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Eliminating Resource Limits Can Help Families

Anyone can experience a rough patch. When this happens, families should be able to get the help they need without having to sacrifice their future financial health. Unfortunately, many public assistance programs place limits on how many resources people can have in order to participate. For example, a family in Georgia has to have less than $1000 in savings in order to qualify for Temporary Assistance for Needy Families (TANF).[i] This is less than the average rent for an apartment in Atlanta.[ii] Resource limits like these force people who participate in programs that help them through tough times to live in a constant state of economic insecurity or risk losing benefits.

[i] Department of Human Services. "TANF Eligibility Requirements." Division of Family & Children Services. Accessed at: https://dfcs.georgia.gov/services/temporary-assistance-needy-families/tanf-eligibility-requirements; "Rule 290-2-28-.13. Basic Financial Eligibility Requirements." Rules and Regulations of the State of Georgia. Updated through 27 April 2022. Accessed at: http://rules.sos.ga.gov/GAC/290-2-28-.13?urlRedirected=yes&data=admin&lookingfor=290-2-28-.13

[ii] Kanell, Michael E. "Atlanta home rents rising faster than most U.S. cities." 10 August 2021. The Atlanta Journal-Constitution. Accessed at: https://www.ajc.com/ajcjobs/atlanta-home-rents-rising-faster-than-most-us-cities/6ED4G5ARRRGJXMRHLJTUH3QQ2A/

Resource limits vary across states and public assistance programs. For example, to qualify for Supplemental Security Insurance (SSI), an individual can't have more than $2,000 in savings ($3,000 for a couple).[1] This number includes all of a person's cash, accounts, and property combined, but it excludes the value of their primary residence and one vehicle. Medicaid's resource limits vary widely by state but are generally the same as SSI for elderly and disabled recipients.[2] Five states have opted to impose resource limits for the Low Income Home Energy Assistance Program (LIHEAP), which subsidizes home heating and cooling costs, ranging from $2,250 in Arkansas up to $21,870 in some Montana households.[3] About 14 states limit the resources a family can have to qualify for the Supplemental Nutrition Assistance Program (SNAP) at or below $2,500 per individual and $3,750 for households with an elderly or disabled member.[4] At least eight states have removed resource limits for Temporary Assistance for Needy Families (TANF), but most states have kept them in place, with the strictest states limiting access to those with less than $1,000 of resources and only one vehicle worth less than $4,650.[5]

[1] Supplemental Security Income (SSI0 Resources). "What are Resources?" Social Security Administration. Accessed at: https://www.ssa.gov/ssi/text-resources-ussi.htm

[2] Musumeci, MaryBeth, Priya Chidambaram, and Molly O'Malley Watts. "Medicaid Financial Eligibility for People with Disabilities: Findings from a 50-State Survey." 14 June 2019. Kaiser Family Foundation. Accessed at: https://www.kff.org/report-section/medicaid-financial-eligibility-for-seniors-and-people-with-disabilities-findings-from-a-50-state-survey-issue-brief/

[3] "LIHEAP Heating Eligibility Assistance: Assets Test" (2022). LIHEAP Clearinghouse. Accessed at: https://liheapch.acf.hhs.gov/tables/assets.htm

[4] "The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility." 25 February 2022. Congressional Research Service. Accessed at: https://sgp.fas.org/crs/misc/R42054.pdf

[5] Gehr, Jessica. "Eliminating Asset Limits: Creating Savings for Families and State Governments." April 2018. Policy Brief, CLASP. Accessed at: https://www.clasp.org/sites/default/files/publications/2018/04/2018_eliminatingassetlimits.pdf

Resource limits prevent people from getting back on their feet

Resources limits require people to live in chronic scarcity by keeping them from being able to build the resources they need to achieve financial independence. Studies have shown, for example, that SSI resource limits reduced savings for people nearing eligibility,[6] TANF vehicle resource limits reduced vehicle ownership among single mothers,[7] and Medicaid resource limits reduced the wealth of eligible households.[8] This means that a family experiencing hard times in Georgia cannot have more than $1,000 saved in the bank if they need TANF to help pay this month's bills. But then, they won't have enough money saved to pay next month's bills on their own. Resource limits prevent families from saving enough money to be able to get back on their feet.

Resource limits perpetuate systemic inequities

Previous policy choices have prevented people of color, women, and people with disabilities from being able to build resources, despite individual efforts to do so. As a result, these groups have less wealth on average and are more susceptible to financial setbacks.[9] Policies ranging from housing discrimination that kept Black and other people of color from being able to obtain home loans,[10] tto existing student loan programs that disproportionately burden people of color, and specifically women of color,[11] to the exclusion of jobs like farm and domestic work from wage and hour regulations, have made it harder for Black, Brown, and Indigenous people, people with disabilities, LGBTQ individuals, and other marginalized groups to build emergency cushions. Unsurprisingly, given these policy decisions combined with persistent discrimination, people from these groups are more likely to need safety net programs. The resource limits attached to safety net programs keep people who use these programs from building a savings cushion that would help them weather setbacks. Unfortunately, we also have a psychological tendency to blame people for being unable to build resources, rather than recognizing the broader forces, like resource limits, that prohibit them from doing so.[12] Thus, policymakers impose restrictive policies like asset limits because of false beliefs about people living in poverty while at the same time creating the very conditions that make it harder for people living in poverty to build the resources they need.

[6] Neumark, David and Powers, Elizabeth T., The Effect of Means-Tested Income Support for the Elderly on Pre-Retirement Saving: Evidence from the Ssi Program in the U.S (December 1997). NBER Working Paper No. w6303, Available at SSRN: https://ssrn.com/abstract=226058

[7] Sullivan, James X., Welfare Reform, Saving, and Vehicle Ownership: Do Asset Limits and Vehicle Exemptions Matter?. Available at SSRN: https://ssrn.com/abstract=743164

[8] Gruber, J., & Yelowitz, A. (1999). Public Health Insurance and Private Savings. *Journal of Political Economy, 107*(6), 1249–1274. https://doi.org/10.1086/250096

[9] Bhutta, Neil, Andrew C. Chang, Lisa J. Dettling, and Joanne W. Hsu. "Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances." 28 September 2020. The Federal Reserve. Accessed at: https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm

[10] Singletary, Michelle. "Being Black lowers the value of my home: The legacy of redlining." 23 October 2020. The Washington Post. Accessed at: https://www.washingtonpost.com/business/2020/10/23/redlining-black-wealth/

[11] Solomon, Danyelle, Connor Maxwell, and Abril Castro. "Systematic Inequality and Economic Opportunity." 7 August 2019. Center for American Progress. Accessed at: https://www.americanprogress.org/article/systematic-inequality-economic-opportunity/ Andre M. Perry, Marshall Steinbaum, and Carl Romer. "Student loans, the racial wealth divide, and why we need full student debt cancellation." 23 June 2021. Brookings Institution. Accessed at: https://www.brookings.edu/research/student-loans-the-racial-wealth-divide-and-why-we-need-full-student-debt-cancellation/

[12] Ross, L. (1977). "The intuitive psychologist and his shortcomings: Distortions in the attribution process". In Berkowitz, L. (ed.). *Advances in experimental social psychology. 10.* New York: Academic Press. pp. 173–220.

Resource limits reduce institutional trust

Resource limits place an additional burden on people by requiring them to count and report their total assets to prove their program eligibility. This process can be quite onerous; for example, people over 65 who need Medicaid coverage for long term care have to obtain and submit copies of their bank statements from up to 60 months prior to comply with resource limits.[13] This not only makes it very hard for eligible people to access programs, but it also promotes the harmful narrative that people facing hard times can't be trusted. As a result, participating families further lose, rather than build, a sense of independence and empowerment.[14] It is therefore unsurprising that people with lower incomes distrust the government at higher rates.[15]

Resource limits can cause people to be skeptical of financial institutions as well. People with low incomes often worry that owning a bank account could violate resource limits and threaten their eligibility.[16] One study found that families with low incomes were 5% less likely to have a bank account in states with strict SNAP resource limits.[17] Resource limits cause many struggling families to be under-banked or unbanked, which often forces them to spend more per financial transaction than banked families.[18] For example, people without bank accounts must spend 4-5% of their payroll checks just to cash them to check cashers.[19] They thus become increasingly reliant on public assistance programs to get by and increasingly hesitant to engage with financial institutions.

Eliminate resource limits and make it easier for eligible families to access programs

Lawmakers should help families in tough times get back on their feet by eliminating resource limits in public assistance programs. This will also work to close wealth gaps, combat harmful narratives, and increase trust in (and engagement with) government and financial institutions.

- Congress should pass the ASSET act, which eliminates resource limits for SNAP, TANF, and LIHEAP.[20]
- Congress should pass the SSI Restoration Act, which increases resource limits for SSI and Medicaid.[21]
- States that have not done so should eliminate resource limits for TANF.
- States should eliminate resource limits for state-provided public assistance programs.
- Federal and state agencies should work to reduce the burden placed on people to verify their eligibility, including reducing complexity and increasing automatic processes.

[20] ASSET Act, S.1809, 117th Congress, (2021). https://www.congress.gov/bill/117th-congress/senate-bill/1809/text

[21] Supplemental Security Income Restoration Act of 2021, S.2065, 117th Congress, (2021). https://www.congress.gov/bill/117th-congress/senate-bill/2065/text

[13] Erzouki, Farah and Jennifer Wagner. "Using Asset Verification Systems to Streamline Medicaid Determinations." 23 June 2021. Center on Budget and Policy Priorities. Accessed at: https://www.cbpp.org/research/health/using-asset-verification-systems-to-streamline-medicaid-determinations

[14] Daminger, A., Hayes, J., Barrows, A., Wright, J. "Poverty Interrupted: Applying Behavioral Science to the Context of Chronic Scarcity." May 2015. ideas42. Accessed at: http://www.ideas42.org/wp-content/uploads/2015/05/I42_PovertyWhitePaper_Digital_FINAL-1.pdf

[15] Rainie, Lee and Andrew Perrin. "Key findings about Americans' declining trust in government and each other." 22 July 2019. Pew Research Center. Accessed at: https://www.pewresearch.org/fact-tank/2019/07/22/key-findings-about-americans-declining-trust-in-government-and-each-other/

[16] Vallas, Rebecca and Joe Valenti. "Asset Limits are a Barrier to Economic Security and Mobility." 10 September 2014. Center for American Progress. Accessed at: https://www.americanprogress.org/article/asset-limits-are-a-barrier-to-economic-security-and-mobility/

[17] Ratcliffe, Caroline, Signe-Mary McKernan, Laura Wheaton, and Emma Kalish. "The Unintended Consequences of SNAP Asset Limits." July 2016. Urban Institute. Accessed at: https://www.urban.org/sites/default/files/publication/82886/2000872-The-Unintended-Consequences-of-SNAP-Asset-Limits.pdf

[18] Vallas, Rebecca and Joe Valenti. "Asset Limits are a Barrier to Economic Security and Mobility." 10 September 2014. Center for American Progress. Accessed at: https://www.americanprogress.org/article/asset-limits-are-a-barrier-to-economic-security-and-mobility/

[19] Daminger, A., Hayes, J., Barrows, A., Wright, J. "Poverty Interrupted: Applying Behavioral Science to the Context of Chronic Scarcity." May 2015. ideas42. Accessed at: http://www.ideas42.org/wp-content/uploads/2015/05/I42_PovertyWhitePaper_Digital_FINAL-1.pdf