60 or older, or is disabled.
[n] New York households with dependent care expenses are eligible and households with earned income are exempt from the asset test through categorical eligibility.
[o] New Hampshire households may be considered eligible for the Expanded Categorical Food Stamp Program if the household is not already categorically eligible due to receipt of public assistance or SSI, when: there is at least one Food Stamp household member who is a dependent child; there is at least one Food Stamp household member who is a specified relative to that dependent child; and the household's gross income is less than or equal to 185% of the federal poverty income guidelines. Households meeting expanded categorical eligibility criteria are not subject to the resource test.
[p] One automobile is exempt, up to at least $10,000 of the fair market value; local districts may adopt a higher vehicle exemption.

Endnotes

[1] U.S. Department of Agriculture Food and Nutrition Service, "Supplemental Nutrition Assistance Program," 2016, **http://www.fns.usda.gov/snap/resources-rules-resource-limits.**
[2] USDA FNS, *Broad-Based Categorical Eligibility,* August 2016, **http://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf.**
[3] Ibid.
[4] Welfare Rules Database Project, "Table IV.A.3. Asset Limits for Recipients," Urban Institute, 2017, **http://wrd.urban.org/wrd/Query/query.cfm.**
[5] Center on Budget and Policy Priorities, "States' Vehicle Asset Policies in the Food Stamp Program," 2008, **http://www.cbpp.org/research/states-vehicle-asset-policies-in-the-food-stamp-program.**
[6] U.S. Department of Agriculture, "State Options Report," Food and Nutrition Service, October 2015, **https://fns-prod.azureedge.net/sites/default/files/snap/12-State_Options.pdf**.
[7] Aleta Sprague, Rachel Black, State Asset Limit Reforms and Implications for Federal Policy, New America Foundation, 2012, **https://static.newamerica.org/attachments/3826-state-asset-limit-reforms-and-implications-for-federal-policy/SpragueBlackFinal10.31.12_0.557490fb36df433a80bd5cb2f3885e5d.pdf.**
[8] Caroline Ratcliffe, Signe-Mary McKernan, Laura Wheaton, Emma Kalish, Catherine Ruggles, Sara Armstrong, Christina Oberlin, *Asset Limits, SNAP Participation, and Financial Stability*, Urban Institute, June 2016, **http://www.urban.org/sites/default/files/2000843-asset-limits-snap-participation-and-financial-stability.pdf.**
[9] Federal Deposit Insurance Corporation, "What is Economic Inclusion?," 2014, **https://www.economicinclusion.gov/whatis/**
[10] Victoria Palacio, "Vehicle Asset Limits and License Suspensions," CLASP, October 2016, **http://www.clasp.org/resources-and-publications/publication-1/vehicle-asset-limit-brief-final-draft.pdf.**

[11] Tami Gurley, Donald Bruce, *The Effects of Car Access on Employment Outcomes for Welfare Recipients,* Center for Business and Economic Research and Department of Economics, 2005, **http://web.utk.edu/~dbruce/jue05.pdf.**
[12] Pew Research Center, "Do Limits on Family Assets Affect Participation in, Costs of TANF?", July 2016, **http://ht.ly/vvDb3021g07.**
[13] Office of Family Assistance, "Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 2014," Administration for Children and Families , U.S. Department of Health and Human Services, August 2016, **http://www.acf.hhs.gov/sites/default/files/ofa/tanf_characteristics_fy2013.pdf.**
[14] Office of Policy Support, "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2014," U.S. Department of Agriculture, August 2016, **http://www.fns.usda.gov/sites/default/files/ops/Characteristics2014.pdf.**
[15] Alabama Department of Human Resources, "Monthly Stats for Fiscal Year 2015," August 2016, **http://dhr.alabama.gov/documents/Monthly_Stats/2015/StatFY2015.pdf.**
[16] Department of Children and Family Services, "FITAP/KCSP Program - Cases Closed by Reason," Louisiana State Government, 2007, **http://www.dss.state.la.us/assets/docs/searchable/OFS/Statistics/Stats07-08/FITAP/fy0708_FITAP_Closure.pdf.**
[16] Code of Virginia, "Economic Impact Analysis," Virginia Department of Planning and Budget, Volume 22, Section 40-295-50, 2003.
[17] Pew Research Center, "Do Limits on Family Assets Affect Participation in, Costs of TANF?," July 2016, **http://ht.ly/vvDb3021g07.**
[18] Aleta Sprague, Rachel Black, "State Asset Limit Reforms and Implications for Federal Policy," New America Foundation, 2012, **https://www.newamerica.org/asset-building/policy-papers/state-asset-limit-reforms-and-implications-for-federal-policy/**
[19] Sarah Fass Hiatt and Abigail Newcomer, "President Obama's Asset Limit Proposal: Supporting Families and Promoting Improved Coordination," CLASP, Single Stop, First Focus, 2010, **http://www.clasp.org/resources-and-publications/files/Obama-Asset-Proposal.pdf.**