NEIL ABERCROMBIE
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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 22, 2013

MEMORANDUM

TO:	The Honorable David Y. Ige, Chair Senate Committee on Ways and Means
FROM:	Patricia McManaman, Director
SUBJECT:	**H.B. 868 - RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM**

Hearing: Friday, March 22, 2013, 9:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of H.B. 868 is to eliminate the asset limit eligibility requirement for the Temporary Assistance for Needy Families (TANF) program.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill.

The 2012 Legislature through House Resolution (H.R.) 124 had tasked the Department with conducting a study on asset limits to qualify for public assistance. The report, including details of findings and recommendations, can be found at the following web address:

http://humanservices.hawaii.gov/wp-content/uploads/2013/01/2012-HR-124-Asset-Limit-Study.pdf

The study recommended that the asset limit be eliminated for eligibility for the Temporary Assistance for Needy Families (TANF) program only. This recommendation is based on a review of six states that have eliminated the asset requirement for TANF with no increases in caseload or costs.

The six states: Alabama, Colorado, Louisiana, Maryland, Ohio and Virginia have eliminated asset limits with little or no increase in caseloads or costs. In 1997, Ohio became the first state to abolish TANF asset limits through legislative changes. Elimination of asset tests in Ohio resulted in no increase in caseload as of 2010, even with a national recession and an increase in the TANF benefit level. In 2003, Virginia's Department of Social Services adopted administrative rules which eliminated asset limits in TANF family and child medical programs. Virginia's TANF caseload at the end of 2010 was 29% lower than in 1997. In Louisiana, three years after the 2009 change, there has been minimal change in their TANF caseload. And, in Colorado where asset limits were increased to $15,000 in 2006 and completely eliminated effective 2011, Levetta Love, Executive Director of Colorado Works, the division within Colorado's Department of Human Services that manages the TANF program wrote "We have seen little impact if any."

The DHS examined its caseload data to determine what, if any, impact this proposal may have. We concluded that elimination of TANF asset limits would likely have a minimal effect on caseloads and benefit costs because few applicants and current recipients have substantial resources or assets. The percentage of cases per month that have been denied due to excess assets is negligible for Hawaii's public assistance programs, less than one percent (less than .2%). The percentage of cases closed because of excess assets is even lower (less than .15%).

Those who support asset limits believe that asset tests are necessary to ensure that public assistance benefits are going to those who are in need of assistance and not to "asset-rich" individuals. There is also concern that eliminating or raising asset limits would allow more individuals to qualify for public assistance benefits and result in unsustainable increases in caseloads and costs to the State. However, denial and closure data indicate that currently in Hawaii, few recipients or new applicants have substantial assets.

National trends also favor the elimination of asset limits. The DHS reviewed and evaluated policies and trends nationally and across the major assistance programs administered by the DHS such as the Supplemental Nutritional Assistance Program (SNAP) and the Medicaid Program.

As outlined in the federal Affordable Care Act (ACA), eligibility for Medicaid recipients, except aged, blind, or disabled individuals, will be determined without asset limits or a resource test. The SNAP program already uses TANF-funded programs as the reason to eliminate asset limits under their Broad Based Categorical Eligibility Program and Medicaid will eliminate asset limits in less than a year for households that are TANF eligible as a result of the federal ACA.

Elimination of asset limit rules for Hawaii's TANF program would simplify eligibility requirements and would reduce administrative burden on caseworkers and complement the intent of the DHS' business process re-engineering program (BPRP) which streamlines and creates efficiencies within the eligibility review process. Although difficult to quantify, savings would result from case workers not being required to expend resources to verify assets during initial application. Also, caseworkers are now required to review assets during recertification and each time a recipient reports a change in assets or income. Repeated review of TANF cases to test if asset limits are being exceeded would no longer be required with the elimination of TANF asset limits. Other reform options such as raising or indexing asset limits to inflation would not reduce administration burden; caseworkers would still need to verify assets of applicants and current recipients.

States that have tracked actual savings from elimination of asset limits have found that cost and time savings have far outweighed the cost of any additional caseload. Although eliminating TANF asset test resulted in an increase of $127,200 in benefit payments to an additional forty families, the state of Virginia accrued savings of $323,050 in administrative staff time. After eliminating Medicaid asset limits, New Mexico estimates that only $23,000 of additional state funds per year were expended due to a slight increase in Medicaid enrollment and the cost was easily offset by administrative cost savings. Additionally, Oklahoma estimates that it is spending $1 million less to administer its Medicaid program after asset tests were eliminated.

Households must still meet income eligibility and would be ineligible for TANF in the event income exceeded eligibility income limits. For a family of three (the average family size under TANF) containing a work eligible adult, the eligible net income limit per month is of $610. Income exceeding this amount would cause ineligibility. Benefits will therefore still go to those with very little or no income despite the elimination of the asset limit.

The DHS believes eliminating asset testing will encourage Hawai'i families on public assistance to save money and potentially build assets that would help end their reliance on state and federal public assistance and enable them to move towards self-sufficiency. Ending reliance on state and federal public assistance is a major objective of the TANF program created under the Personal Responsibility and Work Opportunity Act of 1996. This action also supports the Governor's New Day objective of developing asset building programs that fight poverty, drive families to self-sufficiency and grow the middle-class. Research has shown that families must build an asset base and engage in self-sustaining employment if they want to be self-sufficient and not rely on public assistance. It is therefore counter-productive to impose an asset limit.

Thank you for the opportunity to provide comments on this bill.

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice
Supporting HB 868 Relating to Eliminating the Asset Limit Eligibility Requirement
for the Temporary Assistance to Needy Families Program
Senate Committee on Ways and Means
Scheduled for Hearing on Friday, March 22, 2013, 9:00 AM, Room 211

Hawai‘i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai‘i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in strong support of House Bill 868, which would eliminate the asset limit for families receiving Temporary Assistance to Needy Families (TANF).

When analyzing the impact of asset limits, we need to focus not just on income poverty, but also asset poverty. Asset building is essential to financial stability and economic mobility, yet asset limits for TANF eligibility discourage families from building these resources.

A family is considered asset poor when it lacks sufficient resources to subsist at the poverty level for three months in the absence of all income. For a family of four in Hawai‘i, this threshold is $6,627. The current TANF asset limit of $5,000 is less than what a family would need to stay above the asset poverty level and barely survive in the event of a financial emergency.

Asset limits can actually send families the counterproductive message that they should not save for their future. With asset limits, a family may have to “spend down” its savings to qualify for assistance and not build resources that will help them to provide for future needs. Moreover, asset limits no longer fit the goals of the TANF program, which focuses on quickly moving families into financial self-sufficiency. The five year lifetime limits on TANF benefits and work requirements have made an asset test obsolete. In actuality, savings and other assets are what enable people to move off of public benefit programs such as TANF and build a better future.

In addition, the state may even save money by eliminating the asset limit. As reported in its “Assets and Opportunities Scorecard,” the Corporation for Economic Development found that evidence from states which had eliminated asset tests suggested that savings in administrative costs actually exceeded increases in caseloads.

An asset test for TANF eligibility ultimately undermines the program’s goals because it makes it more difficult for recipients to achieve economic self-sufficiency and escape asset poverty. Families who are financially struggling should not be penalized for building savings for retirement or college, or owning a second vehicle which could enable additional family members to work, seek employment, attend school, or participate in job training. Families receiving TANF should instead be encouraged to develop the resources needed that will help them achieve financially secure in the future.

CATHOLIC CHARITIES HAWAIʻI

TESTIMONY IN SUPPORT OF HB 868: Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program

TO: Senator David Ige, Chair, Senator Michelle Kidani, Vice Chair, and Members, Committee on Ways and Means

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Friday, March 22, 2013; 9:00 am; Conference Room 211

Thank you for the opportunity to testify in support of HB 868: Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii.

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai`i. This bill speaks directly to our advocacy priority of reducing poverty in Hawaiʻi.

Catholic Charities Hawaiʻi stands with the Department of Human Services and many other human services providers in supporting this bill that will help the families we work with who are struggling towards financial self-sufficiency.

Families qualifying for Temporary Assistance for Needy Families (TANF) are among the poorest in our state. Many of them are working very hard to increase their financial stability and become economically self-sufficient. Asset limits for these families discourage the savings essential to achieving self-sufficiency and sends a mixed message to TANF recipients. They can cause TANF recipients to quickly spend relatively large sums of money, such as a tax return refund, to avoid losing benefits. This is counter-productive when that money could be saved for larger family expenses such as to purchase a car, appliances, or obtain independent housing.

Please help reduce poverty in our community by passing this legislation to eliminate the asset limit eligibility requirement for the TANF program.

Thank you for the opportunity to testify. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

Community Alliance *for* Mental Health

To: The Hawai'i State Senate Committee on Ways and Means
Re: HB 868

To: The Honorable Senator Ige and the members of the committee.

Aloha,

The Community Alliance for Mental Health along with United Self Help strongly supports HB 868. The requirement of an asset limit for people receiving TANF funds limits the ability of a family from moving out of poverty and government assistance. There is no way that one can save the first months' rent, last months' rent, security deposit, the money to turn on the utilities, and eat for the first month if they cannot bank those funds.

One of the primary goals of the Department of Human Services is to help people get back on their feet and rejoin the workforce. The asset limit works directly against that goal.

Mahalo,
Robert Scott Wall
Vice-President

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COMMENTS IN SUPPORT OF
HB868 - RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM

Committee on Ways and Means – Room 211

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice-Chair

March 22, 2013 at 9:00 a.m.

The Legal Aid Society of Hawaii submits comments in support of HB868 – Relating to the Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program. This bill would eliminate the counting of assets for those seeking assistance from the Temporary Assistance for Needy Families Program. By eliminating the counting of assets, families receiving assistance are able to save for rental deposits, for the purchase of a car that might be needed for transportation to and from work, or to get off of assistance. It is important to note that income eligibility tests would still be in place and families would have to have minimal income to qualify for this time limited program.

We believe that the fiscal impact on the state will be minimal in that less than one percent of denials and closures have been due to those over assets. In fact, it is likely that costs could actually be reduced in that the time which Department of Human Services staff must spend on determining asset eligibility.

In Legal Aid's experience, one of the key benefits of eliminating this rule is the benefit that it would provide to those who have inherited partial interests in property, in most cases kuleana lands, where their interest may be only 1/32 of the overall property. Under current Department of Human Services rules, the value of this property if the individual is not living on it, which is most often the case, will be counted as an asset unless the individual can find a real estate broker willing to provide a value assessment and analysis as to whether it is possible to partition the property or sell it. For those with already limited resources it is almost impossible to do this without a real estate broker who is willing to assist pro bono. The Department of Human Services has indicated that most of those denied Temporary Assistance for Needy Families assistance in the last year were for this reason.

Thank you for this opportunity to provide comments.

Sincerely,

M. Nalani Fujimori Kaina
Executive Director

The Legal Aid Society of Hawaii (Legal Aid) is the only legal service provider with offices on every island in the state, and in 2012 provided legal assistance to approximately 10,000 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Our mission is to achieve fairness and justice through legal advocacy, outreach and education for those in need.

U N I V E R S I T Y   O F   H A W A I ʻ I

Bridge to Hope
Serving UH Welfare Recipient Students

Date: March 20, 2013

To: SENATE Committee on Ways And Means (WAM)
Sen. David Ige, Chair
Sen. Michelle Kidani, Vice-Chair

From: Teresa Bill, Univ. Hawai'i Bridge to Hope Coordinator
Ph: 956-9313

Re: Strongly Supporting HB 868, Relating To Eliminating The Asset Limit For TANF
Fri. March 22, 2013 9:00 a.m. Conference Room 211

I am Teresa Bill, **testifying in strong support of HB 868** eliminating the asset limit for TANF public assistance. I am the Coordinator of a Univ. of Hawaiʻi program called "Bridge to Hope" that supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency. However, my testimony is not the official testimony of the University.

I am a member of both the Dept. of Human Services' Financial Assistance Advisory Council and the 2008 Hawaiʻi State Asset Building and Financial Education Task Force - both recommended the elimination of asset limit tests for public assistance. This legislation is a long time coming and greatly needed. I am pleased that the Dept. (DHS) is supporting this change in policy, as it reflects the experiences of families working hard to leave public assistance, and the change in national discourse regarding the need for "asset building" for all families.

Eliminating the Asset Test is the right thing to do, and now is the right time to do it.

- Eliminating Asset Test Addresses the Need for Low-Income Families to Save
- Eliminating Asset Test Has Not Increased Caseload in other States
- **Income Eligibility Remains** Even if Asset Test Is Eliminated
- Affordable Care Act Eliminates Medicaid Asset Test in 2014 and building upon the change in philosophy regarding asset tests as well as building upon the redesigned IT platform to implement ACA makes sense.

Eliminating asset limits maintains the intent TANF / "restructuring welfare" to keep savings an option for families to re-build economically.

Many families are forced to spend any "emergency savings" they might have in order to qualify for public assistance. This forced spending and withholding of financial assistance until a family has lost everything -- contradicts every tenet of family financial stability. Once a family gains access to the public assistance program, they are then encouraged to build a path to "economic self-sufficiency" - including rebuilding savings as a buffer against unexpected loss of jobs, car repair, or to attain housing. It is unfortunate when a family must choose between initiating a savings plan and participating in TANF, whose stated goal is to encourage economic self-sufficiency.

I urge you to **support HB868** and give Hawaiʻi families the ability to secure minimal public assistance without draining all resources.
Thank You

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