

HOUSE BILL REPORT

HB 2897

As Reported by House Committee On:
Early Learning & Children's Services

Title: An act relating to revising resource limitations for public assistance for the purpose of removing barriers to obtaining and maintaining employment.

Brief Description: Changing resource limitations for public assistance eligibility.

Sponsors: Representatives Darneille, Williams, Haler, Pettigrew, Walsh, Sullivan, Miloscia, Ormsby, Roberts, Kagi, Simpson, Nelson and Kenney.

Brief History:

Committee Activity:

Early Learning & Children's Services: 1/31/08, 2/1/08 [DP].

Brief Summary of Bill

- Revises exemptions relating to personal assets and the receipt of public assistance.

HOUSE COMMITTEE ON EARLY LEARNING & CHILDREN'S SERVICES

Majority Report: Do pass. Signed by 6 members: Representatives Kagi, Chair; Roberts, Vice Chair; Haler, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Goodman and Pettigrew.

Minority Report: Do not pass. Signed by 1 member: Representative Hinkle.

Staff: Sydney Forrester (786-7120).

Background:

The Department of Social and Health Services' Economic Services Administration (ESA) administers a number of public assistance programs, including services, medical care, cash grants, and food assistance. Eligibility to receive public assistance is generally determined by examining an applicant's family constellation, disability status, income, and in some cases, the resources or assets available to an applicant.

Asset Exemptions and Limitations

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A combination of state and federal laws govern whether and how resources are counted when determining eligibility for assistance. State law for receipt of public assistance defines resources as those assets, tangible and intangible, owned by or available to an applicant which can be applied toward meeting the applicant's need, either directly or by conversion into cash or its equivalent. Resources exempted when determining eligibility for assistance include:

- (1) a home being lived in;
- (2) household furnishing and personal effects;
- (3) a vehicle with an equity value of \$5,000 or less;
- (4) a vehicle necessary to transport a physically disabled household member; and
- (5) all other resources not to exceed \$1,000, or for recipients of Temporary Assistance for Needy Families (TANF), up to \$3,000 in combined savings accounts.

In addition to these expressly exempted resources, the ESA may exempt additional resources or income necessary to restore the applicant to independence, reduce the need for public assistance, or to aid in rehabilitating the applicant or a dependent of the applicant.

If an applicant for public assistance possesses or has access to resources in excess of the ceiling value of exempted resources, as determined by law or rule, the excess value is counted when determining the applicant's need for assistance. The applicant's non-exempt resources may make the applicant ineligible to receive assistance. For example, each month the ESA processes approximately 10,000 applications for TANF. Of these applications, about 2.5 percent of applications are denied because of non-exempt resources. Over half of the denials based on resources are due to vehicle equity in excess of \$5,000.

States' Authority and Variability Regarding Resource Limits

States have authority to determine some policies related to families receiving public assistance. For TANF, Medicaid, and the State Children's Health Insurance Program (SCHIP), states can eliminate asset limits altogether. Two states, Ohio and Virginia, have eliminated all asset limits for receipt of TANF. For Medicaid eligibility, 20 states have removed all resource limits.

Summary of Bill:

The category of exempt resources for purposes of determining eligibility for public assistance is amended as follows:

- (1) All motor vehicles are exempt, regardless of the equity value.
- (2) All other resources are exempt up to any limit required by federal law for receipt of federal aid assistance.

The ESA is required to exempt additional resources or income necessary to restore the applicant to independence, reduce the need for public assistance, or to aid in rehabilitating the applicant or a dependent of the applicant.

Appropriation: None.

Fiscal Note: Requested on January 21, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Helping low-income persons and families means supporting their efforts to save for a rainy day. Encouraging savings and the building of assets is essential to independence and self-sufficiency. The Legislature has done much in recent years to help families build assets. The current asset limits for public assistance undermine these efforts. There is a disconnect in our public assistance programs when we rely on eligibility determinations using asset limits that have not changed since the 1980s.

We have state-paid positions of employment where the person's main job is to check the value of assets, including the equity value of vehicles when people apply for public assistance. We can achieve administrative efficiencies by eliminating the asset tests and basing eligibility on income. Welfare reform time limits and work requirements make the need for asset limits obsolete.

Nearly one-half of welfare recipients report some form of domestic violence in the home. In some cases, women may flee with their children taking only a few personal belongings and a car. That car is the means for the woman and children to remain safe and to begin rebuilding their life. We should not penalize the domestic violence survivor by denying her public assistance because she has more than \$5,000 equity in her car.

The path out of poverty is directly linked with dependable transportation. The number one issue in a person's ability to obtain and keep employment is a car or reliable transportation. A reliable car becomes especially important in rural areas where there is little or no public transportation available.

When people seek public assistance, they are in a desperate situation and are dealing with short-term emergencies, like the loss of a job or unanticipated medical costs, or they are seeking assistance as a result of a disability. A combination of low award amounts and outdated asset caps forces people to liquidate almost all their assets before they can receive a helping hand. We should ask ourselves, how low do people have to fall into poverty in order to get a helping hand?

(Opposed) None.

Persons Testifying: Representative Darneille, prime sponsor; Kim Justice, Statewide Poverty Action Network; Robin Zukoski, Columbia Legal Services; Amy Halloran, Parents Organizing for Welfare & Economic Rights; and Tony Lee, Solid Ground.

Persons Signed In To Testify But Not Testifying: None.