

Removing Barriers, Building Savings

Increasing Successful Transitions for Families in TANF

Rachel Black, New America Foundation

TANF Tri-Regional Technical Assistance Meeting

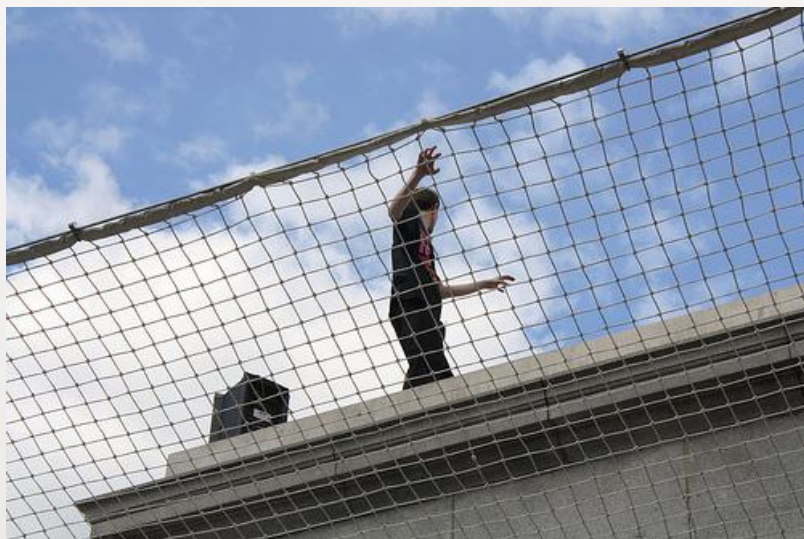
September 19th, 2013

Presentation

- What is asset building and why is it important?
- How is asset building supported by federal policy?
- What measures could extend asset building opportunities to more TANF households?

What is asset building?

In addition to income, families need assets to:



Why is asset building important?

#1: They make bad things less likely...

Like missing:

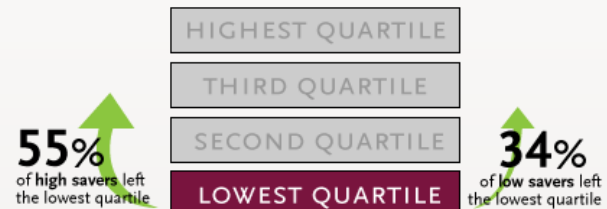


Why is asset building important?

#2: They make good things more likely.

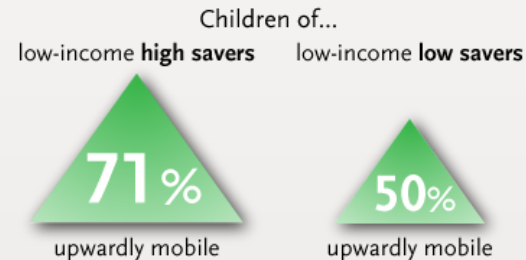
Savings increase mobility within one's own lifetime...

Among adults who were in the bottom income quartile from 1984-1989, **34 percent left the bottom** by 2003-2005 if their initial savings were low, compared with **55 percent who left the bottom** if their initial savings were high.



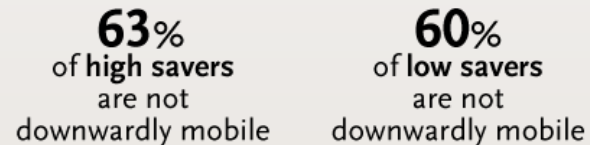
...And across generations.

Among children born into low-income families, those with high saving parents are **significantly more likely to be upwardly mobile** than those with low saving parents.



High-income families tend to stay put regardless of their level of savings.

Adults who started out with incomes in the top quartile were **equally likely to remain in the top income quartile** regardless of their level of savings.



Source: Pew Economic Mobility Project

What is the role of policy?

#1: Little support for saving.

- The vast majority of federal spending misses low-income families.
- \$0 supports flexible savings.



What is the role of policy?

#2: Explicit barriers: asset limits.

- Participant considerations
- Administrative considerations

Asset Limits: Overview

SNAP

43 states – BBCE

- » *Up from seven in 2006*
- » *38 have eliminated asset tests*
- » *Remaining five range from \$5000 - \$25,000*

9 states – federal limits:

- » *\$2000/household*
- » *\$3250/elderly or disabled*

TANF

Eight states – no asset tests

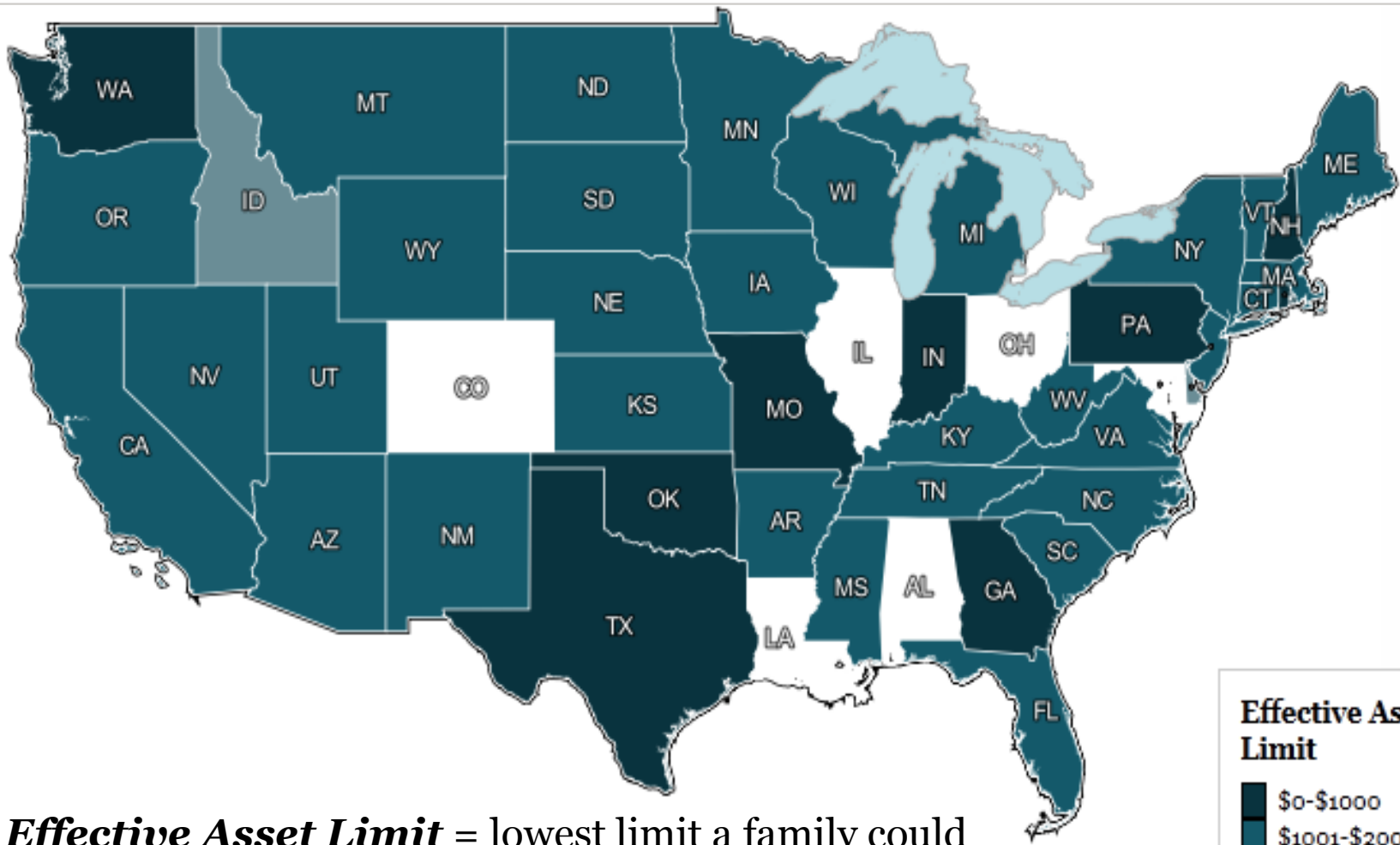
- » *Ohio (1997)*
- » *Virginia (2003)*
- » *Alabama (2009)*
- » *Louisiana (2009)*
- » *Maryland (2010)*
- » *Colorado (2011)*
- » *Hawaii (2013)*
- » *Illinois (2013)*

Others range from \$1000 to \$10,000

Asset limits: Participant Perceptions and Behavior

“They ask if you have a bank account, I think that they like to monitor how much you have in the bank, that’s what I think I don’t know.”

“Cause with the money that we receive every month, the—their thing is we’re supposed to pay rent with the money or, you know, spend it on, you know, our children or something like that. But they want to be able to see that you’re not saving that money and just collecting, collecting.”



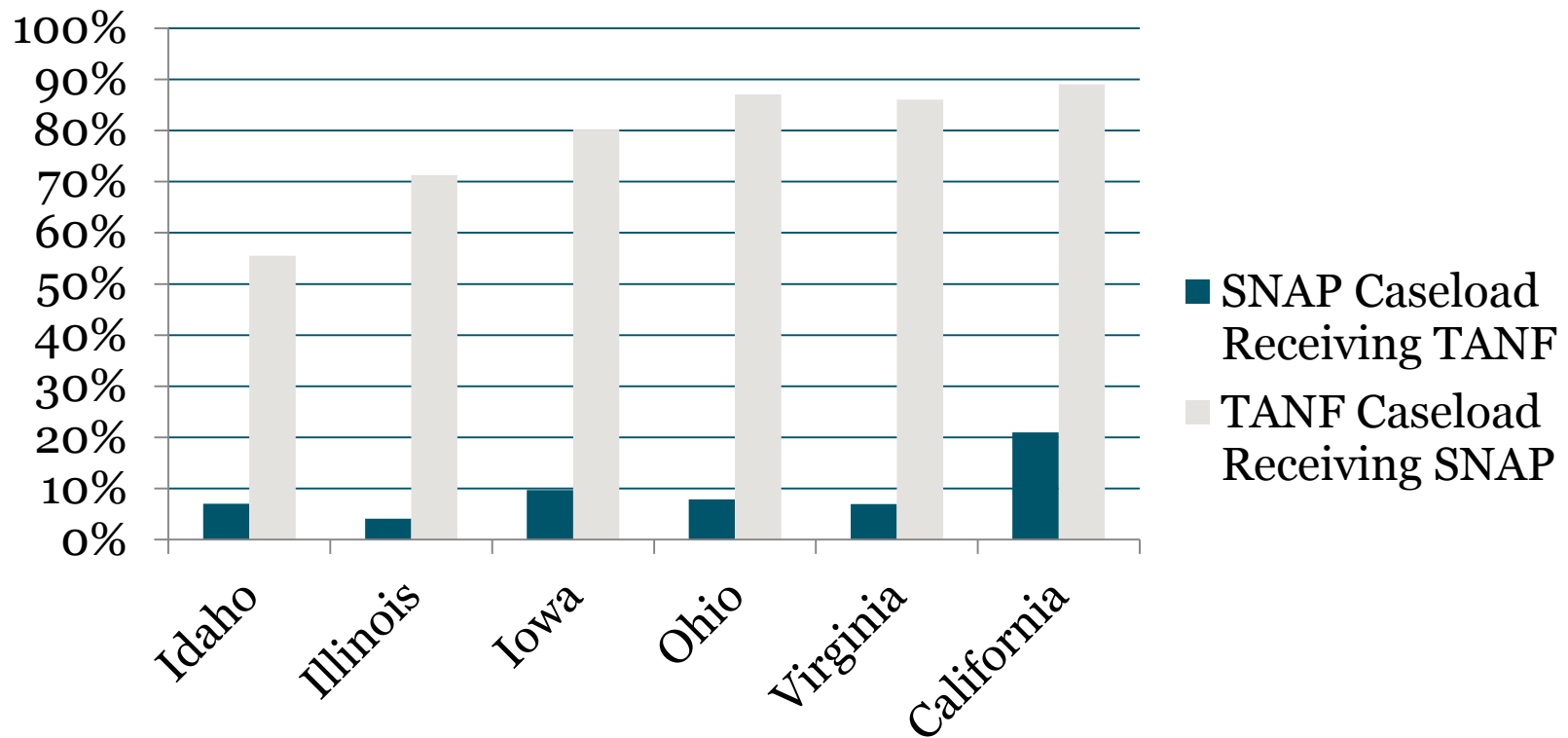
- **Effective Asset Limit** = lowest limit a family could be subject to if qualify for SNAP, TANF and LIHEAP
- Interactive map: www.assetlimits.newamerica.net

Effective Asset Limit

- \$0-\$1000
- \$1001-\$2000
- \$2001-\$5000
- \$5000 and over
- No asset limit

Asset Limits: Barriers to Saving and Program Access

Caseload Overlap



*Based on 2011 monthly average SNAP caseloads

Asset limits: Administrative Considerations

Poor eligibility filter:

Alabama – < .1% TANF applications denied because of excess assets in 2007-2008

Louisiana – < .1% TANF closures due to excess assets in 2007-2008

Asset limits: Administrative Considerations

Increased efficiency:

Colorado – eliminating the asset test would save ten to 15 minutes per “case interaction,” up to 90 minutes over the first 45 days

Continuity of programing:

Louisiana – “It did not make sense to have resources counted against a client when we [had] TANF programs encouraging them to save money to buy a house and send their kids to college.”

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