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Proving Poverty vs. Prosperity

A Study on How Asset Limits Are Anchoring People into Hardship

Abstract

More than half of state legislators report that differences between eligibility requirements within the public benefit programs are a "top challenge."[1] The tension between government accountability and true public benefit is aggravated by the fact that most asset limits are outdated, and the costs are serious. One in five dollars spent by state and federal governments goes toward public benefits.[2] Changes to these programs would have significant economic and budget ramifications.

This paper will show distinct connections between asset limits and inability for low-income Americans to reach self-sufficiency. Research within this paper will demonstrate how asset limit policies are in direct conflict with widely-accepted best practices for family finances and contrary to the goals of the policies themselves. Finally, this paper will review and discuss how asset limits contribute to harmful stigmas, even though some populations subject to asset limits will never, and are not intended to ever, cease receiving benefits.

"Anyone who has ever struggled with poverty knows how extremely expensive it is to be poor."

- James Baldwin

Introduction

Americans in poverty are entangled in proving that they are poor just to survive. A myriad of government forms, regulations, and rules faces them at every turn. When the last hurdle enters their sights, millions of Americans are forced to do the opposite of widely-accepted best practices for household finances. In order to qualify for thousands of dollars per month in benefits that they need to climb out of poverty, they have to deplete their savings, sell their vehicles, or pay penalties to liquidate their retirement savings. They can't have three months in wages saved up, as best practices recommend, no matter how poor they are. In some states, you cannot own a second vehicle or own a home over a certain worth, even if inherited.

Since public benefits became available in the 1930s, government agencies, lawmakers, and special interest groups have been working to ensure that the people who receive benefits do, in fact, need them. Calls for reduced spending and government accountability have added to these pressures. In the interest of ensuring that people who qualify for public assistance are not taking advantage of the system, American leaders have implemented a series of limits on how much wealth benefits recipients can accumulate.[3]

The unintended consequences of policies governing asset limits (caps on wealth accumulation) have resulted in shorter on-ramps to self-sufficiency by inhibiting benefits recipients from accruing assets that could ensure their financial security.[3] Asset limits deter families from creating savings accounts because they fear that they will become ineligible for benefits they rely on to survive. Having just one dollar in assets over various program limits can cause families to lose thousands of dollars per year in public assistance, regardless of whether they are able to support themselves with the increased income or not.[3] This causes people to cycle in and out of benefits eligibility as they cross over the limits in small doses.

This paper urges policymakers to understand the impact of current policies and consider reforms to asset limits for public assistance beneficiaries. While some controls are necessary in order to preserve public trust and ensure viability of the program, outdated thresholds are holding America back. In most cases, current asset limit thresholds run counter to the expressed policy goal of lifting people out of poverty and reducing burden on the public benefits system. Data undeniably show that asset limits cause confusion across programs, disincentivize benefits recipients from pursuing career advancement, discourage marriage, and deter recipients from accruing emergency savings of enough significance to keep them from falling back into poverty.

The American social safety net was designed to lift people out of poverty and set them on the path to success. However, after more than 80 years of varying iterations, the current system presents palpable challenges for recipients. The negative implications for recipients and others call for additional research, a discussion on current efforts, and potential solutions moving forward. This paper outlines the ramifications of asset limits on individuals, families, businesses, and state and federal budgets.

What Are Asset Limits?

What counts as an "asset"? The short answer is that it depends. The calculations for determining benefits for which a person is eligible is complicated, even before introducing asset limits. According to federal guidelines, assets for review typically include stocks, bonds, cash, bank deposits, and other liquid assets.[4] Currently, one vehicle per family is exempt from asset testing within all 50 states, though 33 states exempt all vehicles owned.[5] Generally speaking, assets include monies in checking and savings accounts, some property, and stocks or bonds. Net worth in homes and cars under a certain value are not counted.[6]

Asset limits vary widely between public programs and from state to state. Some programs within Kentucky exclude certain forms of assets while others do not. Because poor families move more often and experience more housing disruption than middle class or wealthy families, interstate transience makes understanding the rules even more difficult.[7] Families receiving assistance report concern of acquiring any financial savings, for fear it will be used against them, to the point that even the perception that asset limits may exist – even when they do not – can also act as a deterrent to acquiring safety nets via personal and family savings.[8]

Benefits for these programs are generally designed to fulfill short-term needs with the assumption that recipients will become self-sufficient.[9] While financial experts recommend American families retain at least three months' worth of income for emergencies, doing so would make most, if not all, beneficiaries ineligible for benefits, depending on individual wages.[2] In 2022 numbers, a family of four living at the poverty level would need $6,937.50 in savings to follow these best practices, which is almost 3.5 times more than they can have and still receive thousands of dollars in critical benefits that they are using to survive and rise out of poverty.[6, 10] Minneapolis Federal Reserve Assistant Vice President Michael Grover calls this "financial fragility."[11] The precarious balance between remaining eligible for assistance and being able to save for emergencies leaves many American families scrambling to understand how they will ever rise above the poverty level.[3]

Asset limits are a byproduct of Congress's 1996 omnibus welfare reform.[12] The purpose of the legislation was clear – with nearly three preceding pages of statistics around the perceived deterioration of the traditional American family, lawmakers wanted to legislate deterrents to single-parent homes, teenage pregnancy, and incarceration by limiting access to benefits.[13] Section 101 of the bill states, "Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 103(a) of this Act) is intended to address the crisis."[12]

Not only did the intent of this reform fail, it increased rates of severe poverty and left needy families without proper savings to sustain themselves. Distinguished Professor of Public Affairs and Economics, Timothy Smeeding, stated "If the goal of welfare reform was to get rid of welfare, we succeeded. If the goal was to get rid of poverty, we failed."[14]

Excerpt: Welfare Reform Act of 1996

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 101. FINDINGS.

The Congress makes the following findings:

(1) Marriage is the foundation of a successful society.

(2) Marriage is an essential institution of a successful society which promotes the interests of children.

(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.

(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one-half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

(5) The number of individuals receiving aid to families with dependent children (in this section re-

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ferred to as "AFDC") has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

(A)(i) The average monthly number of children receiving AFDC benefits—

(I) was 3,300,000 in 1965;

(II) was 6,200,000 in 1970;

(III) was 7,400,000 in 1980; and

(IV) was 9,300,000 in 1992.

(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Be-

Read more at: https://www.congress.gov/bill/104th-congress/senate-bill/1867/text

From the program's inception, asset limits were designed to preserve the traditional family structure and reduce government spending on public benefits. Indeed, stigmas around recipients, if not created by the language of this legislation, were certainly reinforced by it. New policies will need to make clear delineations between this policy's past and attitudes around its future implementation.

Asset limits affect a surprising number of Americans. A study by the Urban Institute found that more than one in four Americans participate in at least one major state or federal benefit program (Medicaid, Supplemental Nutrition Assistance Program (SNAP- formerly known as food stamps), Supplemental Security Income (SSI), Temporary Assistance for Needy

Families (TANF), Section 8 Housing Assistance, and Social Security Disability), all of which test assets prior to enrollment.[3] This means around one in four Americans are disincentivized from collecting enough savings to survive a moderate emergency.

By conditioning access to these benefits based upon a family's emergency savings and assets like vehicles, cash on hand, and other property, beneficiaries are incentivized to live in a constant state of financial fragility.

Dangers and Limitations

Stringent asset limits hold people in poverty. If the intent of public assistance programs is to usher low-income individuals and families out of poverty, strict and outdated asset limits are clearly counterproductive. In 2011, the asset poverty rate, or the amount of funds needed to live at the poverty level for three months without income was $4,632 for a family of three. However, the asset limit for SNAP and TANF at that time was lower than that amount in over 40 states.[15] Recent research shows that SNAP recipients have less wealth accumulation than other

One in four Americans are disincentivized from collecting enough savings to cover the average family emergency.[11]

low-income families that do not participate in SNAP, which experts attribute to the challenges presented by asset limits. In order to achieve long-term self-sufficiency, the creation and accumulation of wealth must be encouraged even for government assistance beneficiaries.

If people in poverty need government funds to survive, why do they need "assets" on hand? The answer is simple: assets help them transition off of government reliance. Relaxed asset limits are a critical component of reducing poverty and benefits reliance. Married families are at a disadvantage under asset testing, because their limits are disproportionately lower than those of single parents and single individuals. For example, to be eligible for SSI, individuals can have up to $2,000 in counted assets, but married couples can only have up to $3,000 in assets.[6] This creates an inherent disincentive to marry or maintain a two-parent household, in complete contradiction with the originally-expressed intent of Congress's 1996 public assistance reforms.

Asset testing also inhibits needy individuals from receiving critical benefits and services that would enable them to become regular workforce participants. Less than half of the more than seven million individuals who qualify for Medicaid access it, a factor that experts say is a result of asset testing.[16] Access to quality healthcare has been proven to be a critical factor in enabling consistent workforce participation.[17]

COVID-19 provides a relevant case study in how asset limits affect recipients' ability to withstand emergencies. Lack of proper savings accumulation due to asset testing only hurts public benefit recipients during the recent Covid-19 pandemic, in part because recipients are low-income individuals who tend to work in less stable jobs.[18]

Without having the savings necessary to prepare for unexpected events, the pandemic left many people struggling to pay their bills.[19] 2020 survey data showed that one in three American households struggled to pay regular bills during the pandemic.[19] Approximately 9.6 million Americans lost a job during the pandemic due to businesses closing or downsizing.[20] Without significant savings to fall back on, individuals across the U.S. were left with little money to live on while they waited anywhere from a few weeks to a few months to receive unemployment and stimulus payments.[20] This is especially important because individuals who are subject to asset limits are more likely to be unbanked or underbanked – stimulus recipients without a bank account on file with the federal government often had to wait much longer to receive a mailed check or prepaid debit card than their otherwise-banked peers who benefit from direct deposit during the normal tax refund season.[6] Fortunately, stimulus payments did not count toward asset limits, which is why stimulus payments artificially and temporarily lifted nearly 12 million people out of poverty.[9, 21]

To put this into perspective, data from the Economic Policy Institute examined monthly costs for a family of four in rural Kentucky, where costs are lower than the national average. That data shows that the average costs incurred by a family of four is $4,834 per month.[22] The average family of four in Lexington and Louisville spend $5,074 and $5,064 per month, respectively.[22] This means the Kentucky families who are subject to TANF and Social Security Income and Social Security Disability asset limits are prohibited from having even two weeks' worth of cash on hand for emergencies.

Stigmas and Counterproductive Measures

Despite contrary rhetoric, fraud among benefits recipients is relatively rare. The USDA's most recent data shows that over 99% of SNAP beneficiaries were eligible, meaning that less than 1% of recipients were ineligible to receive assistance.[39] Additional research found that most fraud cases within Medicaid are not committed by the beneficiaries of the program, but instead, by healthcare providers.[40] In addition, many benefits recipients are employed, although for less pay than the average American.[6] The Government Accountability Office reported that in 2018, 72% of Medicaid and SNAP recipients worked in the following five industries: education, hospitality, retail, manufacturing, and business services. The majority of adults on SNAP work and over half of them work nearly full-time at an average of 33 hours per week.[41]

Asset limits are artificially low because they have not increased over the past several decades to account for the cost of inflation, which is currently at an all-time high.[3] Food and groceries, for example, have seen a 10% Consumer Price Index increase within the past 12 months, according to The U.S. Bureau of Labor Statistics.[42] More specifically, the cost of food at the grocery store has risen by 10.9%, and the price of restaurant food items, including convenience and fast food, has increased by 7.6% since July 2021. Consider the cost of a boneless chicken breast.[43] In July 2019, the average price for this item was $2.97 per pound. The average cost for this same item in July 2022 was $4.60.[44] The U.S. Department of Agriculture predicts that within 2022, all food prices (both grocery store and restaurant items), will increase between 8.5 and 9.5%, a difference that will likely leave many families without the ability to afford enough food to sustain their families.[44] According to Stephanie Langguth, manager of Legal Aid of the Bluegrass Economic Stability Unit, (Langguth, personal communication, 2022), explains how clients have been faced with economic hardship due to steep SSI asset limits. She explains,

> Each individual on SSI can only have up to $2,000 in resources and it leaves no room for anyone to have any type of emergency funds saved up," she said. "It is particularly hard on parents of disabled children because a married couple living together can only have $3,000 in assets. [Government programs] only exclude one vehicle from being counted towards that asset limit for a married couple and this makes it where both parents are prohibited from having a vehicle. Usually, the working parent needs a car to get to work and the parent at home needs a car to be able to take their disabled child to medical appointments or sometimes they also work and require transportation in order to work.

Langguth also noted that individuals are disincentivized from paying off auto loans when they have more than $2,000 in equity in the vehicle, regardless of whether it is the family's first or second car.

Asset limits for Social Security Income, meant to help the elderly, blind, and disabled, have not been updated in 40 years, affecting its nearly eight million recipients.[6] Currently, the maximum payment amount is $794 per month, which is 75% of the federal poverty level, and 40% of these recipients have incomes below the federal poverty line despite receiving SSI.[45] This assistance is far too low considering the average monthly cost of a senior independent living facility is $2,552 in the U.S., with assisted living costing on average a thousand dollars more per month.[46]

More importantly, some benefits recipients are not intended to stop receiving benefits, such as people with disabilities or people collecting other Supplemental Security Income. Public programs, such as TANF, state that their goal is to break the cycle of dependency upon assistance, which is not feasible for the 61 million disabled individuals in dire need of government funding.[47] This framework also alludes that dependency is something that needs to be resolved, and that those who are dependent are lazy. Yet, continuing policies that inhibit these individuals from accuring assets penalizes them unnecessarily for circumstances in which they have no control.

Asset Limits Cost Taxpayers More Money

Allowing benefits recipients to accrue assets has the potential to shorten the time that recipients rely on assistance programs.[23] Relaxing asset limits could drastically reduce taxpayer costs by empowering recipients rather than setting them up to exit and re-enter benefits programs repeatedly as they fall back into poverty. Implementing and enforcing program asset limits also costs taxpayers millions of dollars in administrative costs.

Further, research has shown that asset reviews are unnecessary.[16] The required use of Income and Eligibility Verification Systems within all states already ensures that beneficiaries are in need. Within these systems, checks are done to verify the individual's income and assets. Additionally, applicants sign documents under penalty of perjury, creating fear that even an honest mistake or misinterpretation of the question could result in jail time and fines.[16]

Relaxing asset limits in other states has not been shown to open the floodgates for increased benefits payments.[25] While some opponents claim that allowing benefits recipients to accrue more wealth will mean an influx of newly-qualified individuals, data has not supported that claim. Instead, it has been shown to reduce program participation and lower administrative costs.[25, 26, 27]

Program Jurisdiction[1]

PROGRAM	GOVERNING AUTHORITY
TANF cash assistance	States
SSI	Federal
Medicaid	States
SCHIP	States
Housing Assistance (Section 8)	Federal, with state flexibilities
ETIC	Federal
Pell Grant	Federal

Asset testing costs taxpayers time and money. To begin with, the administrative costs for government is overwhelming. Staff time, including pension contributions and healthcare for government employees, are used every time an individual applies for benefits and must undergo asset tests. States that have eliminated asset testing have overwhelmingly found that the savings acquired from time spent asset testing far outweigh the cost of aiding a few families that may be on the margins of eligibility.[23]

Ensuring low-income Americans reach self-sufficiency and accumulate wealth should be a national priority for anyone concerned about Social Security budgets and the rising cost of aging care. Key findings from a longitudinal study of asset limits on self-sufficiency show that relaxing or eliminating asset limits consistently results in increased self-sufficiency.[26] In particular, the study showed that removing TANF asset limits creates the most robust effects on wealth accumulation, showing an average growth to liquid assets of 18% for nearly one in three benefits recipients.[26] In short, when limits are relaxed, participants are better equipped to accumulate wealth in the form of homeownership and entrepreneurship.

Since beneficiaries of public benefits are deterred from saving for retirement or from investing in homes or businesses that may help them accumulate wealth, policies are forcing them into precarious long-term financial disadvantages. Accordingly, low-income populations often do not have the ability to benefit from tax-sheltered college savings plans for children, mortgage interest deductions, medical savings accounts, and tax breaks for contributing to retirement accounts.[26]

Asset Limits Run Counter to Financial Best Practices for Families

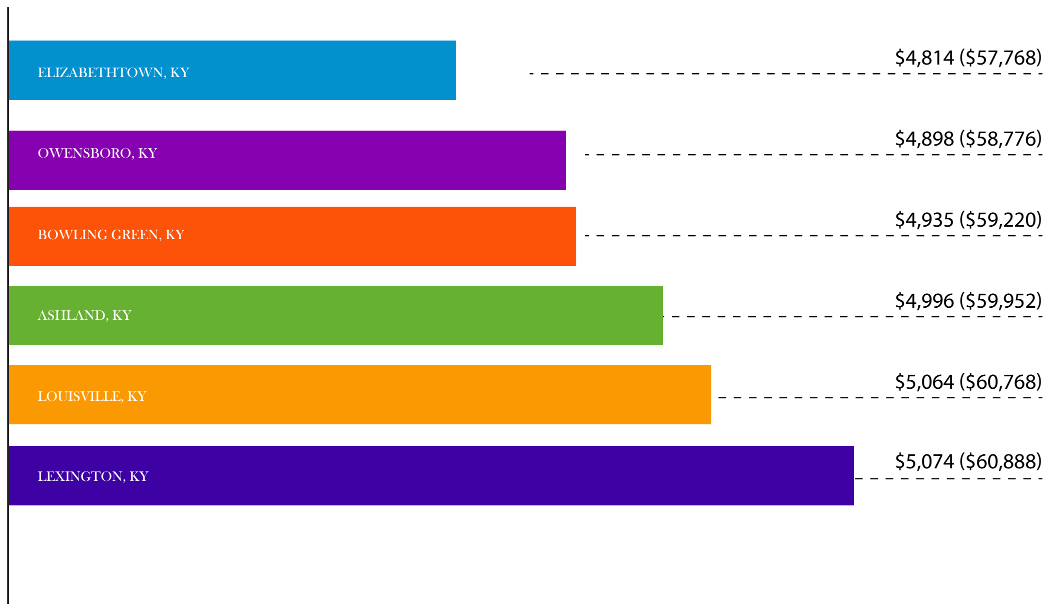
A plethora of data shows that higher asset limits allow benefit recipients to begin to re-establish themselves financially. In one study, the likelihood of a single mother owning a car increased by 13% with every $1,000 increase to allowable assets.[28] Researcher James Sullivan found that vehicle ownership increased by 7.5 percentage points (and by 10.6 percentage points for the least-educated single mothers in the study) once a one-vehicle exemption was added to asset limits across multiple states.[28] This is an important factor when considering that, even post-pandemic, 44% of companies worldwide do not allow remote work of any kind.[29] Further, greater access to vehicles has been shown to increase family wealth and reduce the need for a family to utilize government assistance.[26]

Data also show that benefits recipients are so discouraged from having any accrued wealth that they tend to avoid traditional banking methods, shifting instead to dangerous alternative services, such as payday loans.[6] As the Asset Funders Network explains, "Without assets, people just make ends meet, living paycheck to paycheck."[30] Empirical research of the effects of asset testing on savings shows that household savings decreased by about 25 cents for every $1 decline in allowed assets.[31] A study reviewing Medicaid reveals that asset testing led to a 4.4% decline in assets, which was more than double the decline of testing for just income alone.[32] Programs that cause reduction of family assets only lead families deeper into poverty.

A 2021 study by the Minneapolis Federal Reserve reports that around half of Americans would have difficulty paying a $400 emergency expense, and one in five would not be able to pay the expense at all.[11] This statistic makes sense when considering asset limits; one in four Americans receives public assistance of some kind, so at least half of the families unable to pay for a $400 emergency expense are subject to asset limits. A 2020 Forbes study shows the average cost of the top 10 car repairs hovers just under $350.[33] Healthcare emergencies, sudden loss of employment, loss of housing, or a death in the family can also cost families thousands in emergency expenses. The asset limit of $2,000 per month in income for a Kentuckian could mean that an average car repair plus a rental deposit could completely deplete a benefits recipient's savings.

Kentucky Costs

Average monthly costs for a family of four.[22]

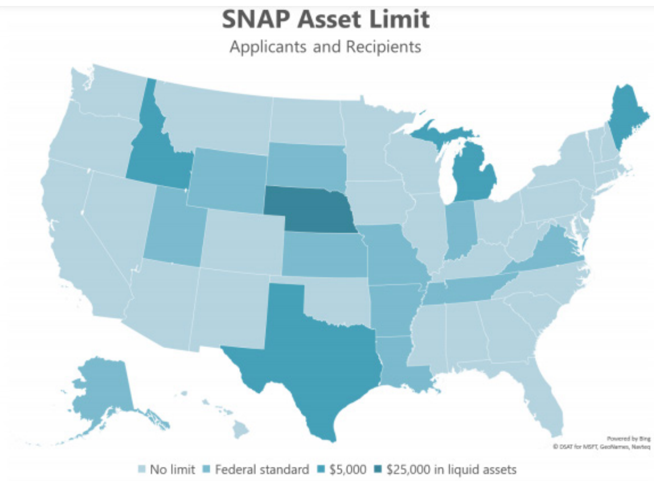


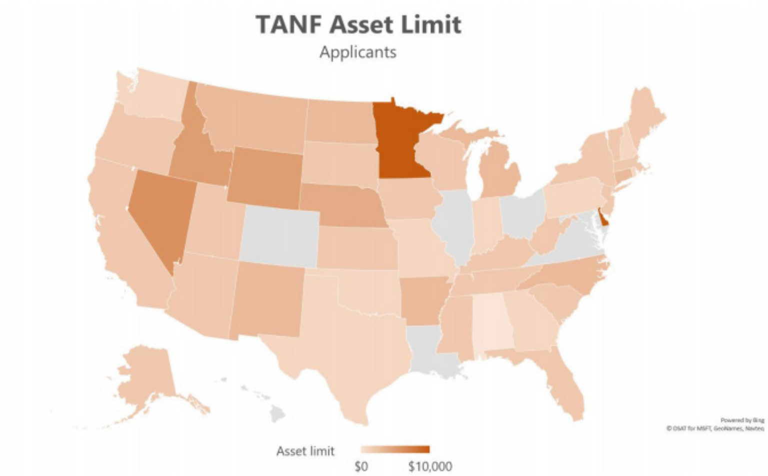
Confusion Between Programs

Asset limits for state-run programs can vary greatly from state to state. Research from the Urban Institute found that liquid asset limits can range from $1,000 to $10,000 from one state to the next.[3] Asset limits are inconsistent across states and between rural and urban areas as well. For Medicaid, asset limits not only change by state but can also vary by recipient.[3] As of 2022, Kentuckians on Medicaid can have no more than $2,000 in assets per individual or $4,000 per couple.[34]

Benefits programs that test for assets do not test for liabilities.[3] Although a family may be over an asset limit for any specific program, they may have liabilities (such as debt, car payments, etc.) that outweigh their current assets. In these cases, even with a net loss to a family budget, asset testing can still make them ineligible for benefits if they have assets set aside to pay for liabilities.

For example, a Kentucky family of four with a total of $2,000 in bank accounts (combined checking, savings) would be ineligible for income assistance through TANF, even if the monthly family income is $0.[3] Yet, a family with $0 in bank accounts that earns or receives $2,000 per month in income would be eligible.[3,35] Federal law allows states the flexibility to determine how it administers SNAP and TANF. However, Social Security income is not offered the same flexibility and asset limits have not changed in over three decades despite rising inflation rates.[36]





Federal programs set asset limits for housing assistance, Social Security Income, Earned Income Tax Credit, Supplemental Nutrition Assistance Program (SNAP) and the Pell Grant.[3] However, states have more leeway when deciding to include assets in eligibility testing. Since 2015, 36 states exercised eligibility loopholes by using a waiver to eliminate asset tests, while four other states used waivers to raise asset limits for state-run programs, including TANF, the State Children's Health Insurance Program (CHIP), Medicaid, and occasionally SNAP.[3,4] Most states also set asset limits on cash assistance programs and long-term care covered through Medicaid.[25] The federal government does not have requirements for TANF asset tests, but states may choose to impose them, including setting the amount of the limit and determining which assets are exempt, if any, from asset tests.[26] Most states have chosen to impose limits on TANF recipients.[26] This includes Kentucky, which has a gross income limit of 200% of the Federal Poverty Level.

As previously noted, transience poses additional challenges for benefits recipients, since low-income households experience more mobility.[37] Low-income households also experience higher rates of negative mobility, such as eviction, foreclosure, or homelessness.[37] Learning to adapt to new asset limits in different states presents an additional challenge to stability, and data around the number of transient benefits recipients are likely underreported because Census data centers around a fixed address, and SNAP doesn't require a fixed address for eligibility.[38]

Potential Solutions

Potential solutions are being discussed in Congress as of this writing, including the possibility of increasing asset limits for Social Security Income recipients from $2,000 per individual and $3,000 per couple to $10,000 and $20,000, respectively.[6, 49] Based on stated priorities, research shows this is the right move.

Three primary policy solutions rise to the surface. First, regardless of the current Congressional proposal, expanding exemptions and enacting incremental increases to asset limits would have immediate and long-term impact, allowing families to accumulate enough savings to become self-sufficient. This would move practices closer to the original policy's intent of lifting families out of poverty.

Second, asset testing for all programs could be improved by exempting primary residences, one vehicle per adult, and 529 college savings plans for dependent children. Expansion of current exemptions for Medicaid and other programs would also be beneficial, including exemptions for non-refundable pre-paid funeral plans or burial contracts (irrevocable funeral trusts). Exemptions for owned property, which in some cases may have been inherited or deeded to low-income recipients, would also help. These would include properties such as farms, rental properties, equipment, or other real estate investments that generate income. Additionally, life insurance policies, including both the face value and cash value, should also be exempt from asset testing. This would have the added benefit of removing disincentives to marriage, further stabilizing households and the home environments of children.

Third, accounting for liabilities could more accurately reflect a family's true need. Calculating the amount a family qualifies for in aid without considering their liabilities is decidedly one-sided. Incremental policy changes could have an immediate impact. Setting Kentucky's SNAP, Medicaid, and TANF limits of $2,250, $2,000, and $2,000 respectively at a level of $2,500 per program would be ideal. Family Scholar House would also recommend increasing these limits by $500 annually until limits reach $5,000 for individuals and $10,000 for couples.

Smoothing asset limits across programs would also reduce confusion among recipients and ease administrative burden. These increases would also help account for inflation. Updated asset testing may also result in more political support for these programs and work to reduce harmful stigmas.

Combining these policy proposals, asset limits would double in five years, and meaningful exclusions, including houses, cars, and personal property, would be solidified. Further, exclusions of 529 plans would allow families of all income levels to save for their children's educational futures. These incremental policy proposals would also allow lawmakers to evaluate impact over time and make adjustments.

Fundamentally, we encourage policy makers to aim for asset limits that are reflective of self-sufficiency standards for the populations that they serve. If the aim of these programs is to lift most people out of poverty, extending the on-ramp to self-sufficiency is a sensible approach. Ultimately, penalizing participants who are struggling to make a livable wage has consistently shown to be counterproductive.

Conclusion

Living in poverty is expensive, and asset limits make it more difficult to obtain financial independence and self-sufficiency. Without adequate resources on hand to deal with emergencies, pay for educational opportunities, and invest in resources that will make people healthier and more employable, benefits participants are statistically inhibited from ever becoming self-sufficient.

In short, assets are critical safeguards for all families and achieving economic stability requires assets in order to withstand unexpected and emergency expenses. Assets allow people to reduce home transience, pursue promotions and career advancement opportunities, invest in their education, pay regular bills to build credit, and withstand emergency expenses like car repairs or sudden illness.[23] Further, when families can save money, they are also able to obtain home loans, which help build generational wealth and provide family stability.[23]

Confusion between programs spurs counterproductive behavior among recipients, including spending down savings and utilizing payday lending to keep assets low. Strict asset limits send the wrong message to recipients of public benefits. Deterring them from accruing savings implies that saving money and building assets is unproductive and harmful.

Thankfully, policy solutions exist. Expanding asset limits, exempting primary residences and second vehicles, and exempting 529 college savings plans for children would help thousands of Kentuckians shift toward self-sufficiency. Further, today's leaders have an unprecedented opportunity to re-evaluate limits set over four decades ago. The reforms proposed in this paper represent commonsense policies that could have long-lasting economic impacts for all Kentuckians.

Family Scholar House

Family Scholar House is a nonprofit organization dedicated to ending the cycle of poverty and transforming communities by empowering youth and families to succeed in education and achieve life-long self-sufficiency. As single parents, many pre-residents and current participants alike rely on the support of government assistance programs as they commonly face socioeconomic barriers that make financial self-sufficiency more difficult. However, Family Scholar House works diligently to fill in the gaps of support whatever they may be. This includes affordable housing, success coaching, peer support, case management, providing connections to community resources and more. Therefore, even with the challenges presented by asset limits, Family Scholar House can step in and provide proper support and accommodations for the individual while they obtain a post-secondary degree or credential.

Family Scholar House helps student parents understand asset limits and supports them with their educational and career goals to become independent from government subsidy programs. It is from this experience that Family Scholar House advocates for asset limit modernization.

As of 2022, the completion rate for college credit hours attempted by Family Scholar House participants was 91%, resulting in these residents earning 709 college degrees. By obtaining their post-secondary education, the participant families are more likely to hold higher-paying occupations, become active members in their communities' economy, and be less likely to rely on the use of government assistance programs. Additionally, their children are significantly more likely to obtain a post-secondary education, as the biggest predictor for college enrollment is whether or not a student's parents attended college. Following this pattern, families are given the tools to start new cycles of success that lead to life-long self-sufficiency and become contributors to their local and state economies.

Family Scholar House's focus on self-sufficiency is not only important for the health and well-being of parents and their children; it is an intentional investment in the workforce and the economy of our commonwealth. At FSH, post-secondary education includes credentialing, apprenticeships, associate degrees, and bachelor's degrees. Success coaches specializing in academics, technical fields, and apprenticeships encourage and support preparation for high-demand careers. To this end, FSH partners with public and private colleges, universities, and employers to promote recruitment, retention, credential and degree completion, and workforce entry and advancement.

For example, FSH is partnering with Elizabethtown Community & Technical College to provide area students with additional support in entering healthcare and advanced manufacturing careers. Further, FSH is leading a Public Health AmeriCorps program to place 200 AmeriCorps members in healthcare positions across the commonwealth, with a goal of strengthening the education-to-work pipeline.

Connection to Family Scholar House's education and workforce services is as simple as a phone call to 1.877.677.9177. To learn more, visit www.familyscholarhouse.org.

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States (44)	TANF/MOE Program Description	Asset Limit of TANF/MOE Program	Gross Income Limit of TANF/MOE Program[1]
Alabama	All households are eligible (brochure)	No limit on assets[2]	130%
Arizona	All households are eligible (referral on application)	No limit on assets	185%
California	All households are eligible (pamphlet)	No limit on assets[2]	200%
Colorado	All households are eligible (notice on application)	No limit on assets[2]	200%
Connecticut	All households are eligible (Help for People in Need brochure)	No limit on assets	185%
Delaware	All households are eligible (application refers to pregnancy prevention hotline)	No limit on assets	200%
District of Columbia	All households are eligible (brochure)	No limit on assets	200%
Florida	All households are eligible (notice)	No limit on assets[2]	200%
Georgia	All households are eligible (TANF Community Outreach Services brochure)	No limit on assets[2]	130%
Guam	All households are eligible (brochure)	No limit on assets	165%
Hawaii	All households are eligible (brochure)	No limit on assets	200%
Idaho	All households are eligible (flyer about referral service)	$5,000	130%
Illinois	All households are eligible (guide to services brochure)	No limit on assets[2]	165%
Indiana	All households are eligible (brochure)	$5,000	130%
Iowa	All households are eligible (notice of eligibility and brochure)	No limit on assets	160%
Kentucky	All households are eligible (resource guide)	No limit on assets[2]	200%
Louisiana	All households are eligible (notice)	No limit on assets	130%
Maine	All households are eligible (resource guide)	No limit on assets	185%
Maryland	All households are eligible (referral to services on application)	No limit on assets	200%
Massachusetts	All households are eligible (brochure)	No limit on assets[2]	200%
Michigan	All households are eligible (language on application and notice)	$15,000	200%
Minnesota	All households are eligible (domestic violence brochure)	No limit on assets	165%
Montana	All households are eligible (brochure)	No limit on assets	200%
Nebraska	All households are eligible (pamphlet, statement on notices and applications)	$25,000 for liquid assets	165%

States (44)	TANF/MOE Program Description	Asset Limit of TANF/MOE Program	Gross Income Limit of TANF/MOE Program[1]
Nevada	All households are eligible (pregnancy prevention information on application)	No limit on assets	200%
New Hampshire	Households with at least one dependent child and a specified relative to that child are eligible (brochure)	No limit on assets	185%
New Jersey	All households are eligible (brochure)	No limit on assets	185%
New Mexico	All households are eligible (brochure)	No limit on assets	165%
New York	Households with dependent care expenses are eligible ("Helping Hands" brochure mailed yearly)	No limit on assets[2]	200%
	Households with earned income are eligible ("Helping Hands" brochure mailed yearly)	No limit on assets[2]	150%
North Carolina	All households are eligible (statement on application/recertification forms)	No limit on assets	200%
North Dakota	All households are eligible (Statement on application/ recertification forms and pamphlet)	No limit on assets	200%
Ohio	All households are eligible (Ohio Benefit Bank info on approval notice)	No limit on assets[2]	130%
Oklahoma	All households are eligible (2-1-1 number for information and referral to community services)	No limit on assets	130%
Oregon	All households are eligible (pamphlet)	No limit on assets	200%
Pennsylvania	All households are eligible (pamphlet)	No limit on assets[2]	160%
Rhode Island	All households are eligible (publication)	No limit on assets[2]	185%
South Carolina	All households are eligible (pamphlet)	No limit on assets[2]	130%
Texas	All households are eligible (Info on various services provided on application)	Asset limit of $5,000 (excludes 1 vehicle up to $15,000 & includes excess vehicle value)	165%
Vermont	All households are eligible (notice with language on website for services)	No limit on assets	185%
Virgin Islands	All households are eligible (brochure)	No limit on assets[2]	175%
Virginia	All households are eligible (brochure)	No limit on assets	200%

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