New America Foundation

Policy Statement

Asset Limits in Public Assistance Programs

The Case for Reform

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For many low-income families, slight changes in their financial circumstances can have dramatic consequences on their wellbeing. Missing a rent payment when hours at work are cut, missing meals when winter comes to pay for heat instead, or missing an opportunity to move to a safer neighborhood because there isn't money for a security deposit. In these situations, even a small amount of additional resources can make the difference between getting by, falling behind, or getting ahead.

Savings, even in modest amounts, have been shown to create a protective buffer within a family's budget that minimizes these negative outcomes and promotes positive outcomes. Beyond helping a household sustain periods of financial stability, savings are strongly correlated with economic mobility within one's lifetime and into the next generation.

Ideally, savings would play a complementary role to the system of safety-net supports that are designed to provide temporary assistance to families for purchasing basic goods and services. Where supports like the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance to Needy Families (TANF) are essential to averting hardship during acute periods of need, savings can help reduce a household's financial vulnerability and need to access this assistance in the future.

Unfortunately, eligibility rules often place an explicit restriction on the amount of savings a family can have and receive benefits. These levels can be as low as $1,000 for TANF and $2,000 for SNAP, well below what is necessary to respond to an emergency. By creating a trade-off between immediate need and long-term security, asset limits undermine the intent of the support.

Asset limits also impose a significant administrative burden on both caseworkers and families seeking assistance. Assets have to be documented and verified, though applicants' resources infrequently breach even the most restrictive limits. Variation in asset limits across programs compounds this complexity. As a result, overwhelmed and confused families may not pursue the assistance they need, and caseworker attention is diverted from more productive activities that could improve family outcomes or program efficiency.

At a time when record numbers of families are seeking assistance and state budgets cuts are eliminating caseworkers available to respond to that need, understanding the impact of policy choices becomes increasingly consequential. Experience demonstrates that, far from removing safeguards to program integrity and increasing caseloads, removing asset limits increases efficiency, reduces errors, and can even reduce costs. Perhaps more importantly, it sends the signal that investing in your family's wellbeing should be encouraged, and that in times of hardship, families can access the short-term benefits they need without being penalized for taking responsible actions. Asset limits must be eliminated to achieve a social safety-net that promotes savings, simplicity, and self-sufficiency.

For more information on asset limits, please contact Rachel Black at the New America Foundation at blackr@newamerica.net.