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A Review of U.S. Federal and State Means-Tested Programs

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This report presents a review of the major U.S. federal and state means-tested programs, including a review of how they operate, common features, and rules governing eligibility. The review covers the nature of the target recipient population, the nature of the benefits (cash or in-kind), whether the program is an entitlement, as well as financial and nonfinancial eligibility rules and benefit determination. Each of the features is compared to that of the Supplemental Security Income (SSI) program.

The review of individual programs other than SSI yields the following findings about financial eligibility:

- The Supplemental Nutrition Assistance Program (SNAP) has a much broader definition of the family unit than SSI, as well as having higher income limits for eligibility and much more liberal resource tests, especially for vehicles.

- The Medicaid program is composed of four different programs and, for the program covering nonelderly, nondisabled parents and children, income limits for eligibility for children are much higher than those in SSI. Limits for parents are also higher for states that enacted ACA Medicaid expansion plans, and most households in these groups do not face resources tests.

- The Temporary Assistance for Needy Families (TANF) program has income eligibility levels considerably below those of the SSI program, but resource limits on financial assets and vehicles, although more stringent than those in SSI in a handful of states, are generally more liberal than those in SSI and some states have eliminated asset tests entirely.

- Subsidized housing programs require that income be less than limits which differ from area to area, but are generally above the poverty line income for each family size. The programs do not have asset tests, but use a broad definition of income from assets when assessing income eligibility.

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- Child care subsidy programs pay a fraction of child care expenses for families with income below state-specific levels that are generally above the poverty income. Asset limits are a state option, but are rarely used.
- Job training and employment programs do not use low-income eligibility criteria for all of their target groups but, for those that do use income criteria, maximum income for eligibility is around the poverty line. Asset limits are not used.

Finally, the review summarizes how these rules differ from those of SSI. SSI has many common features with other transfer programs, but also has many differences that follow naturally from its particular goals and aims, such as the focus on disability and on individual and not family need, to take two examples. However, large differences between SSI and other programs exist in two key features related to financial eligibility. First, the current upper income limits for SSI are in the approximate range of 75 to 80 percent of the poverty line for single and married-couple recipients, respectively. These limits are below the 100 to 130 percent of the poverty line income limits for SNAP, the 130 to 185 percent limits for school food programs, the 185 percent limits for WIC, the 138 percent limits for Medicaid, the poverty-level or higher income limits for subsidized housing and child care programs, and the 100 percent limits for some job training programs (2017 poverty lines range from $11,756 to $19,512, depending on family size and age of head). A second significant difference is in resource and asset tests in SSI, which have been held constant in nominal dollars since 1989 and hence have been becoming more restrictive in real terms over time. Most other transfer programs have been moving in the opposite direction, reducing the restrictiveness of their asset tests, exempting additional items from countable assets, and in many cases eliminating asset tests entirely. These changes in asset tests in other programs have been motivated by reductions in administrative cost involved in checking items with low probable amounts, by a desire to allow recipient families to accumulate savings, and by, in the case of vehicle tests, the desire to allow recipients transportation to work and to medical appointments.

The review also summarizes methods of income and asset verification in other programs and how they have changed over time. Most programs today seek to maximize the use of verification of income and assets from outside administrative sources and to rely on recipient reports and paper verification as little as possible, which is the most significant trend compared to older methods which relied on paper verification alone. Many programs today have online or computer-assisted application procedures that require completed applications or recertification forms be entered into machine-readable forms. Upon completion, many states and programs have built-in automatic, internet-based requests that are sent out to employers, banks, and government agencies to verify the amounts on the application. This greatly reduces the administrative cost of having staff investigate individual income or asset amounts, which can be time-consuming. For income and assets where outside administrative verification is not possible, reports by the applicant must still have paper documentation and, in a few cases, individual investigations are undertaken.

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