WASHINGTON STATE BUDGET & POLICY CENTER

How Eliminating ASSET CAPS IN PUBLIC PROGRAMS COULD REDUCE ADMINISTRATIVE COSTS AND HELP PARTICIPANTS

*When Ohio and Virginia eliminated asset limits in their **TANF** programs, caseloads actually decreased.*

We all need to have some savings to weather tough economic times – such as the loss of a job or an illness. A key reason people seek assistance is that they don't have enough personal savings or assets to meet their families' needs when facing financial setbacks. In fact, one in four households in Washington state living at the federal poverty line don't have enough financial savings to survive for three months if they lose their primary source of income.

Programs such as Temporary Assistance for Needy Families (TANF), Housing and Essential Needs (HEN), and the Aging, Blind and Disabled (ABD) Cash Assistance Program provide vital support for people who do not have the means to meet the daily needs of their families during a financial crisis. Unfortunately, TANF, HEN, and ABD require people to spend down their financial assets in order to qualify. For example, a person may need to sell a good car that runs well and helps them get to work or to job interviews, and instead buy a lemon in order to qualify (spending more money on car repairs in the long run). Program participants are also not allowed to build enough savings to be economically secure while they're trying to get back on their feet and move off assistance.

Eliminating asset limits for these assistance programs would not only help people be more financially resilient, but it would also make the programs more beneficial and cost-effective.

Why Removing Asset Limits Is a Wise Choice:

It would likely save the state money on administrative costs: In 2012, a study of state asset limit policies found that eliminating them did not significantly increase caseloads. Moreover, doing away with these procedural hurdles simplified processes and reduced caseworker time spent verifying client assets. When Ohio and Virginia eliminated asset limits in their TANF programs, caseloads actually decreased.

It would likely reduce the length of time people spend on public assistance: By requiring people to fall deeper into an economic hole before qualifying for public programs, asset limits make it even harder for them to climb out. Eliminating asset limits could reduce the duration of time that people need to receive public assistance.

It would provide greater economic resiliency for individuals and families: When people can keep and/or regrow personal savings, they will be better set up to create their own financial safety nets before leaving public assistance. They are then able to draw on their own reserves if times get tough financially again.

$6,150	8	26.7%
The amount of savings a family of four needs to rise out of asset poverty.	*The number of states that have eliminated asset limits in TANF: OH, VA, IL, AL, LA, MD, CO, HI.*	*The share of Washington families who currently have to return to TANF within 12 months of exiting.*