DHS-6682-ENG 1-13

Report on Uniform Asset Limit Requirements

Children and Family Services Administration

January 2013

Legislative Report

Minnesota Department of Human Services

For more information contact:
Minnesota Department of Human Services
Children and Family Services Administration
P.O. Box 64244
St. Paul, MN 55164-0244
651-431-3830

This information is available in alternative formats
to individuals with disabilities by calling
651-431-3830.

TTY users can call through Minnesota Relay at
800-627-3529.

For Speech-to-Speech, call
877-627-3848.

For additional assistance with legal rights and protections for
equal access to human services programs, contact the agency's
Americans with Disabilities Act coordinator.

Minnesota Statutes, Chapter 3.197, requires the disclosure of
the cost to prepare this report. The estimated cost is $15,698.

Printed with a minimum of 10 percent post-consumer material. Please recycle.

Table of Contents

I. Executive Summary

Background
Laws of Minnesota 2012, Chapter 247, article 3, section 28, require the Minnesota Department of Human Services (DHS) to report on its analysis of the differences in asset limit requirements across human services' economic assistance programs. The study requires the commissioner of Human Services, in consultation with county human services representatives, to analyze the differences in asset limit requirements across Group Residential Housing (GRH), Minnesota Supplemental Aid (MSA), General Assistance (GA), Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP), the federal Supplemental Nutrition Assistance Program (SNAP), state food assistance programs and child care programs. The goal of the analysis is to establish consistent asset limits across human services programs, and minimize the administrative burden on county agencies in implementing asset tests.

Department personnel reviewed literature in the field and the status of asset limits in other states, worked with appointed representatives of the Minnesota Association of County Social Service Administrators (MACSSA), and other interested stakeholders, to develop an analysis of current asset limits, and discussed options and decision points for consideration.

Options
There was general agreement by stakeholders that the legislature should not impose any additional asset limit categories, and that no asset limits be instituted for those programs not currently having asset limit requirements.

There was support for the use of "self-attestation" in determining the value of assets to minimize county agencies' administrative work and applicants' documentation requirements. Applicants sign the self-attestation document with the understanding that they are held to a criminal penalty of fraud for providing incorrect or misleading information. Self-attestation is often permitted when efforts have been exhausted and it has been determined that the documentation is unavailable, and obtaining the documentation will cause undue hardship for the individual. The department estimates that "self-attestation" would have minimal impact on caseload costs, given a reasonable level of enforcement.

There was general consensus that options that address the intent of the legislation include:

> Option A: Simplify and align asset policies across programs by reducing the number of asset categories from about 10 to two (bank accounts/cash and vehicles), and having a common methodology for verifying and valuing assets.
>
> - This would create consistency across programs and provide administrative relief to county agencies (e.g., not having to verify minor items or where the verification of information is out of the control of the county agency or client) while not increasing caseloads significantly

- Stakeholders agreed there should be at least one vehicle per licensed driver exempted from the vehicle limit to support transportation needs to maintain employment
- The department estimates that this option would cost approximately $1.6 million per year once fully phased in.

Option B: Simplify and align policies *and* promote self-sufficiency by reducing the number of asset categories from about 10 to two, having a common methodology *and* raising the current asset cap limit to $10,000 or $20,000.

- This is expected to increase caseloads slightly, but would allow applicants to retain resources for difficult financial situations
- This option provides some county administrative relief, but county personnel would still have to verify the value of assets at the higher level
- The department estimates this option would cost approximately $3.5 million per year once fully phased in if the asset limit was raised to $10,000, and would be $4.3 million if raised to $20,000.

Option C: Simplify and align policies, promote self-sufficiency, and provide the greatest administrative relief by removing asset limit requirements for all state economic assistance programs, and where federal government allows state flexibility.

- Stakeholders suggested that most people in poverty come to the programs without wealth and the income limit requirements catch most people who have resources
- This option provides the greatest administrative relief to both county personnel and applicants
- Asset limit requirements are being removed for certain populations to receive health care under the Affordable Care Act; advocates argue that they should be removed for economic assistance programs as well. Five states have eliminated asset limits for the Temporary Assistance for Needy Families program, Supplemental Nutrition Assistance Program and Medicaid: Alabama, Colorado, Louisiana, Maryland and Ohio
- The department estimates this option would cost approximately $4.4 million per year once fully phased in, which is slightly larger than raising the asset limit to the $20,000 level.

Department personnel also priced a variant of the options by keeping General Assistance, Minnesota Supplemental Aid and Group Residential Housing aligned at the same asset level limits as the federal Supplemental Security Income asset limit standards while changing the limits for the remaining programs. These variant options reduced program costs for each option by approximately $1 to $1.1 million a year. Summary of options and costs are provided below. A detailed table of costs is on page 20.

Costs of Uniform Asset Limit Options		
All costs are from fiscal estimates for State Fiscal Year 2016 in $000s (fully phased-in impact)		
Option A Simplify/align asset policies and reduce number of asset categories	**Option B** Simplify/align asset policies, reduce number of asset categories and raise limit to $10,000	**Option C** No asset limit
$1,596	**$3,528**	**$4,413**

Costs identified above for all of the options only reflect program caseload costs and do not include any up-front or ongoing administrative costs, such as computer system changes, notices, appeals, enforcement, etc. which would be determined based on the actual legislative language, the effective date, and interactive effects with other proposals passed during the same legislative session. These costs also do not reflect administrative savings to county agencies due to reduced administrative efforts related to assets.

Recommendations

Based on review of reports from across the country, actions of other states, an analysis of Minnesota's programs, and discussions with stakeholders as required by legislation, department personnel recommend:

1. That no additional asset limit categories be created; no asset limits be instituted for those programs that do not currently have asset limit requirements; and, that windfalls, lottery winnings or other large payments of $20,000 or more be treated as income in the month received.
2. That the legislature adopt the option to simplify and align asset policies across programs by reducing the number of asset categories, having a common methodology for verifying and valuing assets and allowing self-attestation by applicants. This option provides administrative relief to county agencies and applicants.
3. That, if the intent is to support greater stability and longer-term self-sufficiency for families in poverty, current asset limit requirements be eliminated completely for state economic assistance programs, and where federal requirements allow.

II. Legislation

Laws of Minnesota 2012, Chapter 247, article 3, section 28:

Sec. 28. UNIFORM ASSET LIMIT REQUIREMENTS.
The commissioner of human services, in consultation with county human services representatives, shall analyze the differences in asset limit requirements across human services assistance programs, including group residential housing, Minnesota supplemental aid, general assistance, Minnesota family investment program, diversionary work program, the federal Supplemental Nutrition Assistance Program, state food assistance programs, and child care programs. The goal of the analysis is to establish a consistent asset limit across human services programs and minimize the administrative burdens on counties in implementing asset tests. The commissioner shall report its findings and conclusions to the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2013, and include draft legislation establishing a uniform asset limit for human services assistance programs.

III. Introduction

This report is prepared for the Minnesota Legislature pursuant to Laws of Minnesota 2012, Chapter 247, article 3, section 28, which directed the commissioner of the Minnesota Department of Human Services, in consultation with county human services representatives, to analyze differences in asset limit requirements across human services economic assistance programs, including Group Residential Housing, Minnesota Supplemental Aid, General Assistance, Minnesota Family Investment Program, Diversionary Work Program, the federal Supplemental Nutrition Assistance Program, state food assistance programs and child care programs. The goal of the analysis is to establish a consistent asset limit across human services programs, and minimize administrative burdens on county agencies in implementing asset tests. The department is required to report its findings and conclusions to the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2013, and include draft legislation establishing a uniform asset limit for human services assistance programs.

The study requirements are a result of a legislative proposal in 2012 (House File 979, Senate File 470) authored by Representatives Lanning, Hosch, Shimanski and Fritz, and Senator Jungbauer. Discussions centered on reforming asset limit tests to encourage recipients to work, save for emergencies and retirement, to pursue post-secondary education and/or home ownership.

Department personnel began development of a process to carry out the requirements of the report, sharing the draft process with appointed representatives from the Minnesota Association of County Social Service Administrators and other interested stakeholders.

This process included the following steps:

1. Working with the association to identify county representatives to participate in stakeholder meetings
2. Identifying state and federal asset limit requirements by program
3. Reviewing the literature in the field about asset limits
4. Identifying and reviewing asset limit requirements from other states
5. Conducting a series of internal DHS and external stakeholder meetings, including meeting with the association's Self-Sufficiency work group.

A brief description of Minnesota's economic assistance programs is found in Appendix A. Two tables are found in Appendix B listing asset limit requirements for each of the programs and by asset limit category. Appendix E provides a list of stakeholders who participated in discussions with department personnel. Appendix F provides a list of reports and documents examined from around the country.

A. Literature in the Field

Income and asset tests are intended to identify families most in need of assistance. In order to receive many forms of government assistance, a family's assets must be below a particular threshold established by federal or state law. Exceptions include Medicare, Social Security retirement benefits, Unemployment Insurance and Federal Emergency Management Assistance. The stringency of thresholds can vary widely by federal or state program and across states.

There is expressed concern in the literature that asset limits can discourage savings and investments that can stabilize a family, incent improper care of assets, and deter families from escaping poverty while maintaining their reliance on the very programs intended to support them in achieving self-sufficiency. Others would counter that the purpose of asset limits is to ensure that public resources are directed to individuals and families most in need, that individuals be held to a high standard in order to receive public assistance, and that programs provide the minimum necessary to address a person's needs.

Under current state and federal law, there is little consistency in eligibility rules. The federal government sets asset rules for Supplemental Security Income and for health care under the Affordable Care Act. States are allowed to set asset limits on some federal programs, including the Temporary Assistance for Needy Families (TANF) program, Medicaid and the Children's Health Insurance Program. The federal Supplemental Nutrition Assistance Program (SNAP) has a national asset limit, but allows states to modify the limit for some or all of its SNAP participants. President Obama proposed raising asset limits in his federal fiscal year 2011 budget for all federally funded means-tested programs to a level of $10,000 for low-income adults and their families. That proposal was not enacted.

Published literature suggests that establishing a consistent, clear and reasonable asset limit floor for public assistance programs can improve coordination across programs, reduce administrative complexity and burdens, improve timeliness to program access, and encourage savings and stability for persons served.

The literature also suggests that asset limits for program eligibility imposes burdens on both those seeking services and the administrators of services being sought. These limits require a person seeking assistance to have multiple appointments with administrators in order to provide and demonstrate the value of their assets, and for program administrators to gather the detailed information and look for other means to verify the value of a number of assets, such as the process of verifying bank accounts, the value of vehicles (operable or not), or even burial plots. This is time consuming for both parties and is costly for administrators to staff such efforts.

Appendix F includes a list of identified resource papers on asset limits reviewed for this study.

B. Rationale for Modifying or Removing Asset Limits

The Corporation for Enterprise Development (CFED, 2011) suggests that income is necessary, but not sufficient, to allow families to escape poverty and achieve financial stability and move up the economic ladder. It suggests that "Assets are essential to achieving long-term stability and mobility: creating a financial buffer to weather emergencies, such as unexpected employment gaps and hardships related to health care and housing payments, food security, utility and phone bills, and basic consumption." It also suggested that assets can promote long-term thinking, planning and psychological well-being.

Minnesota's *Commission to End Poverty in Minnesota by 2020* legislative report (2009) recommended that Minnesota's policies should ensure that assistance designed to help "does not increase the depth of a crisis" and should also "create opportunities for families to build assets."

> "Develop public assistance policies that do not strip Minnesotans of minimal and reasonable assets. Current public assistance policies are inconsistent from program to program, and many of them offer no assistance unless Minnesotans deplete savings or give up reliable automobiles that may be key to securing future employment. Such policies inadvertently allow immediate crises of lost jobs, health or disability problems, or broken families to spiral into permanent setbacks. Eligibility for state and federal assistance programs should promote the ability of people to move quickly out of crisis and into stability by allowing households to hold onto reliable cars and maintain some savings."

Minnesota already has a public policy promoting the value of developing assets for low-income families. Under Minn. Stat. 256E.35, the Family Assets for Independence in Minnesota (FAIM) initiative was established to help low-income working families to increase savings, build financial assets and enter the financial mainstream. FAIM combines individual development accounts (IDAs – matched savings accounts that provide incentives to save) with financial literacy education, asset specific training and ongoing coaching that supports and facilitates working poor families to acquire assets and increase their financial capability and economic security. Participants save earned income each month that is matched at a 3:1 ratio by public and private resources for purposes of home ownership, post-secondary education, or small business development.

In its 2010 report titled *Asset Limit Reform: Removing Barriers to Promote Self-Sufficiency*, the Children's Defense Fund of Minnesota suggested the following:

- Eliminate asset tests all together
- Consider liabilities along with assets
- Index asset limits to inflation
- Increase the limits to a reasonable level.

Regarding efforts across the country, a useful summary of asset reform efforts in various states is found in the recent publication by Sprague and Black (2012):

- "Some states' decisions to eliminate their asset tests were rooted in the principle that asset limits pose a barrier to long-term self-sufficiency. Several state administrators reported that their changes to asset test policies were motivated by the recognition that asset limits counter the long-term goals of public assistance programs."
- "Furthermore, administrators noted that the asset limit would be in tension with current components of its TANF program, including parenting skills and job readiness trainings, which encourage participants to save."

Minnesota has not increased the amount of assistance provided to families or childless adults since 1986. In the meantime, however, the cost of rent has increased steadily, meaning that the state's income assistance programs – the Minnesota Family Investment Program and the General Assistance program – can no longer ensure that receiving assistance will prevent Minnesotans from becoming homeless when a lost job, illness, flight from domestic violence or other crisis leaves households without income. Higher asset limits or eliminating asset limits would allow households in crisis to combine personal savings and public assistance to come closer to meeting basic needs, including housing.

C. Potential Impact on Caseloads

A concern for lawmakers is the impact on caseloads and resultant program costs if changes are made to asset limits. The following reports were found in an analysis of literature.

Fass Hiatt & Newcomer (2010) suggested that Maryland eliminated its TANF asset limit as a result of determining that it failed to reduce caseloads on asset grounds given the burden on both applicants and program administrators, having less than 0.15 percent of applicants being denied cash assistance during 2007 through 2009 as a result of failing the asset test. "Maryland's state agency concluded that it was spending more money enforcing the asset limit than the cost of benefits for the families denied assistance as a result."

Baum and Owens (2010) investigated the effects of vehicle asset rules. Their results showed that "liberalizing asset rules increases vehicle assets and that this increase is driven largely by eligible individuals increasing vehicle assets, with no evidence indicating ineligible individuals reduce vehicle assets to become eligible." Furthermore, they concluded that "liberalizing welfare asset rules offers the potential to enhance the well-being of some households already receiving welfare by allowing them to purchase more reliable vehicles without increasing welfare participation, thereby leaving program costs unchanged."

The Children's Defense Fund of Minnesota 2010 report indicated that Oklahoma saved approximately $1.2 million when asset limits were removed for its health care programs, resulting in administrative savings which exceeded the costs of additional enrollment that occurred after the limits were dropped.

The Congressional Budget Office in April 2012 concluded that eliminating the asset test for the Supplemental Nutrition Assistance Program altogether would bring in a negligible number of new participants, and reported an estimated 0.1 percent change in spending per year 2013-2022 for the proposal to eliminate the asset test.

The Minnesota Department of Human Services Program Assessment and Integrity Division's August 2011 analysis of the impact of the removal of the SNAP asset limit in Minnesota found that less than one percent of either applicants or ongoing cases were affected by the elimination of the asset test as "most people applying for or on Food Support lack assets and, in particular, assets beyond those that were already excluded such as a car or retirement account."

D. Administrative Simplification

Eliminating asset tests would simplify administration of the various programs. Asset tests are complicated and require various pieces of information before an appropriate determination can be made of a person's eligibility. Identifying, processing, and verifying information takes county staff time and money.

As indicated earlier, Fass Hiatt & Newcomer (2010) reported that "average savings for low-income households are quite low and as such asset limits fail to reduce caseloads on asset grounds." They suggested that "Maryland's state agency concluded that it was spending more money enforcing the asset limit than the cost of benefits for the families denied assistance as a result."

Some states are choosing to eliminate their asset tests to improve their payment accuracy rate and increase program integrity. The Government Accountability Office (Brown, 2010) suggested that as a result of SNAP program simplification, error rates have been reduced. Sprague and Black **(**2012) indicated that with SNAP "two-thirds of payment errors are a result of caseworker rather than client error, which reflects the intricacies of eligibility determinations." As an example, they cited Ohio as facing federal sanctions of over $3 million due to its low payment accuracy for SNAP. "Having to verify assets, administrators reported, resulted in a significant number of payment errors. Consequently, a consultant hired by the state found that one option to increase payment accuracy would be implementing broad-based categorical eligibility and eliminating the SNAP asset test. Removing the asset test not only eliminates errors related to assets, but should also decrease errors in calculating income, because workers are freed up to focus more on those determinations."

In discussions with county representatives about reducing the number of categories of asset limits, one county representative indicated that county workers "could then focus on what is important" to stabilize families in need of assistance.

State Asset Limit Reforms and Implications for Federal Policy
Aleta Sprague and Rachel Black, New America Foundation, October 2012

In some cases, states were able to provide more precise quantitative data regarding administrative costs. In Iowa, for example, before deciding to eliminate the SNAP asset test and raise the gross income limit to 160 percent of the Federal Poverty Line, the Department of Human Services determined that the fiscal benefits to the state would far outweigh the costs. Specifically, Iowa found that the direct state costs, including the state share of additional staff and administrative costs would total $702,202; meanwhile, the additional SNAP benefits plus revenue from additional state employment were expected to amount to $12.3 million. The Department also estimated that the policy changes would result in $20.6 million in increased economic activity within the state. Colorado's estimates regarding its TANF asset test were similar. The state forecasted that eliminating the TANF asset test would result in additional benefits for 44 families, at a cost of around $123,000. However, these costs would be offset by greater administrative efficiency; eliminating the asset test would save caseworkers ten to 15 minutes per "case interaction," or up to 90 minutes for the five or six interactions that typically occur between a client and a caseworker in the first 45 days.

Our survey respondents' reports of greater streamlining, reduced administrative burdens, and cost savings are consistent with previous research regarding policy changes in Ohio, Virginia and a wide array of states that eliminated their Medicaid asset limits. Both Ohio and Virginia witnessed more efficient processing of cases without an increase in caseload following the removal of their TANF asset tests. Virginia also forecasted reduced costs. 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. Oklahoma saved approximately one million dollars in administrative costs when it eliminated its Medicaid asset test in 1997, while Delaware reported that lifting its test resulted in administrative simplicity. Likewise, the District of Columbia stated that, "Our goal was to make…expanded Medicaid eligibility simple for families and for the agency—having no asset test met those goals."

E. County Administration of Asset Limits

As described in Minnesota Department of Human Services bulletin #11-32-07, Minnesota counties submit administrative time reporting for various programs and activities that county income maintenance staff performs on a day-to-day basis. A snapshot of three counties for the quarter ending June 30, 2011, indicates that counties can vary in the amount of time staff engage in determining or re-determining eligibility.

Type of County	Percent of staff time spent on determining/re-determining eligibility for programs identified for study
Large County: Hennepin	27%
Medium County: Sherburne	12%
Small County: Pine	16%

As indicated, there is variation across size of county regarding staff time spent on determining eligibility for programs identified for this study. Unfortunately, greater specificity related to time spent by county personnel on asset limit determinations is not currently available through the time study. Sprague and Black (2012) suggest that eliminating the asset test would save caseworkers 10 to 15 minutes per “case interaction,” or up to 90 minutes for the five or six interactions that typically occur between a client and a caseworker in the first 45 days.

Another difficulty in determining the cost of administering asset limits in Minnesota is how such administrative activities are financed, particularly given that both state and local funds pay for the non-federal share of administrative costs for federal programs, and counties support administrative activities at various levels.

Discussions with stakeholders on asset limit administration

In the discussions with county representatives, they indicated that there are different levels of administration required due to level of poverty in a particular county; types of families that present themselves, and the complexity of needs for certain families; new applicants requiring more time than current clients needing re-determinations, etc.

There was general consensus by county representatives that an estimated 10 – 15 percent of eligibility determinations are for determining/verifying assets (for example, 10 – 15 percent of Hennepin’s 27 percent spent in eligibility determinations/re-determinations addressed asset limits). However, one small, rural county agency suggested that its county population had a greater level of poverty. They estimated that 7 – 10 percent of income maintenance workers’ time was spent on asset limits, given the limited income and assets of citizens seeking services.

Other comments from county representatives included:

- A reduction in the number of asset limit categories will allow workers to focus on more important things to stabilize families, such as linking them to community resources and training opportunities.
- The current complex asset limit situation creates more opportunities to make errors that take workers’ time and impacts worker caseloads.
- Percentage of denials due to asset limits is very low.
- The inconsistency of requirements across programs requires eligibility workers to start the asset determination and verification process over when a person transfers across programs.
- Some assets are hard to assess: for example, how does one determine the value of a hand-made trailer or non-operating vehicles?
- Banks are reluctant to share the status of client accounts when those accounts are in dispute (don’t want to say if person is overdrawn, but will say if account is closed).
- If an asset cap limit is raised high enough, such as $20,000, this would cover the ability of a family to cover housing costs, car repairs and clothes for children, and the various categories would not be needed.

Negative verifications
In an effort to align and simplify public assistance program policies and procedures, a joint state/county work group has addressed the topic of "negative verifications." Currently, county eligibility staff must request verification of income and asset information reported on an application, even when eligibility is unlikely. The state/county work group recommends changes to income and asset verification requirements in these situations for the SNAP, MFIP, MSA, GA, and GRH programs, and to consider changes for CCAP for the 2014 session. The full recommendations are in the January 2013 report to the legislature, titled "Alignment of Public Assistance Programs' Policy and Procedures: Report and Recommendation."

Self-attestation
One suggestion that arose from discussions with stakeholders was the use of "self-attestation" in determining the value of assets to minimize county agencies' administrative work and applicants' documentation requirements, particularly in light of the fact that health care is moving to self-attestation, and a greater reliance on the integration of technology to draw information from various sources (online verifications, data matching, etc.)

The key elements for self-attestation are:

- Participant identifying their status for permitted elements, and
- Signing and dating a form attesting to this self-identification.

Self-attestation is permissible in various states and in various programs for specific items or in specific situations. Some states permit self-attestation as an alternative means of verifying a limited number of factors related to the applicant's status. Self-attestation is often permitted when efforts have been exhausted and it has been determined that the documentation is unavailable, and obtaining the documentation will cause undue hardship for the individual.

To address potential fraud, cases are sampled to review sources of verification, including documentary evidence, collateral contacts and home visits. Applicants sign the self-attestation document with the understanding that they are held to a criminal penalty of fraud for providing incorrect or misleading information.

Similar suggestions regarding self-attestation were made by Dorn and Lower-Basch (2012) and included letting families provide missing information over the phone and online, or substituting data matches for form completion and applicant documentation.

One-time windfalls
Stakeholders also discussed situations regarding one-time windfalls, such as lottery winnings, and the treatment of those payments. It was suggested that language might be appropriate in the lottery section of Minn. Stat. 394A to require information on such payouts be provided by the State Lottery to the Minnesota Department of Human Services to determine whether a person currently receiving public assistance would remain eligible for public assistance upon receipt of the payout or windfall. It was also suggested that windfalls, lottery winnings or other large payments of $20,000 or more be treated as income in the month received.

Electronic verifications

One suggestion in the literature and in the stakeholder discussions is the promise of electronic verifications. To the extent that different systems can interact and provide information needed to process a determination electronically, it is expected that this will reduce a worker's time and possibility of error. In addition, the determinations theoretically can be made more quickly.

Unfortunately, electronic verifications are not as pervasive and as viable as one might hope at this time due to a number of factors related to authority, data practices, incomplete computer systems, etc. The Government Accounting Office's report on *Medicaid Long-Term Care: Information Obtained by States about Applicants' Assets Varies and May Be Insufficient* (2012), reports that:

> "States varied in the extent to which they obtained information from third parties to verify applicants' assets. For example, all states conducted data matches with the Social Security Administration but used other sources to a lesser extent. While states' implementation of an electronic asset verification system (AVS) was required on a rolling basis beginning in 2009, no state had fully implemented an AVS at the time of GAO's survey. Among the implementation challenges reported by states were lack of resources and getting financial institutions to participate."

The status of electronic verifications in Minnesota's human services programs was recently described in the department's 2012 Report to the Legislature:

> "To determine eligibility for the public assistance programs in Minnesota, a variety of verifications are needed. At this time, there are verifications that are collected electronically, such as Social Security Administration data and quarterly wage data from the Minnesota Department of Employment and Economic Development, but there are many gaps and verifications are not equally available across programs. The Minnesota Department of Human Services (DHS) has begun working to increase the number and availability of electronic verifications."

Minnesota is poised to make broader computer system changes through its systems modernization efforts, and through development of the Health Exchange. These efforts should support program alignment, while building the component elements, such as an eligibility module, into the systems that might support county administration across the various programs. Reducing the number of asset categories to be verified and building the simplified requirements into an eligibility module would reduce the cost and complexity of automating electronic verification of those assets determined to be meaningful (such as bank accounts and additional vehicles).

IV. Other States

The Corporation for Enterprise Development maintains an active database about the status of asset limit requirements and policies of each state. The associated table is found at: http://scorecard.assetsandopportunity.org/2012/measure/lifting-asset-limits-in-public-benefit-programs.

As of December 2012, the following five states eliminated asset limits for TANF, Medicaid and SNAP: Alabama, Colorado, Louisiana, Maryland and Ohio.

The following six states eliminated asset limits for the TANF program: Alabama, Colorado, Louisiana, Maryland, Ohio and Virginia

The following 34 states and the District of Columbia eliminated asset limits for the SNAP program: Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, **Minnesota**, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, Vermont, Washington, West Virginia and Wisconsin.

The following summary compares Minnesota with surrounding states:

	SNAP	TANF
Iowa	No asset test	$2,000 for applicants, $5,000 for recipients
North Dakota	No asset test	$3,000/$6,000/+$25 (based on unit size)
South Dakota	$2,000; $3,250 if household includes elderly or disabled member	$2,000
Wisconsin	No asset test	$2,500
Minnesota	No asset cap w/categorical eligibility - domestic violence brochure	$2,000 for applicants, $5,000 for recipients

To gain a perspective on the range of state TANF asset limit policies across the country related to asset caps and vehicles, and how Minnesota compares, the Urban Institute's 2011 *Welfare Rules Databook* on state TANF policies provided a snapshot in July 2010 of the range of state requirements.

That 2010 snapshot is represented below:

Asset Limits for Applicants, July 2010	
Georgia	$1,000
Indiana	$1,000
Missouri	$1,000
New Hampshire	$1,000
Oklahoma	$1,000
Pennsylvania	$1,000
Rhode Island	$1,000
Texas	$1,000
Washington	$1,000
Arizona	**$2,000**
Florida	**$2,000**
Idaho	**$2,000**
Iowa	**$2,000**
Kansas	**$2,000**
Louisiana	**$2,000**
Maine	**$2,000**
Minnesota	**$2,000**
Mississippi	**$2,000**
Nevada	**$2,000**
New Jersey	**$2,000**
South Dakota	**$2,000**
Tennessee	**$2,000**
Utah	**$2,000**
Vermont	**$2,000**
West Virginia	**$2,000**
Kentucky	**$2,000** [10]
Illinois	$2,000/$3,000/+$50[7]
Alaska	$2,000/$3,000[1]
California	$2,000/$3,000[1]
D.C.	$2,000/$3,000[1]
New York	$2,000/$3,000[1]
Oregon	$2,500 [21]
Massachusetts	$2,500
South Carolina	$2,500
Wisconsin	$2,500
Wyoming	$2,500
Arkansas	$3,000
Connecticut	$3,000
Michigan	$3,000
Montana	$3,000
North Carolina	$3,000
North Dakota	$3,000/$6,000/+$25[20]
New Mexico	$3,500 [17]
Nebraska	$4,000/$6,000[15]
Hawaii	$5,000
Delaware	$10,000
Colorado	$15,000
Alabama	No Limit
Ohio	No Limit
Virginia	No Limit
Maryland	State has no asset test

Vehicle Exception by State, July 2010	
Georgia	$1,500/$4,650[5E]
Tennessee	$4,600[E]
Texas	$4,650 of all vehicles owned by household[25F]
Idaho	$4,650[6F]
New York	$4,650[F]/$9,300[19F]
California	$4,650[F]/one vehicle per licensed driver[3]
Oklahoma	$5,000[E]
Washington	$5,000[26E]
Indiana	$5,000[E]
Florida	$8,500[E]
Connecticut	$9,500[4E]
Wisconsin	$10,000[E]
Oregon	$10,000[E]
Massachusetts	$10,000[F]/$5,000[11E]
Minnesota	**$15,000[12F]**
New Hampshire	One vehicle per licensed driver
South Carolina	One vehicle per licensed driver[23]
Colorado	One vehicle per employed adult
Vermont	One vehicle per adult
Rhode Island	One vehicle per adult[22]
Pennsylvania	One vehicle per household
Maine	One vehicle per household
Nevada	One vehicle per household
West Virginia	One vehicle per household
Arkansas	One vehicle per household
Montana	One vehicle per household
North Dakota	One vehicle per household
Missouri	One vehicle per household[14]
Nebraska	One vehicle per household[16]
South Dakota	One vehicle per household[24]
Wyoming	One vehicle per household[27]
Illinois	One vehicle per household[8]
Iowa	One vehicle per housheold[9]
Kansas	All vehicles owned by household
Arizona	All vehicles owned by household
Louisiana	All vehicles owned by household
Michigan	All vehicles owned by household
Hawaii	All vehicles owned by household
Delaware	All vehicles owned by household
Kentucky	All vehicles owned by household
D.C.	All vehicles owned by household
Alabama	All vehicles owned by household
Ohio	All vehicles owned by household
Virginia	All vehicles owned by household
Utah	All vehicles owned by household
North Carolina	All vehicles owned by household
Mississippi	All vehicles owned by household[13]
New Mexico	All vehicles owned by household[18]
Alaska	All vehicles owned by household[2]
New Jersey	All vehicles owned by household[F]
Maryland	State has no asset test

V. Options for Minnesota

The stakeholder group discussed a number of options, criteria for rating options, and decision points for legislators to consider. They also discussed the use of "self-attestation" in determining the value of assets to minimize county agencies' administrative work and applicants' documentation requirements.

While the group did not make any final recommendations, there was consensus that no additional asset limits or asset limit categories be created for any of the programs. There was some consensus that recommendations should include at least two options. The department then analyzed the cost of various proposed options.

Below are assumptions and options analyzed for impact on caseloads. The table on the next page summarizes costs. The methodology for pricing the options is provided in Appendix C using Option C as an example.

Assumptions for all options:

- No change in current policy (no asset limit) for Supplemental Nutrition Assistance Program, Minnesota Food Assistance Program and Child Care Assistance Program
- Two categories of assets should be counted in determining who is eligible for assistance, including:
    - Cash: bank accounts (checking/savings) and cash on hand.
    - Vehicles, if there is more than one vehicle per licensed driver in a household. Use trade-in value based on National Automobile Dealers Association online guide.

Excluded assets:

- All other categories – homestead property, household goods, pension/retirement accounts such as 401K and IRAs that are available as one-time payments, burial plots, burial contracts, life insurance, student financial aid, separate accounts for real estate taxes, future education expenses or employment costs and everything else, including non-homestead property.

Option A: Simplify/align asset policies and reduce number of asset categories

- Asset limit = $2,000 for all applicants for MFIP/DWP, GA, MSA, GRH

Option B: Simplify/align asset policies, reduce number of asset categories and raise limit

- Asset limit = $10,000 for all applicants for MFIP/DWP, GA, MSA, GRH

Option C: Remove asset limit requirements

- No asset limit for MFIP/DWP, GA, MSA, GRH

Table 1. Costs of Uniform Asset Limit Options			
All costs are from fiscal estimates for state fiscal year 2016 in $000s (fully phased-in impact)			
Program	**Option A** Simplify/align asset policies and reduce number of asset categories	**Option B** Simplify/align asset policies, reduce number of asset categories and raise limit to $10,000	**Option C** No asset limit
Minnesota Family Investment Program (MFIP)	$465	$923	$1,140
Child Care Assistance Program (due to changes in MFIP cash caseload)	$504	$1,000	$1,234
General Assistance	$384	$495	$557
Minnesota Supplemental Aid	$15	$48	$54
Group Residential Housing	$227	$1,063	$1,428
Total cost	**$1,596**	**$3,528**	**$4,413**

Notes for Table 1

- Costs reflect only program caseload costs and do not include any up-front or ongoing administrative costs, such as computer system changes, notices, appeals, enforcement, etc.
- Work Benefit is included in the MFIP/DWP numbers; removing it would have negligible impact.
- Estimates of caseload impact come from data on asset test failures in 2012.
- Caseload impact and costs calculated here are roughly consistent with what was found in other work cited in the report – completely eliminating asset tests increases program costs by less than 1 percent, for the most part.

In summary, options that the legislature should consider include:

Option A: Simplify and align asset policies across programs by reducing the number of asset categories from about 10 to two (bank accounts/cash and vehicles), and having a common methodology for verifying and valuing assets. This would create consistency across programs and provide administrative relief to county agencies (e.g., not having to verify minor items or where the verification of information is out of the control of the county or client) while not increasing caseloads significantly. Stakeholders agreed there should be at least one vehicle per licensed driver exempted from the vehicle limit to support transportation needs to maintain employment. The department estimates that this option would cost approximately $1.6 million per year once fully phased in.

Option B: Simplify and align policies and promote self-sufficiency by reducing the number of asset categories from about 10 to two, having a common methodology *and* raising the current asset cap limit to $10,000 or $20,000. This is expected to increase caseloads slightly, but would allow applicants to retain resources for difficult financial situations. This option provides some county administrative relief, but county personnel would still have to verify the value of assets at the higher level. The department estimates this option would cost approximately $3.5 million per year once fully phased in if the asset limit was raised to $10,000, and would be $4.3 million if raised to $20,000.

Option C: Simplify and align policies, promote self-sufficiency, and provide the greatest administrative relief by removing asset limit requirements for all state economic assistance programs, and where the federal government allows state flexibility. Stakeholders suggested that most people in poverty come to the programs without wealth and the income limit requirements rule out eligibility for most people who have other resources. This option provides the greatest administrative relief to both county personnel and applicants. Asset limit requirements are being removed for certain populations to receive health care under the Affordable Care Act; advocates argue that they should be removed for economic assistance programs as well. Five states have eliminated asset limits for the Temporary Assistance for Needy Families program, Supplemental Nutrition Assistance Program and Medicaid: Alabama, Colorado, Louisiana, Maryland and Ohio. The department estimates this option would cost approximately $4.4 million dollars per year once fully phased in, which is slightly greater than raising the asset limit to the $20,000 level.

The department also priced a variant of the options by keeping GA, MSA and GRH aligned at the same asset level limits as the federal Supplemental Security Income asset limit standards, while changing the limits for the remaining programs. These variant options reduced program costs by approximately $1 to $1.1 million a year.

The department estimates that “self-attestation” would have minimal impact on caseload costs, given a reasonable level of enforcement.

Costs identified above for all of the options only reflect program caseload costs and do not include any up-front or ongoing administrative costs, such as computer system changes, notices, appeals, enforcement, etc. which would be determined based on the actual legislative language, the effective date, and interactive effects with other proposals passed during the same legislative session. These costs also do not reflect administrative savings to county agencies due to reduced administrative efforts related to assets.

VI. Recommendations

Based on review of reports from across the country, actions of other states, an analysis of Minnesota's programs, and discussions with stakeholders as required by legislation, department personnel recommend:

1. That no additional asset limit categories be created; no asset limits be instituted for those programs that do not currently have asset limit requirements; and, that windfalls, lottery winnings or other large payments of $20,000 or more be treated as income in the month received.
2. That the legislature adopt the option to simplify and align asset policies across programs by reducing the number of asset categories, having a common methodology for verifying and valuing assets and allowing self-attestation by applicants. This option provides administrative relief to county agencies and applicants.
3. That, if the intent is to support greater stability and longer-term self-sufficiency for families in poverty, current asset limit requirements be eliminated completely for state economic assistance programs, and where federal requirements allow.

VII. Appendices

Appendix A
Minnesota Human Service Economic Assistance Programs

Below are brief descriptions of the various human services assistance programs identified in the legislation. The asset limit requirements of each of these programs can be found in Tables 1 and 2 in Appendix B. The dollar amount in each program listed below reflects the maximum benefits a household of one could receive.

A. Income Support

The General Assistance, Minnesota Supplemental Aid and Group Residential Housing programs provide monthly income support to individuals and couples without custodial children who cannot fully support themselves.

GA for individuals in the community – $203/month.

Client must:

- Meet one of 15 criteria for eligibility.
- Verify income and assets. (Cannot have income of more than $203/month and assets of more than $1,000).
- Must apply for other benefits if applying for GA based on a long-term disability, such as Supplemental Security Income (SSI) within 30 days.
- Sign an Interim Assistance Agreement which allows the state to be repaid for state-funded assistance if a client is approved for SSI.

GA for people in residential facilities – $94/month

- GA-eligible clients residing in certain residential facilities receive a personal needs allowance.
- Client must usually be determined by a county agency to be disabled.

MSA in the community – $81/month

Client must:

- Be aged, blind or disabled.
- Be receiving at least $1 of SSI, or be eligible for SSI but for excess income.
- Verify income and assets (cannot have net income of more than $771 and assets of more than $2,000 for SSI).

Monthly benefit amount is less if client shares a household with another person, not a spouse.

MSA Shelter Needy – $200/month

Client must:

- Be receiving SSI and relocating from an institution, or receiving Medical Assistance Personal Care Attendant or waiver services to be eligible.
- Be able to live independently in an apartment.

Client receives all benefits in cash, except Food Support. Wrap-around services would be provided by mainstream programs, such as medical assistance waivers.

GRH for people living in eligible settings – $867/month

Client must:

- Be eligible for SSI or GA
- Be aged, blind or over 18 and disabled.

Setting must:

- Be licensed as adult foster care, board and lodge, or be registered as housing with services for the elderly or supportive housing to end long-term homelessness
- Have a GRH agreement with the county
- Agree to accept the GRH rate, which is a combination of client income and the GRH supplement, as the maximum room and board payment for the GRH unit.

Client will not receive food support if meals are provided in a congregate setting. Wrap-around services would be provided by mainstream programs such as MA waivers, GRH service rate or flexible homeless service money. If eligible for GA and GRH, GRH will pay the vendor $867 and the client will receive a personal needs allowance from GA of $94.

Emergency GA and Emergency MSA

- Special once-a-year funding for emergency situations when a person lacks basic needs items, such as shelter or food, and that lack threatens their health or safety
- Capped appropriation.

Supplemental Nutrition Assistance Program – up to $200/month

- Amount of food support varies depending on income and amount of shelter deduction allowed
- GRH clients typically not eligible for food support as food is provided in congregate settings.

B. Work Support

Minnesota Family Investment Program, Diversionary Work Program and the Work Benefit Program are Minnesota programs funded under the federal Temporary Assistance for Needy Families program. All three programs are administered by county human service agencies, most of which contract with the work force centers or non-profit agencies to provide employment services.

- MFIP provides cash and food benefits for families with children with incomes up to 115 percent of the federal poverty guidelines.
- Most parents with minor children are limited to 60 months of cash assistance.
- MFIP cash grants are funded with a mixture of federal grant (TANF) and state General Fund (GF), where GF expenditures are partly determined by Maintenance of Effort (MOE) requirements.
- DWP is a work-focused cash assistance program to help families avoid longer-term assistance. DWP grants are provided for four months.
- Work Benefit provides a cash benefit of $25 per month for families exiting MFIP and meeting work requirements for up to 24 consecutive months after exiting MFIP cash and food portions, or Diversionary Work Program. The WBP hours for one-parent households are used by Minnesota to assist in meeting TANF work participation rate.

C. Supplemental Nutrition Assistance Program

Federal Supplemental Nutrition Assistance Program

- Formerly known as Food Stamps.
- Federal program of the United State Department of Agriculture, Food and Nutrition Services.
- Benefits are 100 percent federally funded and issued via electronic benefits in every state.
- Benefit levels are set at the federal level depending on income guidelines.

State food assistance programs
The Emergency Food Assistance Program, the Minnesota Food Shelf Program, SNAP Outreach and SNAP-Ed are managed through the Office of Economic Opportunity (OEO) at the department, and delivered by community-based agencies that function together to support families and individuals as they fulfill their basic needs for food, clothing, shelter, and attain the skills, knowledge, and motivations that will result in becoming more self-sufficient.

- The Emergency Food Assistance Program (TEFAP) distributes U.S. Department of Agriculture donated food to individuals and families who use on-site meal programs, food shelves and shelters. Financial assistance for operations is provided by the Food Shelf Program.
- Food shelves provide food to low-income individuals, and families who have exhausted other resources to meet their basic nutritional needs.
- OEO contracts with Hunger Solutions Minnesota to allocate commodities based on population and poverty data, and to distribute food to more than 300 food shelves throughout the state.

- SNAP Outreach and SNAP-Ed seek to expand the reach and benefit of food support through education and outreach.

D. Child Care Assistance

The Child Care Assistance Program (CCAP) is a federal program that supports low-income working families through child care financial assistance, and promotes children's learning by improving the quality of early care and education and afterschool programs.

- MFIP/Transition Year (TY) subprogram provides child care subsidies for families receiving MFIP or who have recently transitioned off MFIP.
- Basic Sliding Fee (BSF) subprogram is a capped allocation that provides child care subsidies for families at or under 47 percent of the state median income at program entry. Counties maintain waiting lists when they cannot fund all eligible applicants.
- Families may continue to receive subsidies until they exceed 67 percent of the state median income.
- Families have co-pays based on their income.
- CCAP is funded through a mixture of federal grants (CCDF, TANF) and state General Fund.

Appendix B
Asset Limits by Economic Assistance Program

Table 1

	Current Asset Caps	Homestead Property	Household Goods	Vehicles	Pension/ Retirement
Supplemental Nutrition Assistance Program	NO asset cap w/ categorical eligibility – domestic violence brochure (state opt)	Exclude	Exclude	Exclude	Exclude
Supplemental Security Income	$2,000 single $3,000 married couple	Exclude	Exclude	Exclude one vehicle	Count
Minnesota Supplemental Aid (follows SSI)	$2,000 individual $3,000 married couple	Exclude	Exclude	Exclude	Count
General Assistance	$1000 all	Exclude	Exclude pets, furniture, clothing, jewelry, appliances and tools	Exclude the first $1,500; exclude the total value of vehicles needed for self-employment	Count
Minnesota Family Investment Program/ Diversionary Work Program	$2,000 (applicant) $5,000 (participant)	Exclude	Exclude pets, furniture, clothing, jewelry, appliances and tools	Exclude first $10,000 of <u>loan</u> value. Additional vehicles up to $7,500 loan value. Exclude if: vehicle is used for self-employment; or 50% of its use produces income. Exclude one vehicle for each person with a physical disability.	Count when available in one payment
Group Residential Housing	If SSI basis of eligibility, $2,000. If GA basis of eligibility, $1,000. If GA basis of eligibility and participating in GA Earned Income Savings Program, $2,000.	Exclude	If GA basis of eligibility, follow GA. If SSI basis of eligibility, follow MSA.	If GA basis of eligibility, follow GA. If SSI basis of eligibility, follow MSA.	Count
Child Care Assistance	MFIP CCAP tied to MFIP asset test. No asset test for Transition Year and Basic Sliding Fee, but is allowed under federal law.				

Table 2

	Burial Plots	Burial Contracts	Life Insurance	Student Financial Aid Grants or Loans	Other
Supplemental Nutrition Assistance Program	Exclude	Exclude	Exclude	Count as income	Exclude
Supplemental Security Income	Exclude one space per person (including the person's spouse and each member of that person's immediate family)	Exclude $1,500 per person	Exclude $1,500 per person	If HEA or BIA, exclude completely. All other exclude up to nine months if used for educational expenses.	
Minnesota Supplemental Aid (follows SSI)	Exclude one space per person (including the person's spouse and each member of that person's immediate family)	Exclude $1,500 per person	Exclude $1,500 per person	If HEA or BIA exclude completely. All other exclude up to nine months if used for educational expenses.	
General Assistance	Exclude one space per person	Exclude $1,000 per person	Count cash surrender value	Count as income	Exclude separate account
Minnesota Family Investment Program/ Diversionary Work Program	Exclude one space per person	Count	Exclude	Exclude Pell grants, SEOG, Perkins loans, SELF loan, Guaranteed Student Loans, MN student loans, State Student Incentive Grants, MN state scholarships and grants, federal college Work Study and other financial aid funded by Title IV.	Exclude separate account used for real estate taxes, future education expenses, or employment costs.
Group Residential Housing	Exclude one space per person	If GA basis of eligibility, follow GA. If SSI basis of eligibility, follow MSA.	If GA basis of eligibility, follow GA. If SSI basis of eligibility, follow MSA.	If GA basis of eligibility, follow GA. If SSI basis of eligibility, follow MSA.	If GA basis of eligibility, follow GA. If SSI basis of eligibility, follow MSA.
Child Care Assistance	MFIP CCAP tied to MFIP asset test. No asset test for Transition Year and Basic Sliding Fee, but is allowed under federal law				

Appendix C
Example: Option C - Remove Asset Limits

Minnesota Family Investment Program
Under current law, overall asset limits and the treatment of vehicles as assets varies by program. Also, other types of assets are counted, such as non-homestead real estate, pensions and securities. MFIP/DWP/WB households are limited to assets of $2,000 at application and $5,000 for ongoing eligibility. Countable assets include the value of one vehicle per household over $10,000, and the value of other vehicles in the household over $7,500. GA and GA-type GRH recipients are limited to $1,000 in assets, with countable assets including the value of vehicles above $1,500. MSA and MSA-type GRH recipients are limited to $2,000 in assets ($3,000 if married), and vehicles are excluded.

The fiscal impact of an asset test change would result from the increased cost of cases that would be eligible under these asset rules, but would not have been eligible under current law asset rules.

Generally, vehicles would no longer be counted as assets, therefore, cases which fail the asset test under current law due to higher valued vehicles would no longer fail (between 20 percent – 30 percent of failures, depending on program). Another 5 – 10 percent of failures are due to assets which are no longer counted; therefore these cases would no longer fail. Remaining asset test failures are due to bank accounts; these cases would fail or not depending on level at which asset test is placed.

Based on department data, 0.1 percent of the MFIP/DWP/WB caseloads each month newly fail the asset limit test; about 80 percent of them are new applicants while 20 percent fail the ongoing asset limit test. If asset limits are repealed, all of these cases would be eligible. It is assumed that, on average, they would use eight additional months of benefits. Increased MFIP/DWP eligibility would create increased eligibility for MFIP and TY child care. It is assumed that these cases would use CCAP at the same rate as the general MFIP population.

General Assistance
About 0.1 percent of the GA caseload fail the asset limit test each month, with about 50 percent new applicants and 50 percent ongoing. If asset limits are repealed, all of these cases would be eligible. It is assumed that, on average, they would use eight additional months of benefits.

Minnesota Supplemental Aid
About 0.02 percent of the MSA caseload fail the asset limit test each month, mostly ongoing cases. If asset limits are repealed, all of these cases would be eligible. It is assumed that, on average, they would use eight additional months of benefits.

Group Residential Housing
About 0.1 percent of the GRH caseload fail the asset limit test each month, with about 67 percent new applicants and 33 percent ongoing. If asset limits are repealed, all of these cases would be eligible. It is assumed that, on average, they would use eight additional months of benefits.

It is assumed this proposal would be implemented in October 2013.

Break-out of Costs for Option 4: Remove Asset Limit for MFIP/DWP, GA, MSA, GRH				
	SFY2014	**SFY2015**	**SFY2016**	**SFY2017**
MFIP				
Average monthly. MFIP/DWP/WB caseload	40,455	40,430	40,290	39,999
Percent failing the asset test	0.1%	0.1%	0.1%	0.1%
Cases failing asset test	36	36	35	35
Percent that would no longer fail asset test under this option	100%	100%	100%	100%
Cases that do not fail the asset test each month	36	36	35	35
Average additional months of use	8	8	8	8
Phase-in	50%	100%	100%	100%
Average monthly caseload impact	142	284	283	281
Average monthly cash grant	$338	$337	$336	$335
Months	9	12	12	12
Total MFIP cost	**$431,719**	**$1,147,309**	**$1,139,615**	**$1,129,810**
CCAP				
# of additional MFIP/DWP/WB average monthly cases	142	284	283	281
Percent MFIP/DWP	95%	95%	95%	95%
# of additional MFIP/DWP average monthly cases	135	270	269	267
MFIP/TY child care usage rate	34%	34%	34%	34%
Average monthly MFIP/TY cases	45	91	90	90
Average MFIP/TY direct service monthly payment	$1,055	$1,069	$1,083	$1,098
Months	9	12	12	12
MFIP/TY usage phase-in	75%	92%	100%	100%
CCAP billing phase-in	89%	100%	100%	100%
Total MFIP/TY direct service cost	$287,663	$1,067,445	$1,175,582	$1,183,832
County administrative allowance	$14,383	$53,372	$58,779	$59,192
Total MFIP/TY cost	**$302,046**	**$1,120,817**	**$1,234,361**	**$1,243,024**
GA				
Average monthly GA caseload	23,003	23,530	23,698	24,492
Percent failing the asset test	0.1%	0.1%	0.1%	0.1%
Cases failing asset test	32	33	33	34
Percent who would no longer fail	100%	100%	100%	100%

asset test under this option				
Cases that do not fail the asset test each month	32	33	33	34
Average additional months of use	8	8	8	8
Phase-in	50%	100%	100%	100%
Average monthly caseload impact	127	261	262	271
Average monthly cash grant	$172	$173	$177	$175
Months	9	12	12	12
Total GA cost	**$197,358**	**$540,765**	**$556,786**	**$570,192**
MSA				
Average monthly MSA caseload	31,146	31,592	32,082	32,565
Percent failing the asset test	0.02%	0.02%	0.02%	0.02%
Cases failing asset test	5	5	5	5
Percent that would no longer fail asset test under this option	100%	100%	100%	100%
Cases that do not fail the asset test each month	5	5	5	5
Average additional months of use	8	8	8	8
Phase-in	50%	100%	100%	100%
Average monthly caseload impact	20	41	42	43
Average monthly cash grant	$103	$105	$107	$108
Months	9	12	12	12
Total MSA cost	**$18,978**	**$52,143**	**$53,783**	**$55,435**
GRH				
Average monthly GRH caseload	19,889	20,627	21,349	22,037
Percent failing the asset test	0.1%	0.1%	0.1%	0.1%
Cases failing asset test	22	23	24	25
Percent that would no longer fail asset test under this option	100%	100%	100%	100%
Cases that do not fail the asset test each month	22	23	24	25
Average additional months of use	8	8	8	8
Phase-in	50%	100%	100%	100%
Average monthly caseload impact	90	186	193	199
Average monthly cash grant	$587	$605	$618	$631
Months	9	12	12	12
Total GRH cost	**$473,816**	**$1,352,641**	**$1,428,147**	**$1,505,815**

SUMMARY	**SFY2014**	**SFY2015**	**SFY2016**	**SFY2017**
	(in 000s)			
MFIP cost	$432	$1,147	$1,140	$1,130
CCAP MFIP/TY cost	$302	$1,121	$1,234	$1,243
GA cost	$197	$541	$557	$570
MSA cost	$19	$52	$54	$55
GRH cost	$474	$1,353	$1,428	$1,506
Total cost	**$1,424**	**$4,214**	**$4,413**	**$4,504**

Note:
Costs above reflect only program caseload costs and do not include any up-front or ongoing administrative costs, such as computer system changes, notices, appeals, enforcement, etc.

Appendix D
Draft Legislation

Note: This is a preliminary draft to create a centralized asset limit section in Minnesota Statutes for economic assistance programs dependent on what options and what programs the legislature selects. In addition, specific asset limit language in each of the economic assistance program areas of statute would need to be modified and point to the new centralized asset limit section, dependent on what options and what programs are selected.

256xxx.01 DECLARATION OF POLICY; CITATION.

Subdivision 1. Policy. The objectives of sections 256xxx.01 to 256xxx.xxx are to establish consistent asset limit requirements and reduce complexity in the administration of asset limits for purposes of determining eligibility for the following economic assistance programs: ____, _____, ____ and _____ to the extent permitted under federal law.

256xxx.10 ASSET REQUIREMENT FOR ECONOMIC ASSISTANCE PROGRAMS.

Subdivision 1. **Definitions.**

For purposes of this section, the following definitions apply.

(a) "Asset" means cash and other personal property, as well as any real property, that a family or individual owns which has monetary value.

(b) "Commissioner" means the commissioner of human services or the commissioner's designated representative.

(c) "Homestead" means the home that is owned by, and is the usual residence of, the family or individual, together with the surrounding property which is not separated from the home by intervening property owned by others. Public rights-of-way, such as roads that run through the surrounding property and separate it from the home, will not affect the exemption of the property. "Usual residence" includes the home from which the family or individual is temporarily absent due to illness, employment, or education, or because the home is temporarily not habitable due to casualty or natural disaster.

(d) "Net asset" means the asset's fair market value minus any encumbrances including, but not limited to, liens and mortgages.

(e) "Verification" means the process the commissioner uses to establish the accuracy or completeness of information from an applicant, participant, third party, or other source as that information relates to program eligibility or an assistance payment.

Subd. 2. **Limit on total assets.**

(a) Effective (date) , or upon federal approval, whichever is later, in order to be eligible for the ____ programs under 256D, 256I, 256J, or 256__, a household of two or more persons must not own more than $_______ in total net assets, and a household of one person must not own more than $________ in total net assets.

(b) For purposes of this subdivision, assets are determined according to section 256xxx.xxx, except that workers' compensation settlements received due to a work-related injury shall not be considered.

Subd. 3. **Documentation.**

(a) The commissioner shall require individuals and families, at the time of application or renewal, to indicate on a form developed by the commissioner whether they satisfy the asset requirements under this section. The commissioner may permit self-attestation.

(b) The commissioner may require individuals and families to provide any information the commissioner determines necessary to verify compliance with asset requirements, if the commissioner determines that there is reason to believe that an individual or family has assets that exceed the program limit.

Subd. 4. **Penalties.**

Individuals or families who are found to have knowingly misreported the amount of their assets as described in this section shall be subject to the penalties in section 256.98.

Subd. 5. **Exemption.**

This section does not apply to _________.

Subd. 6. **Other property limitations.**

To be eligible for ______, the equity value of all nonexcluded real and personal property of the assistance unit must not exceed $____ for applicants and $____ for ongoing participants. The value of assets in clauses (1) to (20) must be excluded when determining the equity value of real and personal property:

(1) a licensed vehicle per licensed driver in a household. If the assistance unit owns more than one licensed vehicle per licensed driver, the county agency shall determine the trade-in value of all additional vehicles and exclude the combined trade-in value of less than or equal to $____. The county agency shall apply any excess value as if it were equity value to the asset limit described in this section, excluding: (i) the value of one vehicle per physically disabled person when the vehicle is needed to transport the disabled unit member; this exclusion does not apply to mentally disabled people; (ii) the value of special equipment for a disabled member of the assistance unit; and (iii) any vehicle used for long-distance travel, other than daily commuting, for the employment of a unit member.

To establish the trade-in value of vehicles, a commissioner's representative must use the N.A.D.A. online car values and car prices guide;

(2) the value of life insurance policies for members of the assistance unit;

(3) burial plots;

(4) the value of personal property needed to produce earned income, including tools, implements, farm animals, inventory, business loans, business checking and savings accounts used at least annually and used exclusively for the operation of a self-employment business, and

any motor vehicles if at least 50 percent of the vehicle's use is to produce income and if the vehicles are essential for the self-employment business;

(5) the value of personal property not otherwise specified which is commonly used by household members in day-to-day living such as clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living;

(6) the value of real and personal property owned by a recipient of Supplemental Security Income or Minnesota Supplemental Aid;

(7) the value of corrective payments, but only for the month in which the payment is received and for the following month;

(8) a mobile home or other vehicle used by an applicant or participant as the applicant's or participant's home;

(9) money in a separate escrow account that is needed to pay real estate taxes or insurance and that is used for this purpose;

(10) money held in escrow to cover employee FICA, employee tax withholding, sales tax withholding, employee worker compensation, business insurance, property rental, property taxes, and other costs that are paid at least annually, but less often than monthly;

(11) monthly assistance payments for the current month's or short-term emergency needs under section 256J.626, subdivision 2;

(12) the value of school loans, grants, or scholarships for the period they are intended to cover;

(13) payments listed in section 256J.21, subdivision 2, clause (9), which are held in escrow for a period not to exceed three months to replace or repair personal or real property;

(14) income received in a budget month through the end of the payment month;

(15) savings from earned income of a minor child or a minor parent that are set aside in a separate account designated specifically for future education or employment costs;

(16) the federal earned income credit, Minnesota working family credit, state and federal income tax refunds, state homeowners and renters credits under chapter 290A, property tax rebates and other federal or state tax rebates in the month received and the following month;

(17) payments excluded under federal law as long as those payments are held in a separate account from any nonexcluded funds;

(18) the assets of children ineligible to receive MFIP benefits because foster care or adoption assistance payments are made on their behalf; and

(19) the assets of persons whose income is excluded under section 256J.21, subdivision 2, clause (43).

(20) funds retained in retirement savings accounts.

Subd. 7. **Cooperation.**

To be eligible, applicants and recipients must cooperate with the state and local agency to identify potentially liable third-party payers and assist the state in obtaining third-party payments, unless good cause for noncooperation is determined according to Code of Federal Regulations, title 42, part 433.147. "Cooperation" includes identifying any third party who may be liable for care and services provided under this chapter to the applicant, recipient, or any other family member for whom application is made and providing relevant information to assist the state in pursuing a potentially liable third party. Cooperation also includes providing information about one-time lump sum payments over $_____.

Appendix E
Stakeholders

Stakeholder input sessions were conducted to elicit input and feedback on various options related to specific provisions of the Uniform Asset Limit Requirements legislation.

A specific request was made by the department to the Minnesota Association of County Social Service Administrators (MACSSA) for county representation in the stakeholder discussions. The following county representatives were designated by MACSSA and participated in discussions:

MACSSA representatives
Sally Cleveland, Anoka County
Janie McMichael, Dakota County
Danita Sticka, Dakota County
John Sellen, Hennepin County
Tina Johanning, Hubbard County
Meridee Brown, Olmsted County
Cory Michels, Stearns County
Karen Kath, Wilkin County

The following people also participated in the discussions:

External stakeholder representatives
Elaine Cunningham, Children's Defense Fund
Ron Elwood, Legal Services Advocacy Project
Pam Johnson, Minnesota Community Action Partnership
Colleen Moriarty, HungerSolutions MN
Sarah Guevara, Catholic Charities Office of Social Justice
Dave Snyder, MN Assets Building Coalition
Jessica Webster, Legal Services Advocacy Project

In addition, discussions were held in December 2012 with the MACSSA Self-Sufficiency work group, comprised of approximately 20 county human service and social service directors.

Appendix F
Bibliography

Baum, Charles L. and Owens, Mark F. (February 2010). *The Effects of Vehicle Asset Rules on Asset Tests.* Murfreesboro, TN: Middle Tennessee State University. Also available at: http://frank.mtsu.edu/~berc/working/BaumOwens-1.pdf

Brown, Kay E. (2010). *Supplemental Nutrition Assistance Program: Payment Errors and Trafficking Have Declined, but Challenges Remain*. Washington, D.C.: Government Accountability Office. Also available at: http://www.gao.gov/assets/130/125135.pdf

Chen, Henry and Lerman, Robert I., *Do Asset Limits in Social Programs Affect the Accumulation of Wealth?* (2005). The Urban Institute. Also available at: http://www.urban.org/uploadedPDF/ACF1527.pdf

Children's Defense Fund of Minnesota, *Asset Limit Reform: Removing Barriers to Promote Self-Sufficiency* (2010). Also available at: http://www.cdf-mn.org/sites/default/files/CDF_AssetLimits_final_0.pdf

Congressional Budget Office (April 2012). *The Supplemental Nutrition Assistance Program.* Also available at: http://www.cbo.gov/sites/default/files/cbofiles/attachments/04-19-SNAP.pdf

Corporation for Enterprise Development (2012). *2012 Assets and Opportunity Scorecard: Lifting Asset Limits in Public Benefit Programs*. Washington, D.C.: Corporation for Enterprise Development. Also available at: http://scorecard.assetsandopportunity.org/2012/measure/lifting-asset-limits-in-public-benefit-programs.

Corporation for Enterprise Development (October 2012). *Resource Guide: Lifting Asset Limits in Public Benefit Programs.* Washington, D.C.: Corporation for Enterprise Development. Also available at: http://cfed.org/assets/scorecard/2013/rg_AssetLimits_2013.pdf

Corporation for Enterprise Development (2011). *Why Assets Matter: An overview of research on assets and their effect on financial stability and economic opportunity*. Washington, D.C.: Corporation for Enterprise Development. Also available at: http://cfed.org/assets/pdfs/Why_Assets_Matter.pdf

Dorn, Stan and Lower-Basch, Elizabeth (2012). *Moving to 21st-Century Public Benefits: Emerging Options, Great Promise, and Key Challenges.* Washington, D.C.: CLASP. Also available at: http://www.clasp.org/admin/site/publications/files/Moving-to-21st-Century-Public-Benefits.pdf

Economic Impact Report: *How are FAIM Small Business Owners doing in this Challenging Economic Climate?* (February 2012). Economic Impact of the Family Assets for Independence in Minnesota Program. Also available at: www.house.leg.state.mn.us/comm/docs/2012FAIMEconomicImpactReport.pdf

Family Assets for Independence in Minnesota (February 2012). Fact sheet. Also available at: www.house.leg.state.mn.us/comm/docs/FAIMFactSheetNov2011.pdf

Fass Hiatt, Sarah and Newcomer, Abigail (July 2010). *President Obama's Asset Limit Proposal: Supporting Families and Promoting Improved Coordination.* Also available at: http://www.firstfocus.net/sites/default/files/Obama%20Asset%20Paper%20FINAL1.pdf

Government Accountability Office (July 2012). *Medicaid Long-Term Care: Information Obtained by States about Applicants' Assets Varies and May Be Insufficient.* Also available at: http://www.gao.gov/assets/600/593053.pdf

Increased Food Support Income Limits and Elimination of the Asset Test: Effects on the Caseload (August 2011). Evaluation Notes, Program Assessment and Integrity Division, Minnesota Department of Human Services. Also available at: https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4064Y-ENG

Kassabian, David; Vericker, Tracy; Searle, David; and Murphy, Mary (August 2011). *Welfare Rules Databook: State TANF Policies as of July 2010*. The Urban Institute. Also available at: http://www.urban.org/uploadedpdf/412381-Welfare-Rules-Databook.pdf

Legislative Commission to End Poverty in Minnesota by 2020: Report to the Minnesota Legislature (January 2009). Also available at: http://www.commissions.leg.state.mn.us/lcep/LCEP_Final_Report_SinglePgs.pdf

McKernan, Signe-Mary and Ratcliffe, Caroline, The Urban Institute, and Yunju Nam, Center for Social Development, Washington University in St. Louis**,** Mo. (September 2007). *A Selection of Reported Effects of Means-Tested Social Programs on Asset Accumulation, The Effects of Welfare and IDA Program Rules on the Asset Holdings of Low-Income Families*. Also available at: http://www.urban.org/UploadedPDF/411558_ida_program.pdf

McKernan, Signe-Mary; Ratcliffe, Caroline; and Vinopal, Katie (2009). *Do Assets Help Families Cope with Adverse Events?* The Urban Institute. Also available at: http://www.urban.org/UploadedPDF/411994_help_family_cope.pdf

Minnesota Department of Human Services Legislative Report (January 2012). Electronic Verifications: A Report to the 2012 Minnesota Legislature. Also available at: https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6508-ENG

Rand, D. (March-April 2007). *Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs.* Journal of Poverty Law and Policy: Vol. 40, Numbers 11-12. Also available at: http://www.assetsalliance.org/downloads/Reforming_State_Rules.pdf

Sprague, Aleta and Black, Rachel (October 2012). *State Asset Limit Reforms and Implications for Federal Policy*, New America Foundation. Also available at: http://assets.newamerica.net/sites/newamerica.net/files/policydocs/SpragueBlackFinal10.31.12.pdf