Indiana Institute for Working Families
Research and Public Policy

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Asset Limit Test: Temporary Assistance for Needy Families (TANF)

TANF is a program that provides cash assistance and supportive services to needy families with children under the age of 18. Block grants to states were awarded through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and replaced Aid to Families with Dependent Children (AFDC).

- To be eligible for TANF in Indiana, a family of three must not have an annual gross income above 36.3% of the Federal Poverty Levels (FPL)[1], or $7,104 annually, and may not possess more than $1,000 in assets. The following are excluded assets in Indiana: one vehicle up to $5,000 in value; funeral agreements up to $1,500; EITC payments, and; College Savings Accounts and Coverdells.
- Of the nearly 1 million Hoosiers in poverty and 2.24 million below levels of economic self-sufficiency[2], only 26,364 individuals (12,837 families, 23,128 children and 3,236 adults) were participating in TANF (as of March 2013). Of the 12,837 families receiving assistance, 4,822 are single-parent households, 213 are two-parent households and 8,844 are no-parent households. [3]
- From 2007 – 2011, during the height of the Great Recession, the number of unemployed Hoosiers increased by 92.1% while TANF caseloads *decreased* by 51% – only Arizona saw a larger percentage decrease in assistance
- The TANF asset limit is equal to 21 percent of the asset poverty level - $4773 for a family of three.[4]
- The average participant receives $177 in monthly assistance.[5] For a family of three, the maximum monthly benefit amount is $288. This is equivalent to 18.1% of the 2011 FPG – lower than all but 7 states.[6]

"Moving out of poverty, achieving economic self-sufficiency and the subsequent accumulation of assets can be considered three rungs of a family's financial stability. Owning assets and economic security go hand-in-hand."
– IIWF Asset Poverty Policy Brief –

Eliminate the TANF Asset Test: Encouraging Self-Sufficiency & Administrative Efficiency

1. Promote savings and encourage families to develop behaviors that lead to self-sufficiency.
2. Increase government efficiency with substantial savings for taxpayers.

[1] U.S. Dept. of Health and Human Services. 2013. *Poverty Guidelines*: http://1.usa.gov/110lmec
[2] Self-Sufficiency is generally defined as 200% of the Federal Poverty Guideline. See our Self Sufficiency Standard: http://bit.ly/17ecFUv
[3] Falk, Gene. Congressional Research Service (CRS). May 2013. *TANF Block Grant: Responses to FAQ's*: http://bit.ly/18E3ERr See the
[4] New America Foundation. Modernizing Asset Limits. Asset Limit in Your State: http://bit.ly/18dXux1
Asset poverty measures a family's financial vulnerability to economic shocks—if one's income was suddenly cut off due to unemployment, a medical emergency, or even divorce. A household is asset poor if it has insufficient net worth to stay above the FPG for three months if its income were to cease.
See Indiana's own Asset and Opportunity Network for more information on asset poverty in Indiana: http://bit.ly/11WtoVT
[5] U.S. Dept. of Health and Human Services. *Characteristics of TANF Recipients, Fiscal Year 2011*: http://1.usa.gov/18degqM
[6] Center on Budget & Policy Priorities. March 2013. *TANF Emerging from the Downturn a Weaker Safety Net*: http://bit.ly/13kn2od

Encouraging Self Sufficiency:

- The TANF asset limit in Indiana sends a message to low-income families that saving is a behavior that warrants punishment by prohibiting savings of more than $1,000.
- The asset limit is counterproductive to the aims of the TANF program in that it does not help families become self-sufficient or preserve limited resources (college or emergency savings) to avert financial disaster.
- Asset limits force families to spend down longer-term savings in order to continue to receive TANF benefits, which creates a cycle of reliance on those benefits. By eliminating the asset limit, policymakers can encourage savings.

Administrative Efficiency:

- Asset limits are a waste of taxpayer resources. In 2010, ten percent of families on TANF had an average amount of $215 of cash resources, nationally.[7] With the asset limits in these programs starting at around five times what the average participant has, subjecting all applicants to asset tests directs administrators to waste limited time and money searching for a needle in a haystack.[8]
- Every time a family applies for TANF, or has their eligibility redetermined. A caseworker must investigate the family's assets – this requires an extensive number of checks. However, very few families applying for TANF have significant savings. Most recently, the Illinois Department of Human Services found that only 8 cases in 192,000 asset limit checks in 2012 were over the limit – this cost the state more than $960,000 to enforce.[9]

What Can Be Done?

Asset limit can be eliminated with administrative or legislative action.

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[7] New America Foundation. Modernizing Asset Limit. *Basics*: http://bit.ly/13JdiGf

[8] According to the New America Foundation's *State Asset Limit Reforms and Implications for Federal Policy*: "Statistics from both our survey and published reports revealed that very few SNAP or TANF recipients were disqualified due to resources. For example, in Idaho, from June 2011 to March 2012, only 2.2 percent of SNAP application denials were due to assets exceeding the state's $5000 limit, compared to forty-five percent for excess income.29 To provide some context, just over twenty percent of Idaho's applications were denied in FY 201130 — meaning that the percentage of total applications denied for excess resources was around one-half of one percent. Similarly, in FY 2008-2009, before Louisiana eliminated its SNAP asset test, only .18 percent of case closures were due to excess resources." http://bit.ly/1hQfRwk

[9] According to the New America Foundation's *State Asset Limit Reforms and Implications for Federal Policy*: "Before lifting the TANF test, Virginia estimated that it would spend around $127,200 in benefits for 40 additional families, but that this expense would be offset by $323,050 in administrative savings." http://bit.ly/1hQfRwk