



The Bell Policy Center

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Eliminate Asset Test in Colorado Works Program

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Testimony to the

Senate Health and Human Services Committee

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My name is Rich Jones and I am the Director of Policy and Research for the Bell Policy Center. The Bell is a non-partisan, public policy organization committed to making Colorado a state of opportunity for all regardless of race or economic background. The Bell seeks to reinvigorate the debate on issues affecting the well-being of families and working adults.

The Bell Policy Center supports Senate Bill 06-134 to eliminate the asset test for the Colorado Works program.

1. Attached is an Opportunity Note the Bell Policy Center prepared on this bill. Modeled after the fiscal notes prepared by the Legislative Council Staff, these notes briefly describe the legislation, summarize research findings on the issues addressed and the Bell's assessment of whether the bill promotes or impedes opportunity.

The Bell finds that Senate Bill 06-134 promotes opportunity by allowing TANF recipients to accumulate more assets thus helping them move toward economic self sufficiency.

2. A bi-partisan consensus is developing among researchers, policy makers and practitioners that helping low-income families save and build assets is a critical strategy in moving them from dependence on government benefits toward economic self-sufficiency.

3. Economic studies show that asset tests for programs such as TANF, food stamps, Supplemental Security Income and Medicaid discourage savings when the limits are lowered and increase savings when they are raised. Households likely to be eligible for means-tested programs and subject to asset limits tend to adjust their savings in response to changes in these limits.

4. Two states, Ohio and Virginia have eliminated the asset test to qualify for TANF in their states. Neither has seen a large increase in caseloads. Ohio dropped asset tests as part of its 1997 welfare reform legislation. The number of TANF recipients declined 50 percent between 1998 and 2004.

Virginia ended asset tests by administrative rule in December 2003. The state counted a 4 percent increase in families receiving TANF, from 34,123 in 2003 to 35,545 in 2005. This increase was attributed to changing economic conditions not waiving the asset limits.



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In comparison, the number of families receiving TANF in Colorado declined 32 percent, from 21,912 families in 1998 to 13,321 families in 2003.

5. Many low-income households may rely on means tested programs such as TANF during their working lives to deal with periods of unemployment.

Asset tests were imposed so that those with means would not receive benefits entitled for the poor. However, requiring low-income persons to deplete savings, some of them earmarked for retirement and at a penalty to the person in order to qualify for temporary assistance, seems short sighted.

The state would be better off in the long run encouraging these families to save and allowing them to build adequate reserves to help them move toward economic self sufficiency. Allowing retirement savings to grow over time would help low-income persons accumulate funds that could be used to supplement their Social Security payments thus averting the need for assistance later in their lives.

Thank you for the opportunity to share this information with you today.

If you have any questions or if I can provide further information, please call me at 303.297.0456 or e-mail me at jones@thebell.org