BILL ANALYSIS

Early Learning & Children's Services Committee

HB 2897

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 Summary of Bill

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

Hearing Date: 1/31/08

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.

<u>*Asset Exemptions and Limitations*</u>
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 that are 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 up to five thousand dollars; and

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(4) all other resources not to exceed one thousand dollars, or for applicants of Temporary Assistance for Needy Families (TANF), up to three thousand dollars 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. In some cases, the applicant's non-exempt resources may function to reduce the assistance received. In other cases, 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 five thousand dollars.

States' Authority and Variability Regarding Recource 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. Where states do not have complete authority over resource limits, they may have flexibility regarding what they count or define as a resource.

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.