

Sample Fact Sheet

SB X- ELIMINATE THE TANF ASSET TEST

Sponsored by Sen. X and Rep. X

The goals of the TANF program are to (insert state agencies statement for program). The unintended consequences of asset tests are discouragement of saving, the depletion of all resources for future needs, and increased administrative costs.

History

The passage of the federal welfare reform bill in 1996 gave states the power to set their own rules for TANF. (insert state) implemented (insert program name) the following year, set the asset limit at (insert), and exempted the value of (insert number) car(s). (insert other things that were exempted such as home equity).

(Add history of what the state has done perhaps eliminating asset tests for energy assistance programs or for Medicaid.)

Why now?

1. The United States as a whole has a negative savings rate. This means that people are spending more than they have.
2. Defined benefit pension plans have always been excluded as an asset. But 401Ks and IRAs are not excluded and must be completely depleted, with a great tax penalty, before qualifying for TANF. More and more employers are changing to such retirement savings plans.
3. The IRS has produced a “refund splitting” return that encourages low-income people to send part of their refund into a savings account. Doing this could inadvertently make some ineligible for TANF.
4. Many non-profit organizations are encouraging savings by low-income families through a variety of savings vehicles like IRAs.
5. Two states (Ohio and Virginia) have already dropped the asset test for TANF, with positive results.

Benefits of Elimination

1. Eliminating the asset test allows those who can to build and maintain a personal safety net to bridge their way to self-sufficiency, prevent job loss, and a return to TANF. The lifetime maximum for TANF is 5 years.
2. It encourages saving.
3. It allows people to build assets toward retirement, which lessens the dependence on government during old age.
4. Eliminating the TANF asset test can reduce administrative costs. It can also reduce administrative time in an era in which Human Services Departments are understaffed.

Contact Person: X, at (area code) (number) or (email address).