RESOURCE GUIDE:

LIFTING ASSET LIMITS IN PUBLIC BENEFIT PROGRAMS[1]

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expanding economic opportunity

ASSETS & OPPORTUNITY SCORECARD

OVERVIEW

Many public benefit programs – such as cash welfare and Medicaid – limit eligibility to those with few or no assets. If individuals or families have assets exceeding the state's limit, they must "spend down" longer-term savings in order to receive what is often short-term public assistance. These asset limits, which were originally created to ensure that public resources did not go to "asset-rich" individuals, are a relic of entitlement policies that in some cases no longer exist. Cash welfare programs, for example, now focus on quickly moving individuals and families to self-sufficiency, rather than allowing them to receive benefits indefinitely. Personal savings and assets are precisely the kinds of resources that allow people to move off public benefit programs. Yet, asset limits can discourage anyone considering or receiving public benefits from saving for the future.

WHAT STATES CAN DO

States determine many key policies related to families receiving benefits. States have discretion in setting or eliminating asset limits for Temporary Assistance to Needy Families (TANF), Medicaid and the Children's Health Insurance Program (CHIP).[2] In addition, states have the authority to address asset limits for the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp program.[3]

Program	Asset limits	What states can do
TANF	$2,000-$3,000 in most states	■ Eliminate limits entirely, as six states have done ■ Substantially increase limits so they do not affect most recipients ■ Exclude classes of assets, such as individual development, retirement or college savings accounts
Family Medicaid[4]	$1,000-$30,000 in states that have limits	■ Eliminate limits entirely, as 24 states have done and all states must do by 2014 ■ Substantially increase limits so they do not affect most recipients ■ Exclude classes of assets, such as individual development, retirement or college savings accounts
SNAP	$2,000 ($3,250 if disabled or elderly household member)-$25,000 in states that have limits	■ Eliminate limits entirely, as 36 states have done ■ Substantially increase limits so they do not affect most recipients[5]

1 CFED thanks Stacy Dean and Colleen Pawling of the Center on Budget and Policy Priorities and Dory Rand of the Woodstock Institute for their assistance in developing and reviewing this guide.

2 Only Missouri and Texas have asset limits in their CHIP programs; the limit in Texas is $10,000 and the limit in Missouri is $250,000.

3 Stacy Dean, *2002 Federal IDA Briefing Book: How IDAs Affect Eligibility for Federal Programs: The SNAP Program*, (Washington, DC: CFED and the Center on Budget and Policy Priorities, 2002).

4 Family Medicaid serves both children and their parents.

5 Federal law already exempts many important classes of assets in the SNAP program, including retirement accounts and education savings accounts.

ELEMENTS OF A STRONG POLICY

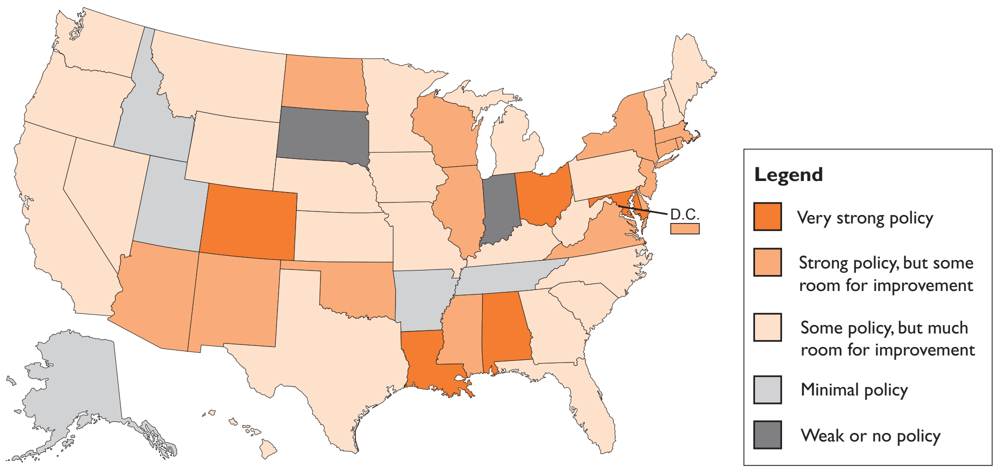
The best option: Based on extensive research by many national and state organizations,[6] CFED considers a state's asset limit policy strong if it has eliminated asset limits in TANF, Medicaid and SNAP.

Incremental improvements: The existence of an asset limit, no matter how high, sends a signal to program applicants and participants that they should not save or build assets. However, if a state has not yet eliminated asset limits entirely, it can take several intermediate steps to mitigate the disincentive to save.

- States can increase asset limits and/or index them to inflation, thereby reducing the likelihood that participants or applicants will reach the limit.
- States can exempt certain classes of assets from their asset tests in the TANF and Medicaid programs. While most programs exclude some "illiquid" assets, such as a home or defined benefit pension, many other liquid holdings, such as defined contribution retirement accounts (e.g., 401(k)s), health savings accounts, education savings accounts (529s and Coverdells) or individual development accounts, often count against the asset limits. States should exempt these types of assets.[7] In addition, vehicles, which are vital for many to find and maintain employment, should be exempted.[8] (See the Appendix for a state-by-state list of key assets excluded from TANF and Medicaid programs.)

STRENGTH OF STATE POLICIES

CFED evaluated the strength of each state's asset limit policies against the following criteria:



For TANF, has the state:

- Eliminated the asset test?
- Raised the limit to at least $15,000 or indexed it for inflation?
- Excluded four or more important classes of assets?

For Family Medicaid, has the state:

- Eliminated the asset test?

6 CFED, the Center on Budget and Policy Priorities, the Center for Law and Social Policy, the New America Foundation, the Urban Institute and the Sargent Shriver National Center on Poverty Law and others have all examined this issue.

7 Leslie Parrish, *To Save, or Not to Save? Reforming Asset Limits in Public Assistance Programs to Encourage Low-income Americans to Save and Build Assets,* (Washington, DC: New America Foundation, 2005).

8 If eliminating all vehicles as assets is not feasible, then states could consider eliminating at least one vehicle for each working member of a household.

- Raised the limit to at least $15,000 or indexed it for inflation?
- Excluded four or more important classes of assets?

For SNAP, has the state:
- Eliminated the asset test?
- Raised the limit above $2,000?
- Indexed the limit for inflation?[9]

Overall, since 1996, 24 states have eliminated Medicaid asset limits entirely; six states have eliminated TANF asset limits; and 36 states have eliminated SNAP asset limits. Two states have substantially increased the asset limits in their Medicaid or TANF programs, and 36 states have excluded important categories of assets from these limits in one or both programs. The table below shows which criteria each state met. CFED uses the following icons to denote the strength of state policies:

Strength of State Policies

Legend State policy meets 4 criteria; State policy meets 3 criteria; State policy meets 2 criteria; State policy meets 1 criteria; State policy meets no criteria

State	TANF[10]			Family Medicaid[11]			SNAP[12]			
	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised above $2,000?	Has state indexed for inflation?	Policy rating
Alabama	Yes	n/a	n/a	Yes	n/a	n/a	Yes	n/a	n/a	
Alaska	No	No ($2,000; $3,000 if household includes person over 60)	No	No	No ($2,000; $3,000 if household includes person over 60)	Yes	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Arizona	No	No ($2,000)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
Arkansas	No	No ($3,000)	Yes	No	No ($1,000)	No	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	

9 Federal law exempts many important classes of assets in the SNAP program, including retirement accounts and education savings accounts.

10 David Kassabian, Anne Whitesell, and Erika Huber, Welfare Rules Databook: State TANF Policies as of July 2011, (Washington, DC: Urban Institute, 2012)

11 Martha Heberlein, et al., *Performance Under Pressure, Looking Ahead: Annual Findings Of A 50-State Survey Of Eligibility, Enrollment, Renewal, And Cost-Sharing Policies In Medicaid And CHIP, 2011-2012,* (Washington, DC: Kaiser Commission on Medicaid and the Uninsured, 2012), p.59-60.

12 Data provided by the Center on Budget and Policy Priorities. Even in states that have eliminated SNAP asset tests, a small number of people may remain subject to the traditional federal resource test of $2,000 ($3,250 for households that include an elderly or disabled person), such as households where some members have a different status than others (e.g. citizenship).

State	TANF[10]			Family Medicaid[11]			SNAP[12]			Policy rating
	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised above $2,000?	Has state indexed for inflation?	
California	No	No ($2,000; $3,000 if household includes person over 60)	Yes	No	No ($3,000 for up to 2-person household; increases $150 per person)	No	Yes	n/a	n/a	
Colorado	Yes	n/a	n/a	Yes	n/a	n/a	Yes	n/a	n/a	
Connecticut	No	No ($3,000)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
Delaware	No	No ($10,000)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
District of Columbia	No	No ($2,000; $3,000 if household includes person over 60)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
Florida	No	No ($2,000)	No	No	No ($2,000)	No	Yes	n/a	n/a	
Georgia	No	No ($1,000)	Yes	No	No ($1,000)	Yes	Yes	n/a	n/a	
Hawaii	No[13]	No ($5,000)	Yes	No	No ($3,250)	No	Yes	n/a	n/a	
Idaho	No	No ($5,000)	Yes	No	No ($1,000)	No	No	Yes ($5,000)	No	
Illinois	No	No ($2,000 for one person; $3000 for two people; $50 for each additional person)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
Indiana	No	No ($1,000 for applicants; $1,500 for recipients)	No	No	No ($1,000)	No	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Iowa	No	No ($2,000 for applicants; $5,000 for recipients)	Yes	No	No ($2,000 for applicants; $5,000 for recipients)	Yes	Yes	n/a	n/a	

13 In 2012, Hawaii introduced multiple bills to raise or eliminate the TANF asset test. Although none of these bills passed, the legislature did pass a bill requiring the Department of Human Services to conduct a study analyzing the effects of changing asset limits and report on findings and policy recommendations before the 2013 legislative session.

State	TANF[10]			Family Medicaid[11]			SNAP[12]			Policy rating
	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised above $2,000?	Has state indexed for inflation?	
Kansas	No	No ($2,000)	Yes	Yes	n/a	n/a	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Kentucky	No	No ($2,000)	No	No	No ($2,000)	Yes	Yes	n/a	n/a	
Louisiana	Yes	n/a	n/a	Yes	n/a	n/a	Yes	n/a	n/a	
Maine	No	No ($2,000)	Yes	No	No ($2,000)	Yes	Yes	n/a	n/a	
Maryland	Yes	n/a	n/a	Yes	n/a	n/a	Yes	n/a	n/a	
Massachusetts	No	No ($2,500)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
Michigan	No	No ($3,000)	Yes	No	No ($3,000)	Yes	No	Yes ($5,000; excludes one vehicle up to $15,000)	No	
Minnesota	No[14]	No ($2,000 for applicants; $5,000 for recipients)	No	No	Yes ($10,000 for one parent; $20,000 for two parents)	Yes	Yes	n/a	n/a	
Mississippi	No	No ($2,000)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
Missouri	No	No ($1,000 for applicants; $5,000 for recipients)	No	Yes	n/a	n/a	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Montana	No	No ($3,000)	No	No	No ($2,000 for one person; $3,000 for two or more people)	Yes	Yes	n/a	n/a	

14 In 2012, Minnesota enacted legislation requiring the Department of Human Services to analyze existing asset limits for public benefit programs and provide recommendations for the 2013 legislative session.

	TANF[10]			Family Medicaid[11]			SNAP[12]			
State	**Has state eliminated asset test?**	**Has state raised to $15,000/ indexed for inflation?**	**Does state exclude 4+ asset classes?**	**Has state eliminated asset test?**	**Has state raised to $15,000/ indexed for inflation?**	**Does state exclude 4+ asset classes?**	**Has state eliminated asset test?**	**Has state raised above $2,000?**	**Has state indexed for inflation?**	**Policy rating**
Nebraska	No	No ($4,000 for one person; $6,000 for two or more people)	Yes	No	No ($4,000 for one person; $6,000 for two or more people)	Yes	No	Yes ($25,000 in liquid assets; all non-liquid assets excluded)	No	
Nevada	No	No ($2,000)	Yes	No	No ($2,000)	Yes	Yes	n/a	n/a	
New Hampshire	No	No ($1,000 for applicants; $2,000 for recipients)	Yes	No	No ($1,000 for applicants; $2,000 for recipients)	Yes	Yes[15]	n/a	n/a	
New Jersey	No	No ($2,000)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
New Mexico	No	No ($1,500 in liquid resources; $2,000 in illiquid resources)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
New York	No	No ($2,000; $3,000 if household includes someone over age 60)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	
North Carolina	No	No ($3,000)	Yes	No	No ($3,000)	Yes	Yes	n/a	n/a	
North Dakota	No	No ($3,000 for one person; $6,000 for two people; $25 per person thereafter)	No	Yes	n/a	n/a	Yes	n/a	n/a	
Ohio	Yes	n/a	n/a	Yes	n/a	n/a	Yes	n/a	n/a	
Oklahoma	No	No ($1,000)	Yes	Yes	n/a	n/a	Yes	n/a	n/a	

15 New Hampshire excludes all assets for households with children.

State	TANF[10]			Family Medicaid[11]			SNAP[12]			
	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised above $2,000?	Has state indexed for inflation?	Policy rating
Oregon	No	No ($2,500 for applicants; $10,000 for recipients)	No	No	No ($2,500)	Yes	Yes	n/a	n/a	
Pennsylvania	No	No ($1,000)	Yes	Yes	n/a	n/a	No	Yes ($5,500; $9,000 if household includes elderly or disabled members)	n/a	
Rhode Island	No	No ($1,000)	No	Yes	n/a	n/a	Yes	n/a	n/a	
South Carolina	No	No ($2,500)	Yes	No	Yes ($30,000)	Yes	Yes	n/a	n/a	
South Dakota	No	No ($2,000)	No	No	No ($2,000)	No	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Tennessee	No	No ($2,000)	Yes	No	No ($2,000)	No	No[16]	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Texas	No	No ($1,000)	Yes	No	No ($2,000)	Yes	No	Yes ($5,000; excludes one vehicle up to $15,000)	No	
Utah	No	No ($2,000)	Yes	No	No ($2,000 for one person; $3,000 for two people; $25 for each additional person)	No	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	

16 As of September 2012, Tennessee is considering eliminating the SNAP asset test.

State	TANF[10]			Family Medicaid[11]			SNAP[12]			
	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised to $15,000/ indexed for inflation?	Does state exclude 4+ asset classes?	Has state eliminated asset test?	Has state raised above $2,000?	Has state indexed for inflation?	Policy rating
Vermont	No	No ($2,000)	Yes	No	No ($2,000 for one person; $3,000 for two people)	No	Yes	n/a	n/a	
Virginia	Yes	n/a	n/a	Yes	n/a	n/a	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	
Washington	No	No ($1,000 for applicants; $4,000 for recipients)	Yes	No	No ($1,000 for applicants; eliminated for recipients)	Yes	Yes	n/a	n/a	
West Virginia	No	No ($2,000)	No	No	No ($1,000)	No	Yes	n/a	n/a	
Wisconsin	No	No ($2,500)	No	Yes	n/a	n/a	Yes	n/a	n/a	
Wyoming	No	No ($2,500)	No	Yes	n/a	n/a	No	No ($2,000; $3,250 if household includes elderly or disabled members)	No	

FEDERAL FLEXIBILITY AND STATE MECHANISMS FOR POLICY CHANGE

SNAP: States that have eliminated their SNAP asset tests have done so by implementing broad-based categorical eligibility. Broad based categorical eligibility is a policy that makes a household eligible for SNAP without regard to asset limits if it receives a TANF- or MOE-funded benefit, such as a pamphlet or an 800-number.[17]

Although states have had this option since 2002, uptake of that option was slow. However, the 2008 Farm Bill changed the trajectory of state policy adoption. The federal bill directly eased SNAP asset tests in three important ways: it adjusted asset limits for inflation, harmonized program rules pertaining to retirement accounts, and excluded education savings and retirement accounts from counting as resources. In addition, however, during the Farm Bill debate in 2008, federal policymakers went on record in support of eliminating the asset tests. These actions together generated new interest and willingness among state administrators to

17 Lizbeth Silbermann, internal memo of the United States Department of Agriculture, Food and Nutrition Service, January 31, 2011 "Questions and Answers on Broad-Based Categorical Eligibility," http://www.fns.usda.gov/snap/rules/Memo/2011/013111.pdf.

address this disincentive to save.

Unfortunately, there has been recent federal movement to eliminate state flexibility. In 2012, the House Agricultural Committee proposed a Farm Bill that would cut funding for SNAP by more than $16 billion over a decade. Approximately 70% of the savings would come from eliminating Broad Based Categorical Eligibility, that states use to eliminate SNAP asset tests. If this provision is adopted, all states would be required to reinstate their asset tests in SNAP. Advocates across the country voiced outrage over the proposed change, which would undo a decade of progress on SNAP asset reform. As of September 2012, the outcome of the bill is still pending.

TANF: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 gave states the flexibility to eliminate or raise asset limits for TANF and Medicaid and to exclude certain types of assets from eligibility determination. States have eliminated the TANF asset test both legislatively and administratively. Ohio, Louisiana and Colorado enacted legislation to make the change. In the other three states that have eliminated their asset tests – Virginia, Alabama and Maryland – the state TANF agencies used their authority to change administrative rules, without going through a legislative process.

MEDICAID: In 2010, the federal Patient Protection and Affordable Care Act (PPACA) was enacted. PPACA includes a variety of provisions to maximize access to health coverage; redesign insurance to function as a traditional marketplace; hold insurers accountable to consumers; improve delivery systems and quality while containing costs; and reduce state budget deficits.[18] In addition to expanding coverage options, PPACA also lays out a strong vision for eligibility systems that will greatly simplify the enrollment process, including eliminating the asset test. PPACA requires states to drop the asset test by 2014; however, states have the flexibility to drop the test before this date, as New York did in April 2010. Advocates can use the 2014 deadline to help make the case for eliminating the asset test.

STATE PRECEDENTS: ELIMINATING THE TANF ASSET TEST IN LOUISIANA[19]

Agency leadership was instrumental in eliminating the TANF asset test in Louisiana. The Assistant Secretary of the Louisiana Department of Social Services, Adren Wilson, championed the effort and shepherded the change through. Recognizing that accumulating and being able to pass assets on to the next generation is one key strategy for families to escape the cycle of poverty, he argued that rejecting a family's TANF application because of assets was counter-productive to the agency's goal of promoting self-sufficiency. Furthermore, Wilson did not believe eliminating the asset test would impact caseloads, since few TANF applicants had substantial assets.

In July 2008, the Department of Social Services began holding Joint Application Design Sessions to discuss the impact the change would have on IT systems, along with larger programmatic implications. TANF administrators were particularly influenced by a cost-benefit analysis conducted by an outside contractor earlier that year. The analysis pointed out that the state's successful TANF-funded Individual Development Account (IDA) program was in direct conflict with the asset test. On the one hand, the state was encouraging families to save and accumulate assets through the IDA program; while on the other hand, families were being penalized for owning assets through the TANF asset test. After a number of design sessions, TANF administrators were convinced that eliminating the asset test would benefit families and streamline program rules.

18 Stan Dorn, "*State Implementation of National Health Reform: Harnessing Federal Resources to Meet State Policy Goals*," (Washington, DC: Urban Institute, 2010).

19 CFED thanks Nancy Wright and Myron Berzas at the Louisiana Department of Social Services for their contributions to this section.

In December 2008, at the request of Wilson and the Department of Social Services, the Louisiana Legislature repealed the revised statute, effectively eliminating the asset test. The change took effect on January 1, 2009. The state TANF Plan was subsequently amended to reflect the change. Almost four years after the change, TANF administrators report that there has been little to no change in caseload.

STATE PRECEDENTS: OHIO AND VIRGINIA PIONEER THE ELIMINATION OF TANF ASSET LIMITS[20]

Ohio was the first state to abolish asset limits in TANF; it did so in 1997.[21] Long-serving legislator Rep. Bob Netzley (R) proposed the abolition. Proponents argued that:

- In light of welfare reform's emphasis on work, caseworkers should focus on helping people find employment and maintain their connection to the labor force.
- Workers need cars and savings to obtain and retain jobs, address emergencies and advance in the labor market.
- The state's responsibility is to support work efforts through policies such as work requirements, earned income disregards and car ownership programs.

Although Ohio budget analysts predicted a small increase in the TANF caseload as a result of eliminating the asset test, no caseload increase or political fallout occurred. In fact, Ohio caseloads remained at record-low levels (Less than 25% of 1992 peak levels) as of late 2011, despite the national recession and increases in the TANF benefit level.[22]

In 2003, the Virginia State Board of Social Services adopted administrative rules that eliminated asset limits in its TANF and family and child medical programs, evaluated only liquid assets in its SNAP Program and eliminated the TANF lump-sum rule, which made recipients ineligible for cash assistance after receiving lump-sum payments such as retroactive Supplemental Security Income (SSI) benefits or personal injury settlements.[23] The Virginia Department of Social Services proposed these TANF changes during Gov. Mark Warner's Democratic administration. The state board of the Department of Medical Assistance Services promulgated the regulatory changes relating to Medicaid for families and children.

Like Ohio's policy revisions, Virginia's elimination of asset tests was part of a broader state welfare reform package that simplified earned income disregards, disregarded student earnings, simplified the determination of self-employment and aligned processing time with other assistance programs. When these rules were proposed, Virginia provided cash assistance to families with countable resources of up to $1,000, one vehicle and up to $5,000 in an account for the purposes of self-sufficiency. The Department of Social Services estimated that eliminating the asset test would "increase the assistance provided by $127,200 for 40 families and provide $323,050 savings in administrative staff time annually."[24]

The department argued that asset-test elimination would streamline and simplify program rules, align TANF with other assistance programs, improve service delivery and reduce the administrative burden on

20 This section is from: Dory Rand, "Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs," *Clearinghouse Review Journal of Poverty Law and Policy*, (March-April 2007), p.625-36.

21 *Time-limited cash assistance*, Ohio Rev. Code Ann. § 5107.10(C) (2007).

22 Administration for Children and Families, "Caseload Data 2011," U.S. Department of Health and Human Services, http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/caseload_current.html, (Accessed August 16, 2012).

23 *Income Eligibility*, 22 Va. Admin. Code § 40-295-50 (2003).

24 Virginia Department of Planning and Budget, Economic Impact Analysis, Code of Virginia, Volume 22, Section 40-295-50 (2003).

the agency, applicants and recipients. Mark Golden, the department's manager of economic assistance and employment, explained that asset tests were no longer necessary because:

- Welfare reform's time limits and work requirements made them obsolete.
- People use their resources before applying for benefits.
- Making people get rid of resources, only to encourage them to build resources back up, is counterproductive.
- Allowing asset development puts greater emphasis on employment and self-sufficiency.
- Eliminating the asset tests has little impact on the caseload (only 1,200 of 60,000 applications, or 0.5%, were denied due to excess assets).[25]

The Virginia Department of Planning and Budget believed the proposed change posed a fiscal risk and suggested that the state retain the asset test but achieve administrative savings by enforcing the test only through random verification. Nonetheless, the rules were adopted as proposed, and all eligibility workers attended training sessions on the new rules.

Since enactment of the new rules, Virginia has not seen a significant long-term caseload increase, even in the current economic environment. Virginia's TANF caseload in December 2011 was 35% lower than in 1997.[26]

MAKING THE CASE: HOW MUCH DOES ELIMINATING ASSET TESTS COST?

Evidence from states that have eliminated asset limits suggests that the administrative cost savings outweigh any real or potential increases in caseload. For instance, eliminating Medicaid asset limits in Oklahoma resulted in administrative cost savings of close to $1 million.[27] In New Mexico, state officials anticipated 38 more people would enroll in Medicaid per month (with an associated increase of $23,000 in direct costs to the state, negligible in comparison with a $5.7 billion annual state budget).[28] In Ohio and Virginia, the "early adopters" of TANF asset limit elimination, caseloads decreased in the years following the change.[29] Similarly, in Louisiana, where the asset test in TANF was eliminated in January 2009, there has not been a significant increase in caseload. In Alabama, Maryland and Colorado where the TANF asset tests were eliminated in 2009, 2010 and 2011, respectively, more time will be needed to determine the long-term effects on caseloads. A number of states, such as Oregon, that raised or eliminated their vehicle asset tests found that doing so had a negligible effect on caseload.[30]

From a cost perspective, raising asset limits may be less desirable than eliminating the limits altogether, as there would still be administrative costs involved in individualized eligibility determinations and verifications. In September 2011, Michigan reversed its asset limit policy in SNAP, reinstating the asset test after years without one. Advocates estimate that only 15,000 of the 1.9 million people in the program are expected to be removed as a result of the test, yet costs to the state for eligibility determinations will increase. More time is needed to assess whether those predictions bear out.

25 Mark Golden, "Asset Policy in Virginia," (presentation, Center for Social Development State Policy Conference, April 21, 2005).

26 Administration for Children and Families, "Caseload Data 2010," U.S. Department of Health and Human Services, http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/caseload_current.html, (Accessed August 16, 2012).

27 Leslie Parrish, *To Save, or Not to Save? Reforming Asset Limits in Public Assistance Programs to Encourage Low-income Americans to Save and Build Assets*, (Washington, DC: New America Foundation, 2005), p.9.

28 Vernon Smith, Eileen Ellis and Christina Chang, *Eliminating the Medicaid Asset Test: A Review of State Experiences* (Menlo Park: The Henry J. Kaiser Family Foundation, 2001), p.14.

29 Leslie Parrish, *To Save, or Not to Save? Reforming Asset Limits in Public Assistance Programs to Encourage Low-income Americans to Save and Build Assets*, (Washington, DC: New America Foundation, 2005), p.9.

30 See Oregon TANF Caseload Reduction Report, December 2010, (http://www.dhs.state.or.us/policy/selfsufficiency/publications/2010ACF-202Overall.pdf).

MAKING THE CASE: KEY STRATEGIC DECISIONS[31]

Elimination versus reform of asset tests: Elimination of asset limits is the only way to reduce the administrative burden of implementing asset rules. Abolishing asset limits also sends a clear message that saving and building assets are encouraged. However, complete elimination of asset rules may not always be politically feasible. In that case, advocates should aim for elimination while pursuing substantially raised asset ceilings for both applicants and recipients and exemption of additional categories of assets, in line with good public policy and state goals.

Legislative versus administrative approaches: Reform through a legislative approach may be more likely to stick. Legislative advocacy has the potential to generate more public interest and media coverage than a rule change. On one hand, a legislative battle involves a lot more votes and energy than an administrative change. On the other hand, advocates may not want to generate a lot of public discussion of asset limit redefinition in order to avoid arguments based on old stereotypes or claims that people will take advantage of the system if the state eliminates asset limits.

If you choose legislative advocacy, you should work with other advocates to draft a bill and target sponsors and supporters. Research and examples from other states should be shared, and messages to use in support of asset-test reform should be suggested. You should organize witnesses to testify at legislative committee hearings. It should be noted that passage by the legislature is only part of what is needed for implementation; pressure should be maintained on the governor to sign the bill.

An administrative strategy can be very low-cost and subtle, but it requires support from the agency and the executive branch. Advocates in each state have to weigh whether to make an administrative change a public campaign. Sometimes, too much attention can backfire.

If you choose administrative advocacy, request meetings with the director or policy staff of the relevant agency. Bring up the question of reforming the rules on asset limits when you discuss other benefits-related issues with the agency. Share research and examples from other states. Offer to help draft rules or comment on existing drafts. When new rules are proposed, submit public comments and generate additional support from other advocates and legislators. In some cases it may be useful to convene a policy working group to review changes before they are fully implemented, so key stakeholders are aware of the new rules.

Some groups may be constrained from participation in legislative advocacy because of "lobbying" restrictions on legal aid and other nonprofit organizations. Advocating an administrative rule change does not fall within those restrictions and may offer a better alternative for groups subject to such restrictions.

MAKING THE CASE: KEY STRATEGIC DECISIONS[32]

1. **Do your research.** Experience suggests that advocates of asset limit reform must do their research. Familiarity with reform in other states can be very helpful in making a case for reform in your

31 This section is based on: Dory Rand, "Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs," *Clearinghouse Review Journal of Poverty Law and Policy*, (March-April 2007), p.625-36.

32 This section is based on: Dory Rand, "Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs," *Clearinghouse Review Journal of Poverty Law and Policy*, (March-April 2007), p.625-36.

own state. Consider whether the asset limit reasonably allows recipients and applicants sufficient net worth to sustain them for at least three months during a loss of income, or whether the rules promote persistent asset poverty that keeps a person living on the edge.[33] Financial planners often advise keeping at least three to six months of living expenses readily accessible as an emergency fund.

Consider whether the asset rules allow a person to advance beyond a poverty or basic self-sufficiency level to more secure financial footing and prosperity. Think of the cost of buying an average home and the amount needed for a downpayment; the cost, including maintenance, of a reliable used car to get to work; the cost of college tuition or starting a business; the need to save for retirement in addition to social security; the need to save for an adult or child's college education or training; out-of-pocket health care costs; and other big-ticket items.[34] The lower the asset limit and the fewer the exemptions, the more onerous the asset rule.

2. **Gather information on impact of proposed changes.** Determine the impact of proposed changes in asset limits. The state agency should be able to determine from its database how many applicants and recipients were denied benefits or cut off benefits because of assets that exceeded current rules. Go back several years to show that few people are likely to become eligible as a result of rule changes. If the agency is unwilling to share the information, advocates can file a Freedom of Information Act request.[35] Find out the total current caseload, number of child-only cases and caseload decline since welfare reform.

   Solicit the agency's help in estimating the cost of administering the current rules and the estimated cost savings from proposed changes. If you cannot obtain the agency's estimate, look to estimates from states with similar programs and caseloads. Based on the number of applicants and recipients denied benefits under current rules, project the number and cost of persons who will become eligible under the new rules. If caseload increases are projected, distinguish between costs that the state would bear (e.g., TANF) and costs that the federal government would bear (e.g., SNAP).[36] Describe how the new rules are consistent with state policies and goals to promote work, self-sufficiency, financial responsibility and upward mobility.

3. **Develop and build upon relationships with state and county agencies.** Advocates who have a working relationship with the agencies that administer the assistance programs should contact agency leaders to discuss proposed changes in asset limits. If you decide to pursue reform via administrative rule change, you will need the agency's cooperation in proposing and advancing rules. If the agency that administers state-funded IDAs or financial education is not the same agency that administers assistance programs, seek the IDA agency's advice and support. If you do not have a direct relationship with the agency, collaborate with an organization that does.

   Request a meeting to discuss the asset rules and possible changes, and bring to the meeting the information and arguments you have gathered and a list of questions. Explain the problems that the rules cause and the source of authority to change them, and ask the agency's opinion and advice on how to proceed. Gather information about the likely impact, including administrative savings and any projected costs. Ask advice on which allies to recruit. Seek consensus on how public the asset

33 CFED's *Assets & Opportunity Scorecard* documents the level of asset poverty in each state. Persons who lack sufficient net worth to survive for three months if income is cut off are considered asset poor.

34 For a helpful calculation of a low-income person's retirement needs, see Zoe Neuberger, et al. *Protecting Low-Income Families' Retirement Savings: How Retirement Accounts Are Treated in Means-Tested Programs And Steps to Remove Barriers to Retirement Saving,* (Washington, DC: The Retirement Security Project, 2005), supra note 12, at 12.

35 *Freedom of Information Act*, 5 U.S.C. 552 (2007).

36 The federal government pays 100% of food stamp program benefits and divides administrative costs with the states. See 7 U.S.C. § 2020 (2007).

reform efforts should be. Also, consider connecting agency staff to administrators from states that have successfully removed asset limits.

Track the progress of the bill or proposed rule and submit public comments, repeatedly making the case for raising or eliminating asset limits or exempting additional assets. Even when the topic is tangential, submit comments that allude to problems posed by asset limits. For example, if you have an opportunity to comment on service delivery or delays in processing applications or renewals, cite the administrative burden of verifying assets for all persons when so few have any countable assets.

If the agency is opposed to the reform of administrative rules on assets, then the agency is unlikely to submit or push for rule change, and your only recourse may be legislation. You will have an uphill battle if the affected agency opposes a bill.

4. **Develop and build on relationships with the executive branch.** Newly-elected officials sometimes create transition teams to suggest policy proposals. Use any opportunity to participate in a governor's transition team to suggest the reform of rules on asset limits. State policy advocates frequently work with the governor's policy and budget staff. Experienced staffers can often lend an insider's view of the executive's likely position on such reform and possible conflicts with other issues. Consult informally with contacts among the policy team and budget office to identify concerns and potential opposition, and determine whether an administrative or legislative route makes more sense. This can be accomplished through a simple phone call or e-mail or through a more formal letter or meeting.

5. **Develop and build upon relationships with legislators.** Whether you proceed via administrative rule change or legislation, you will probably need at least some legislators as allies. Often, a state board or committee of legislators must approve administrative rule changes. Determine which legislators sit on that board, and contact those with whom you have a good relationship. Even if you do not know any members of the administrative rules committee, you can consult with your district representatives, sponsors of bills on which you have worked, caucus leaders and human services committee leaders. If you take the administrative route, doing much legislative outreach may not be necessary. A better strategy may be to let the agency quietly propose rule changes without attracting much attention.

6. **Solicit input from advocates and policy groups.** Remember the strength that numbers confer. Seek out other advocates, legislators and coalitions likely to know about and support the reform of rules on asset limits. These other groups may have contacts with the state welfare agency, governor or legislators; they could prove helpful in advancing reform. They can support the strategy through comment letters, phone calls and other contacts.

   Legal aid attorneys handling benefit cases are likely to have firsthand knowledge of how asset limits adversely affect clients. Legislators may have heard from constituents who were denied benefits and forced to spend retirement funds or emergency funds. The majority of states now have asset-building coalitions, which can be powerful allies. You may even consider approaching your state bankers' association for support because reform could mean more deposits, especially if recipients opt for direct deposit of cash benefits into bank accounts.

MAKING THE CASE: COMMUNICATIONS STRATEGIES[37]

Public education is key. Communicate your reform message through the media, through presentations and policy briefings, at agency meetings, in legislative committee hearings, through websites and through other, less formal means. Consider what steps will ensure that agency personnel, applicants and recipients learn about any changes in asset rules. Offer to help the agency update caseworkers on the new rules via in-person training, materials or other technical assistance. Where possible, conduct an evaluation after the law or rule takes effect to document any change in the caseload or other significant impact. If benefit recipients participate in financial education, IDA programs or other savings and asset-building activities, incorporate the rule change into course materials.[38] Share information on asset rules with other agencies serving low-income families.

Advocates should anticipate certain questions and be prepared with firm answers. For example:

Q: Will asset reform make the state appear "soft on welfare"?

A: No. Few applicants and recipients have assets anyway, and strict work requirements and time limitations reduce the risk that people will take advantage of the system.

Q: Will asset reform cause caseloads and costs to the state to increase significantly?

A: Experience in states that have reformed or eliminated TANF and Medicaid asset tests teaches that caseloads do not significantly increase as a result. In SNAP, while eliminating asset tests will likely increase the caseload, all SNAP benefits (and half of the administrative costs) are paid by the federal government, resulting in minimal costs to the state. In addition, removing asset tests can reduce caseworker time spent on documenting resources, so the extra administrative cost of processing additional cases is generally offset by the work reduction in asset verification.

Messages: In promoting the reform of rules on asset limits, consider using the following messages:

- Asset limits are confusing, inefficient, counterproductive and inequitable.
- Asset limits send the wrong message and discourage saving.
- States have authority to reform asset rules.
- Other states have reformed asset rules.
- Reforming rules on asset limits is good public policy and consistent with state goals to encourage saving, promote self-sufficiency and reduce dependence.
- Abolishing asset limits reduces administrative burdens and cost.

RESOURCES

For more information on this policy, go to **http://scorecard.cfed.org**.

Organizations and Experts

- Center on Budget and Policy Priorities (http://www.cbpp.org): Stacy Dean
- CFED (http://www.cfed.org): Jennifer Brooks and Leigh Tivol
- Woodstock Institute (http://www.woodstockinst.org): Dory Rand
- Center for Law and Social Policy (http://www.clasp.org): Amy-Ellen Duke-Benfield
- New America Foundation (http://www.newamerica.net): Rachel Black

37 This section is based on: Dory Rand, "Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs," Clearinghouse Review Journal of Poverty Law and Policy, (March-April 2007), p.625-36.

38 *Your Money & Your Life: A Financial Education Curriculum for Limited Resource Audiences* (Urbana, IL: University of Illinois Extension, 2004). See especially Chapter 7: Taking Advantage of Public Benefits.

- Sargent Shriver National Center on Poverty Law (http://www.povertylaw.org): Karen Harris
- Urban Institute (http://www.urban.org)

Creating Policy Language
In legislation that creates a new type of account, such as a children's savings account or IDA, it is important to include a section that clarifies the treatment of accounts for the purposes of determining eligibility for federal and state public benefits. The best general approach is to state that savings in new account should be disregarded in any asset test used to determine eligibility for public assistance. Note that it is important to include all public benefits programs that have asset tests: TANF, Medicaid, CHIP, SNAP, state- or county-funded cash assistance and the state's supplemental security income program, if the state supplements the federal benefit.[39]

Example:
"Amounts in any account established under this act shall not be taken into account in determining any individual's eligibility to receive or the amount of any federally or state-funded assistance or benefit, including student aid, TANF, Medicaid, [Children's Health Insurance in Missouri or Texas only] [and state supplemental security income if the state supplements the federal benefit] unless expressly prohibited by federal law."

Publications
- Rand, Dory, "Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs," *Clearinghouse Review Journal of Poverty Law and Policy*, (March-April 2007), p.625-36.
- Parrish, Leslie, "To Save, or Not to Save? Reforming Asset Limits in Public Assistance Programs to Encourage Low-income Americans to Save and Build Assets," (Washington, DC: New America Foundation, 2005).
- "Federal IDA Briefing Book: How IDAs Affect Eligibility for Federal Programs," (Washington, DC: CFED and Center on Budget and Policy Priorities, 2002).
- Chen, Henry and Robert Lerman, "Do Asset Limits in Social Programs Affect the Accumulation of Wealth?" (Washington, DC: Urban Institute, 2005).
- O'Brien, Rourke "Ineligible to Save? Asset Limits and the Savings Behavior of Welfare Recipients," (Washington, DC: New America Foundation, 2006).
- Neuberger, Zoe, Robert Greenstein, Eileen Sweeney and Peter Orszag, "Protecting Low-Income Families' Retirement Savings: How Retirement Accounts Are Treated in Means-Tested Programs And Steps to Remove Barriers to Retirement Saving," (Washington, DC: The Retirement Security Project, 2005).
- Dean, Stacy, "States Have the Flexibility to Set Their Own Food Stamp Asset Test," (Washington, DC: Center on Budget and Policy Priorities, 2006).
- "State Asset Limit Toolkit," Sargent Shriver National Center on Poverty Law, http://www.povertylaw.org/advocacy/community-investment/asset-limit-tool-kit.

APPENDIX

STATE PRECEDENTS: RESOURCES EXCLUDED FROM TANF AND MEDICAID, BY STATE[40]

Many states exclude the following resources: burial plots; equity value of a life estate interest in real property; primary residence and surrounding contiguous land; restitution payments; disaster relief funds

39 Only Missouri and Texas have asset limits in their CHIP programs; the limit in Texas is $10,000 and the limit in Missouri is $250,000. Housing and child care programs generally do not include asset tests. States may not prohibit programs that are completely controlled by federal law, such as SSI, from counting assets in these accounts.

40 CFED analysis, based on data gathered from state TANF and Medicaid handbooks and administrators.

and similar federal payments; EITC in the month received and the following month; public assistance payments; real property that the family is making a good-faith effort to sell; Native American lands and payments; household goods and personal effects; inaccessible trust funds; federal education grants and loans, vehicles used as the home; vehicles used for subsistence hunting and fishing; vehicles used to carry the household's primary source of heating fuel or primary source of water; and vehicles with fair market value under $4,650 or equity value under $1,500. For ease of presentation of this information, these resources are not included in the table below. Note that some states go above and beyond the basic vehicle exemption of $4,650 fair market value or $1,500 equity value; in such cases, the specific vehicle exemption is noted in the table below. Additionally, because all states exclude TANF- and Assets For Independence-funded Individual Development Accounts by federal law, only states that exclude all IDAs are noted in the table.

In 2011, President Obama signed a law that disregards for 12 months all federal tax refunds as assets for family Medicaid, TANF, SNAP, SSI and child care. This law will expire on December 31, 2012 unless renewed. Because the rule is temporary, state treatment of EITC payments are included in the table below.

	TANF	Medicaid
State	**Summary of excluded assets**	
Alabama	Asset test eliminated	Asset test eliminated
Alaska	■ A vehicle is exempt if used for transportation to meet basic needs; subsistence hunting and fishing; to carry the household's primary source of heating fuel or primary source of water; to go to and from work, school, training or a work activity; for self-employment; or to transport a disabled household member ■ Funeral agreements up to $1,500 ■ Tools, stock and inventory used for self-employment	■ Total value of vehicles used for transportation necessary to meet basic needs, including obtaining food, medical care or other essentials; for transportation to or from school, work or training; when used as the home; to transport a disabled family member; to produce self-employment income; or for a family member to participate in a work activity approved by the Alaska Division of Public Assistance ■ Pension plans established by an employer (including 457 plans, 401(k) plans, etc.) ■ Educational assistance used to pay tuition, fees, and other necessary education expenditures, such as grants and scholarships ■ Up to $1,500 in funeral agreements per AU member ■ Tools, stock and inventory needed for self-employment
Arizona	■ All vehicles ■ IDAs up to $9,000 (for current recipients only) ■ 529 and 530 educational savings accounts ■ Retirement accounts including 401(k)s and 457 plans ■ The first $1,500 in equity value of one prepaid burial plan or funeral agreement for each participant ■ Tools, equipment, machinery, animals and other items that may be used to produce income ■ A business checking account used only for self-employment ■ Earned Income Tax Credit	Asset test eliminated

	TANF	Medicaid
State	**Summary of excluded assets**	
Arkansas	■ One vehicle per household ■ IDAs ■ Saving for Education, Entrepreneurship and Down Payment (SEED) children's savings accounts ■ Educational grants and settlement payments that are intended and used for purposes which preclude their use for current living costs ■ Life insurance ■ Income-producing real or personal property ■ Funds in escrow up to $10,000 if recipient is engaged in microenterprise ■ EITCs and other tax refunds	■ Up to $1,500 of current equity value in funeral agreements per household member ■ The stock and inventory of a self-employment enterprise ■ Farm or equipment used to produce income
California	■ A vehicle that is essential for employment or is necessary to transport a disabled household member ■ One vehicle per licensed driver for work or school ■ IDAs ■ Education savings accounts, including 529 accounts and Coverdells (applies only to current participants) ■ Retirement plans, including 401(k)s, 403(b)s and 457 plans ■ Cash value of life insurance policies ■ For current recipients, any amount for education or job training of a parent or child, a business start-up or purchase of a home ■ EITC up to 12 months of receipt	■ Motor vehicles are exempt if they are used for self-employment, income producing purposes, transporting a disabled individual living in the home, as a home (only one vehicle may be exempt on this basis); or transporting the primary supply of fuel/water for the home ■ Life insurance policies ■ Irrevocable prepaid burial contracts ■ One revocable burial fund or revocable prepaid burial contract with a value of up to $1,500 per person ■ Income producing property ■ Personal property used in a trade or business
Colorado	Asset test eliminated	Asset test eliminated
Connecticut	■ One vehicle, up to $9,500 or any vehicle needed to transport a disabled household member ■ Assets set aside for future post-secondary education (if assets are not commingled with other assets and if the assets are under the child's name in an UGMA or similar account) ■ IRAs, 401(k)s and Keoghs ■ Up to $1,800 in a revocable burial fund for each household member ■ Cash surrender value of life insurance ■ Assets of a trade or business that are essential to self-support ■ Student financial rewards [41]	Asset test eliminated

41 Individual Development Accounts and EITC payments are not formally excluded, but are generally not counted.

State	TANF	Medicaid
	Summary of excluded assets	
Delaware	■ All vehicles ■ Saving for Education, Entrepreneurship and Downpayment (SEED) accounts (treated as EBIAs) ■ Up to $5,000 in Education and Business Investment Accounts (EBIAs) ■ Financial assistance received from school grants, scholarships, vocational rehabilitation payments, and JTPA payments ■ Cash value of a life insurance policy ■ Funeral agreements up to $1,500 for each member ■ Tools and equipment used for self-employment ■ EITC for 12 months	Asset test eliminated
District of Columbia	■ All vehicles ■ IDAs up to $10,000 ■ 529 college savings accounts ■ IRAs, Keogh accounts, 401(k), 403(b) and 457 accounts, and all other retirement funds as long as the funds remain in the retirement plan ■ All funds in a prepaid burial account, burial plan or burial trust ■ Property that produces income consistent with its fair market value ■ Income-producing assets essential to self-support ■ EITC	Asset test eliminated
Florida	■ Vehicles with equity value up to $8,500 ■ Vehicles used to transport the physically disabled ■ Retirement accounts ■ $1,500 of equity value in a single funeral agreement ■ Any grants, gifts or scholarships received by the individual for educational expenses	■ Vehicles used for training, employment or education up to a combined total of $8,500 ■ Vehicles used to transport the physically disabled ■ Retirement accounts ■ Up to $1,500 of equity value in a single funeral agreement per household member ■ Any grants, gifts or scholarships received by the individual for educational expenses

	TANF	Medicaid
State	**Summary of excluded assets**	
Georgia	■ Two vehicles are exempt up to $4,650 if used for travel to work or school ■ IDAs up to $5,000 ■ Health savings accounts ■ Child care savings accounts ■ Retirement plans, including 401(k)s and 457 plans, but not IRAs ■ Life insurance ■ Up to $1,500 of the combined equity value of all burial contracts and burial insurance for each household member ■ Income-producing property ■ Real property rented to others that annually produces income consistent with fair market value	■ One vehicle if used either primarily as a dwelling or more than 50% of the time for income-producing purposes ■ 401(k)s, Keogh plans, IRAs ■ 529 college savings plans if applicant/recipient is beneficiary ■ Unspent portion of payments for education assistance which is excluded as a resource ■ Funds which are held in a spending account to pay certain expenses such as child care or medical expenses ■ Accounts through an employer which may only be used to reimburse certain medical services ■ Up to $1,500 of the combined value of all burial contracts and burial insurance for each household member ■ Unspent death benefits ■ Life insurance ■ Escrow accounts ■ Tools, machinery, equipment, stock and inventory essential to the production of goods or services ■ EITC payments up to 10 months after receipt
Hawaii	■ All vehicles ■ IDAs ■ Educational assistance benefits ■ Funeral plans up to $1,500	■ All vehicles ■ Value of bona fide funeral or burial plans or agreements
Idaho	■ One vehicle per adult ■ Accounts with funds legally identified as monies to pay for educational expenses ■ Retirement accounts ■ Cash surrender value of a life insurance policy ■ Cash value of an irrevocable funeral agreement ■ Real property that produces income consistent with its fair market value ■ Equipment used in a trade or business, including tools, equipment and farm animals ■ EITC and other state and federal tax refunds	■ One vehicle, regardless of value ■ One funeral agreement for each family member, up to $1,500 ■ Life insurance policies for each family member up to $1,500 equity value
Illinois	■ One vehicle ■ IDAs ■ Individual Retirements Accounts, 401(k)s and Keogh plans ■ Prepaid funeral agreements worth $1,500 or less per person ■ Any savings and interest in which the money is accumulated from the earning of a child ■ Equipment and inventory needed for a self-employment enterprise	Asset test eliminated

	TANF	Medicaid
State	Summary of excluded assets	
Indiana	■ One vehicle up to $5,000 ■ Funeral agreements up to $1,500 ■ EITC payments ■ College Savings Accounts and Coverdells	■ One vehicle up to $5,000 ■ Retirement accounts that cannot be obtained without terminating employment ■ Prepaid funeral agreement up to $1,500 ■ EITC payments
Iowa	■ One vehicle regardless of value and $5,455 of equity for each motor vehicle beyond that per adult or working teenager ■ IDAs ■ Life insurance with no cash surrender value ■ Funeral agreements up to $1,500 ■ Nonhomestead property that produces income consistent with the property's fair market value ■ Equity up to $10,000 for tools of the trade or capital assets of self-employed households	■ One vehicle, regardless of value ■ IDAs ■ Retirement funds if only available through termination or hardship ■ All financial assistance for education or training ■ One burial trust or funeral contract for each member of the eligible group, up to $1,500 ■ Life insurance policies up to $1,500 for each spouse ■ Property producing income consistent with fair market value Inventory/supplies necessary for self-employment and up to $10,000 of tools of the trade & capital assets ■ EITC for up to 12 months
Kansas	■ All vehicles ■ 529 college savings accounts ■ Funeral agreements up to $7,000 ■ Burial funds of up to $1,500 per household member ■ Insurance with no cash surrender value ■ Property essential to employment or self-employment ■ Real property that produces income consistent with its fair-market value	Asset test eliminated
Kentucky	■ All vehicles ■ IDAs up to $5,000 ■ Funds in an IRA, state retirement, deferred compensation, etc., during period of unavailability ■ All illiquid assets	■ One vehicle if used for employment, to obtain medical treatment, or if specifically equipped for a person with a disability ■ IDAs up to $5,000 ■ IRAs and Keogh plans ■ Burial reserve up to $1,500 per individual ■ Equity of $6,000 in income-producing real property ■ Tools of a tradesperson or farmer if essential for self-support in a trade or business
Louisiana	Asset test eliminated	Asset test eliminated

State	TANF	Medicaid
	Summary of excluded assets	
Maine	■ One vehicle per household ■ IDAs, Family Development Accounts or Separate Identifiable Accounts up to $10,000 ■ Cash surrender value of insurance policies ■ Prepaid burial contracts ■ Income-producing property ■ Livestock used to produce income ■ All educational grants, loans and scholarships	■ One primary vehicle ■ A second vehicle if needed for employment or medical treatment ■ Educational grants ■ Money in an account (e.g. savings/checking account, IRAs, Keogh, stocks, bonds, mutual funds, etc.) – up to $8,000 for an individual and $12,000 for a family of two or more ■ Burial contracts ■ Cash value of life insurance ■ Escrow accounts and interest paid on these accts (while unavailable) ■ Property, including real property, used in the production of income
Maryland	Asset test eliminated	Asset test eliminated
Massachusetts	■ The first $10,000 of the fair market value of one vehicle and the first $5,000 of the equity value of one vehicle ■ IDAs ■ Prepaid funeral arrangements up to $1,500 ■ Grants or scholarships to a student ■ Property essential to employment or self-employment ■ EITC up to 12 months	Asset test eliminated
Michigan	■ One vehicle, and all others if used for employment or training ■ IDAs ■ Retirement plans (IRAs, KEOGHs, 401(k)s) that are not available unless a person quits a job ■ Funds in a separate account under a student's name and accrued solely from a student's earnings ■ 529 plans	■ IDAs ■ Retirement plans (IRAs, Keogh, 401k) that are not available unless a person quits their job ■ Funds in a separate account under a student's name and accrued solely from a student's earnings ■ 529 plans ■ Savings, share, checking or draft accounts used solely for the expenses of a business ■ Tax refunds and credits ■ Irrevocable prepaid funeral contracts
Minnesota	■ The first $15,000 in loan value of one vehicle ■ Vehicles used for self-employment, to transport disabled AU members, for long-distance employment-related travel, or if more than 50% of use is to produce income ■ IDAs through the Family Assets for Independence in Minnesota (FAIM) program ■ School grants, or scholarships ■ Assets used for self-employment ■ Money held in escrow for a self-employment business	■ One vehicle, used for employment or seeking employment, for each household member of legal driving age ■ IDAs ■ Retirement funds that are individually owned or employer-based, including but not limited to IRAs, 401(k) plans, 403(b) plans and Keogh plans ■ Student financial aid sources ■ Money held to pay real estate taxes or insurance by a homeowner ■ Burial funds up to $1,500 ■ Capital or operating assets of a trade or business up to $200,000

State	TANF	Medicaid
	Summary of excluded assets	
Mississippi	■ All vehicles, except recreational vehicles ■ 529 and Coverdell accounts ■ Retirement plans including IRAs and Keogh plans ■ Up to $1,500 in a funeral agreement per household member ■ Cash surrender value of life insurance ■ Equipment essential to operation of a small business ■ Real property that brings in annual rent ■ EITC payments up to 12 months	Asset test eliminated
Missouri	■ One vehicle and up to $1,500 equity value of an additional vehicle ■ IDAs ■ $1,500 of equity value of prepaid burials for each family member ■ Income received on an annual basis (such as sale of livestock in the fall) and put aside in a separate account for yearly maintenance as cash and securities ■ Saleable personal property used to produce income (livestock, merchandise, etc.)	Asset test eliminated
Montana	■ One vehicle per household ■ Business Asset Development Accounts ■ Burial accounts up to $1,500 ■ Term life insurance policies ■ Cash and face value of ordinary (whole) life insurance policies ■ Employment-related retirement accounts that can only be accessed upon termination ■ Income producing property for self-employment	■ One vehicle used for transportation, plus a vehicle used as a home if it cannot be used for transportation ■ Vehicles necessary for employment, including self-employment ■ All educational income ■ Burial accounts up to $1,500 ■ Irrevocable burial accounts ■ Term life insurance policies ■ Cash and face value of ordinary (whole) life insurance policies, if combined with all policies owned by the individual (including term policies) is less than $1,500 ■ Business checking accounts ■ Property/equipment necessary for employment ■ Livestock necessary for self-employment or home consumption ■ The principal in employment-related retirement accounts, if the principal is inaccessible as a lump sum. ■ 401(k) plans while the individual is employed

	TANF	Medicaid
State	**Summary of excluded assets**	
Nebraska	■ One vehicle if it is used for employment or medical transportation ■ IDAs ■ The cash value of life insurance policies ■ Irrevocable burial trusts up to $3,000 per individual ■ Proceeds of an irrevocable burial insurance policy ■ Unavailable job-related retirement account held by the employer ■ Stocks, inventory and supplies used for self-employment	■ One vehicle if used for employment, medical transportation, or as a home ■ IDAs ■ Unavailable job-related retirement account that is held by the employer ■ Cash value of life insurance policies ■ Irrevocable burial trusts up to $3,000 per individual ■ Proceeds of an insurance policy that is irrevocably assigned for the purpose of burial of the client ■ Stocks, inventories and supplies used in self-employment
Nevada	■ One vehicle per household ■ IDAs ■ Retirement accounts, including 401(k)s, 457 plans, Federal Employee Thrift Savings plans, Section 501(e)(18) plans and Section 403(b) plans, but not including IRAs or Keogh plans ■ Prepaid burial insurance policies, funeral plans, funeral agreements and insurance policies ■ Property used for self-employment ■ Property that produces income consistent with fair market value	■ IRS-recognized retirement accounts ■ Medical savings accounts ■ Approved accounts of $15,000 or less ■ Life insurance policies with cash surrender values of less than $50,000 ■ Funeral/burial policies ■ Tax refunds
New Hampshire	■ One vehicle per licensed household member ■ IDAs ■ Contractual Keogh Plans ■ One burial contract for each household member, up to $1,500 ■ Life insurance policies for which the total combined equity value of the policy or policies is less than or equal to $1,500 or the state has been made the beneficiary to the policy or policies ■ Farm machinery and farm vehicles, livestock, farm tools, farm equipment and other tools and equipment	■ One vehicle per adult household member ■ IDAs ■ Keogh plans ■ Irrevocable burial contracts or trusts ■ One burial contract for each household member, up to $1,500 ■ Life insurance policies up to $1,500
New Jersey	■ All vehicles ■ IDAs ■ Prepaid burial plots and funeral arrangements up to a total value of $4,000 per individual ■ Life insurance policies ■ Livestock, machinery, tools and equipment used to produce income	Asset test eliminated

State	TANF	Medicaid
	Summary of excluded assets	
New Mexico	■ All vehicles ■ IDAs ■ Equity value of funeral agreements ■ Buildings used for rental purposes, if located on land contiguous to the land upon which the residence building is constructed ■ Work-related equipment up to $1,000 per individual	Asset test eliminated
New York	■ One vehicle up to $9,300, if needed for employment ■ IDAs ■ Up to $4,650 in a separate bank account established by an individual while currently in receipt of assistance, for the sole purpose of enabling the individual to purchase a first or replacement vehicle to seek, obtain or maintain employment, so long as the funds are not used for any other purpose ■ One bona fide funeral agreement up to an equity value of $1,500 per household member ■ Business/farm equipment and tools used for employment ■ EITC payments	Asset test eliminated
North Carolina	■ All vehicles ■ All retirement accounts ■ Burial and life insurance ■ Income-producing property ■ EITC payments	■ Motor vehicles used as primary sources of transportation ■ Retirement accounts, including 401(k)s and IRAs, unless withdrawn ■ Accident insurance with death benefit ■ Burial contracts and insurance ■ Life insurance ■ Income-producing personal property, business or farm equipment ■ EITC for 9 months following receipt
North Dakota	■ One vehicle ■ Prepaid burial plans up to $3,000 ■ Educational loans, grants, scholarships and stipends ■ Employer sponsored retirement plans	Asset test eliminated
Ohio	Asset test eliminated	Asset test eliminated

	TANF	Medicaid
State	**Summary of excluded assets**	
Oklahoma	■ One vehicle up to $5,000 ■ IDAs up to $2,000 ■ SEED accounts up to $2,000 ■ Face value of a life insurance policy to fund a prepaid burial contract ■ Burial funds up to $1,500 for AU member ■ Education grants, including work study, scholarships and similar grants ■ Accounts, stocks, bonds or other resources held under the control of a third party if the funds are designated for educational purposes for a TANF child ■ Livestock and equipment used in a business enterprise	Asset test eliminated
Oregon	■ Up to $10,000 equity value of all motor vehicles ■ Recreational vehicles with equity value of less than $1,500 ■ Individual education accounts for participants in JOBS PLUS program ■ Educational income ■ Cash surrender value of a life insurance policy ■ One prepaid burial arrangement per household member ■ Capital assets for self-employed clients participating in the microenterprise component of the JOBS program ■ All EITC payments	■ All motor vehicles regardless of value ■ Equity value of retirement/pension plans ■ One prepaid burial arrangement per household member ■ Cash surrender value of life insurance policy ■ Income-producing property ■ EITC payments
Pennsylvania	■ One vehicle ■ IDAs ■ Saving for Education, Entrepreneurship and Downpayment (SEED) accounts ■ Educational Savings Accounts ■ Educational assistance in the form of grants and scholarships ■ The face or cash surrender value of life insurance policies ■ Up to $1,500 in a bona fide revocable burial reserve for each household member ■ Farm equipment or farm animals ■ Equipment needed for employment, rehabilitation or self-care ■ EITCs and any income tax refund	Asset test eliminated

	TANF	Medicaid
State	**Summary of excluded assets**	
Rhode Island	■ One vehicle for each adult household member, up to two vehicles per household ■ Vehicles used primarily for income-producing purposes ■ Funeral agreement up to $1,000 for each household member ■ Income-producing property other than real estate	Asset test eliminated
South Carolina	■ One vehicle per licensed driver ■ Leased vehicle if owner retains title ■ IDAs up to $10,000 ■ Income-producing property with market rate of return ■ Property essential to employment/self-employment ■ Vehicles if used to transport a person with a disability for self-employment or income-producing purposes as long as number of vehicles does not exceed number of licensed drivers ■ Up to $1,500 in a prepaid burial contract ■ Burial insurance ■ Cash value of life insurance	■ One vehicle for each licensed driver, up to $20,000 ■ The equity value of any other vehicles may be excluded if used for self-employment ■ Retirement plans as long as the individual is employed ■ Up to $1,500 in burial funds ■ Cash value of life insurance policies up to $10,000 ■ Term life insurance ■ Real property or equipment being used in a business enterprise ■ EITC payments up to 12 months
South Dakota	■ One primary vehicle, regardless of value ■ One additional vehicle valued up to $4,650 if used to obtain or continue employment, attend training preparatory to employment or attend school ■ A vehicle necessary to transport a member of the household who has a physical disability, or is on SSI and would be a member of the assistance unit if not on SSI ■ An income-producing vehicle ■ The equity value of a prepaid burial contract up to a maximum of $1,500 ■ Educational grants ■ The first $1,000 of the cumulative balance of a dependent child's savings account, checking account, bonds or certificates of deposits, if the excluded funds are owned solely by the dependent child or jointly with the caretaker or another adult relative; the child is at least a half-time student; the child is employed at least part-time or has been employed at least part-time in the preceding 12 months; and a portion of the account was derived from the child's earnings	■ One primary vehicle, regardless of value ■ Any other vehicles necessary to transport a member of the household who has a physical disability, to carry water or fuel, or for self-employment

	TANF	Medicaid
State	**Summary of excluded assets**	
Tennessee	■ IDAs up to $5,000 in the 12 demonstration counties (however, the entire value of an IDA is counted as a resource in non-demonstration counties) ■ The value of an IDA-WtW up to $5,000 in all counties ■ IRAs, 401(k)s and Keoghs of $20,000 or less ■ Burial policies ■ Cash value of life insurance policy ■ Student grants ■ Equipment used in a self-employment enterprise	■ The value of one vehicle if it is necessary for employment, modified to transport a disabled individual, necessary for medical treatment or necessary to perform essential daily activities impeded by weather or terrain ■ Otherwise, a vehicle is excluded up to $4,600 equity value ■ One burial agreement up to $1,500 per family member ■ Equipment used in a self-employed enterprise to produce income ■ Property essential for self-support (both business and non-business) ■ IRAs and Keogh plans, if individual must terminate employment ■ The value of all life insurance policies
Texas	■ $4,650 is exempt for each vehicle owned by a TANF-certified or disqualified household member ■ All licensed vehicles used for income-producing purposes ■ One vehicle per disabled household member regardless of whether the vehicle is used to transport the disabled person ■ Texas 529 college savings accounts and Coverdell accounts ■ IRAs, 401(k)s, 403(b)s, Simplified Employee Pension and Keoghs ■ Cash value of life insurance policies ■ Up to $7,500 cash value of a prepaid burial insurance policy, funeral plan or funeral agreement for each household member ■ Personal property that is essential to employment or self-employment, annually produces income consistent with a fair market value comparable in the community or is necessary for the maintenance or use of a vehicle exempted as income-producing or as necessary for transporting a physically disabled household member ■ EITC payments up to 11 months	■ All licensed vehicles used for income-producing purposes, to transport a physically disabled family member, as a home, or to carry fuel/water ■ One vehicle per disabled household member regardless of whether the vehicle is used to transport the disabled person ■ Matched funds in any type of IDA ■ Retirement accounts, including IRA and 401(k) ■ Section 529 and 530 college savings accounts and Coverdell Education Tuition Savings Plans ■ Educational assistance including education loans ■ Cash value of life insurance policies ■ Up to $7,500 cash value of a prepaid burial insurance policy, funeral plan or funeral agreement for each household member ■ Property that annually produces income consistent with its fair market value ■ Property essential to self-employment (ex: tools of the trade, farm machinery, stock and inventory) ■ EITC payments up to 11 months

	TANF	Medicaid
State	**Summary of excluded assets**	
Utah	■ All vehicles ■ Burial/funeral funds up to a maximum of $1,500 per household member ■ Reasonable assistance received for post-secondary education ■ Income-producing property (except real property) necessary for employment ■ 529 Plans and Coverdells ■ Retirement plans, including 401(k), 403(b), IRAs ■ Earned Income Tax Credit ■ IDAs	■ Total equity value of one vehicle if fair market value does not exceed $15,200 ■ Educational assistance and college work study ■ Term life insurance with no cash value ■ Up to $1,500 of burial funds ■ Assets used for self-employment ■ EITCs and Child Tax Credits up to 12 months after receipt
Vermont	■ One vehicle per AG with one adult and 2 vehicles per AG with 2+ adults ■ IDAs ■ Loan and cash value of whole life insurance ■ One burial plot and funeral agreement per individual with an equity not in excess of $1,500 ■ Assets accumulated from subsidized or unsubsidized earnings of adults and children (for current recipients) ■ Interest on excluded assets ■ Illiquid assets purchased with savings from earnings or with a combination of savings from earnings and other excluded income or resources, such as SSI/AABD retroactive benefits or federal EITC lump-sum income ■ Personal property used to produce income ■ Vermont and federal EITC payments ■ If a family reapplies for assistance after Reach Up terminates, assets accumulating during the time the family was not participating in Reach Up are excluded, provided that all other criteria for exclusion are met	■ One vehicle per AG with one adult and 2 vehicles per AG with 2+ adults ■ Health Savings Accounts for which funds are not available ■ Cash value of whole life insurance ■ Funeral agreements up to $1,500 for each member ■ Income-producing property (including tools, livestock, equipment, machinery, etc.)
Virginia	Asset test eliminated	Asset test eliminated
Washington	■ A licensed vehicle needed to transport a physically disabled household member ■ One additional vehicle up to $5,000 ■ Savings accounts with combined balances of up to $3,000, over and above the current $1,000 resource limit (for current recipients) ■ Educational assistance in the form of grants, or work study ■ Burial agreements up to $1,500 ■ Property that produces income consistent with fair market value ■ Property needed for self-employment	■ A licensed vehicle needed to transport a physically disabled household member ■ One additional vehicle up to $5,000 ■ Unavailable retirement funds ■ Educational benefits that are excluded as income ■ Irrevocable educational trust fund up to $4,000 per child ■ Burial insurance policies or funeral agreements up to $1,500 ■ Property that produces income consistent with its fair market value ■ Property for self-employment ■ Self-employment accounts receivable but have not yet been collected

	TANF	Medicaid
State	**Summary of excluded assets**	
West Virginia	■ One vehicle per household, regardless of value ■ Leased vehicles ■ 529s, Coverdells and prepaid tuition plans ■ Funds held in CDs that cannot be withdrawn prior to maturity under any circumstances (the certificate is not an asset until the first month after it matures)	■ Educational grants, scholarships, fellowships, and gifts ■ Up to $3,000 for each AG member of burial funds
Wisconsin	■ Combined equity value of vehicles up to $10,000	Asset test eliminated
Wyoming	■ One vehicle regardless of value; two vehicles for a married couple ■ Savings account designated for higher education, established from earnings of a dependent child under age 18 who is a full-time high school student ■ $1,500 of Burial Funds for each AU ■ Educationgrants, and scholarships ■ Livestock, farm machinery, tools for self-employment ■ EITC up to 12 months	Asset test eliminated