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

Robert Moffitt

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Robert Moffitt
Johns Hopkins University

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Michigan Retirement Research Center
University of Michigan
P.O. Box 1248
Ann Arbor, MI 48104
www.mrrc.isr.umich.edu
(734) 615-0422

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

Abstract

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 reveals that SSI has many common features with other transfer programs, and that many other differences follow naturally from its particular goals and aims. However, large differences between SSI and other programs exist in financial eligibility rules. 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, below the 100- to 130-percent of the poverty line income limits for Supplemental Nutrition Assistance Program (SNAP), the 130- to 185-percent limits for school food programs, the 185 percent limits for Women, Infants, and Children (WIC), the 138-percent limits for Medicaid, and the 100-percent limits for Workforce Innovation and Opportunity Act (WIOA). Another 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.

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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 report compares the major features of each program with those of other programs, with a particular focus on how they compare to the Supplemental Security Income (SSI) program. The major features of each program that are examined include the following:

- Nature of the target recipient population,
- Whether the program provides cash or in-kind benefits or both,
- Whether the program is an entitlement,
- The nature of state versus federal authority,
- Financial and nonfinancial eligibility rules,
- Benefit determination and redetermination,
- Other rules.

An additional section of the review discusses income verification procedures in each program as well.[1]

After an initial review of these features for the SSI program, the report proceeds to review the corresponding features for the following programs and to compare them to those in the SSI program:

- Supplemental Nutrition Assistance Program (SNAP) and other food assistance programs,
- Medicaid and Children's Health Insurance Program (CHIP),
- Temporary Assistance for Needy Families (TANF),
- Subsidized housing programs,
- Child care subsidy programs,
- Job training programs.

Social insurance programs, including the Old Age and Survivors Insurance program, Medicare, the

[1] The review only lists the main rules in each feature category, and does not list the many more detailed rules, which can be found on the websites and from other materials for each of the programs.

Social Security Disability program, and the Unemployment Insurance program are excluded because eligibility is not based on means-tested criteria.

The Supplemental Security Income Program

The Supplemental Security Income (SSI) program is a major federal assistance program providing income support to persons 65 and older, blind and disabled adults, and blind and disabled children with low income and assets.[2] Legislation creating the program was enacted in 1972 and the program began to pay benefits in 1974. While the program was small when it began, it has grown significantly over time and today is the third largest means-tested transfer program in terms of expenditure in the United States, after Medicaid and the Earned Income Tax Credit (treating the latter as a transfer program).

Table 1 lists the main features of the program. The program pays a monthly cash benefit and is an entitlement program serving all individuals who apply and are judged to be eligible.[3] It is a federal program with nationally uniform standards, but states are allowed to supplement the federal program for eligible residents in their states. Eligibility for support is generally established for individuals, not families, although it is possible for two eligible married individuals to receive joint support. Eligibility is established on the basis of both financial and nonfinancial criteria.[4] For the latter, the well-known criterion of medical eligibility must be established for the blind and disabled categories, and that determination process uses criteria that are different for adults and children. In addition, there are requirements for residency, citizenship, criminal records, and agreements for income verification procedures. However, since the focus of this summary is on other issues, these nonfinancial eligibility

[2] For academic reviews of the history of the program, its rules and caseload statistics, and of the research conducted on it, see Burkhauser and Daly (2003) and Duggan et al. (2016). For a historical account of its political origins and evolution, see Berkowitz and DeWitt (2013). For more detailed descriptions of the program rules, see the relevant webpages and associated documents of the Social Security Administration.

[3] An entitlement program is defined here as a program that guarantees a benefit or service to any individuals or families who meet the specified eligibility requirements for the program. But SSI, like the other programs reviewed in this document, does not guarantee benefits to all members of the U.S. population, regardless of income, assets, or other eligibility criteria.

[4] Eligibility for institutionalized individuals is not reviewed.

requirements will not be described further. For financial eligibility, individuals and married couples must have a positive calculated benefit and have countable assets below certain levels.

For benefits, the calculated benefit for both adults and for children equals the SSI federal benefit rate (FBR), which in 2017 was $735 for single individuals and children and $1,103 for adult couples, minus countable income. These levels correspond to approximately three-quarters and four-fifths of the federal poverty line, respectively, for households with heads younger than 65 but are somewhat larger for households with heads over 65.[5] Countable income for adults includes unearned income and earned income after certain exclusions and there is a long list of other earned and unearned income exclusions. A portion of the income of any ineligible spouse may be included in unearned income for the calculation. For children, countable income is based on the same earned and unearned income amounts for the child himself or herself, but a portion of parental income may also be deemed. The amount of parental income deemed depends on whether there are one or two parents present, the number of any ineligible children in the household, and the relative amounts of earned and unearned income received by the parent(s).

[5] The 2017 poverty thresholds for one-person and two-person households with heads younger than 65 were $12,488 and $16,495, respectively: These percents are based on those thresholds. The percents are between 80 percent and 89 percent if over-65 thresholds are used ($11,756 and $14,831, respectively). See https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html.

Table 1: Supplemental Security Income Program

	Program details
Type of Benefit	Cash
Entitlement program?	Yes
Federal versus state	Federal program, most states have supplementary programs
Eligibility	
Types	Individuals 65 and older, blind or disabled adults, blind or disabled children; both individuals and couples eligible
Categorical	None
Financial: Adults	
Income	Must have positive calculated benefit (see below)
Assets	Assets cannot exceed $2,000 for individuals, $3,000 for couples Value of the individual's home, one vehicle, educational grants/scholarships, personal effects, life insurance are all excluded from calculation
Financial: Children	
Income	Must have positive calculated benefit (see below)
Assets	Combined child and parental assets cannot exceed $2,000 above a threshold ($2000 if only one parent is present, $3000 if two are). Value of the individual's home, one vehicle, educational grants/scholarships, personal effects, life insurance are all excluded from calculation
Inflation Adjustment	Benefits: see below. Assets: Asset limits were last updated in 1989
Nonfinancial	Disability determination process for each blind and disabled eligible group. There are also residency, citizenship, criminal, income verification agreement, and many other requirements.
Benefit determination	
Adults	Benefit equals the difference between the monthly federal benefit rate (FBR) and an individual's monthly countable income. FBR in 2017 was $735 for individuals, $1,103 for couples but is reduced by up to one-third if food and/or shelter are provided by others. Countable income is the sum of nonexcluded unearned income, earned income after deductions, and exclusions.
Children	Benefit amount equals the difference between the FBR and countable income. Countable income includes any child earned and unearned income plus a portion of parental income, determined by whether one or two parents are present, the number of ineligible children in the household, and the relative portions of earned and unearned income received by the parents.
Inflation adjustment	FBR is adjusted for a cost of living adjustment (COLA) using each year's CPI-W. The values of earned/unearned income exclusions have not changed since SSI was first enacted.
Redetermination	Financial eligibility is reexamined every 1-6 years by telephone, in person, or by mail. Recipients have 30 days to respond to a request for redetermination. When recipient stops being financially eligible, he/she still receives benefits for a few months.
Other	Various work incentives, waivers, Ticket to Work, etc.

The resource (asset) limits for adults require that such assets not exceed $2,000 for individuals and $3,000 for eligible couples. Certain assets are excluded in the consideration and some portion of ineligible spouse assets are deemed for the purposes of this calculation. For children, the individual asset limits apply for the child himself or herself, but some portion of parental assets are also counted if they are above the SSI adult limits. There are also a significant number of resource exclusions that apply.

Over time, the FBR is automatically adjusted for cost of living, but the deduction amounts in the countable income formula have not been adjusted since 1974 and the asset limits have not been adjusted since 1989. Financial eligibility and benefits are recalculated at periodic redetermination points which can be from one to six years, although recipients are required to notify the program if income, resources, or living arrangements change. Redetermination can be in person, by telephone, or by mail.

The SSI program has a long history of attempts to provide work incentives of various kinds and programs that encourage adult recipients to attempt return to work and to reestablish themselves in employment. The details of this history are outside the scope of this review but can be found in many other places.

This very brief review of the SSI program omits many of the detailed rules of the program. However, it is sufficient to make clear four major differences with the other programs that will be reviewed in this document (Duggan et al., 2016). First, the emphasis on disability and its detailed determination for the nonelderly eligible population distinguishes it from the other major means-tested transfer programs in the U.S. Second, as will be seen from the review of the other programs, the benefit levels are fairly generous, partly because many other programs are only intended to cover specific needs (food, medical care, housing, child care) whereas SSI is intended to cover all needs. But it is also more generous than other programs that have the same goal to cover all needs (e.g., TANF). Third, it is paid for almost entirely with federal dollars, and no cost-sharing of any significant amount is required of states. This also differs from most other programs reviewed here, with the possible exception of the

SNAP program. Fourth, it is not a temporary program but is intended to provide long-term assistance, because it is intended to serve those with long-term and major disabilities. Many other programs are either explicitly or implicitly intended to provide relatively short-term, or at least not lifetime, support.

The Supplemental Nutrition Assistance and other Food Assistance Programs

The Supplemental Nutrition Assistance Program (SNAP), formerly named the Food Stamp program, is intended to provide food assistance to low-income individuals and families in the U.S. and to alleviate hunger and food hardship in general.[6] It began as a small pilot program in the early 1960s but, in 1964, Congress gave all counties the option to start programs in their area. Many counties began programs and, in 1975, all counties were required to have a program. The caseload in the program has grown steadily in the decades since, and it now ranks among the largest means-tested programs by expenditures and number of individuals served.

Table 2 presents the major features of the program. Unlike SSI, the SNAP benefit is an in- kind transfer that can only be used for a specific purpose, the purchase of food. Like SSI, it is an entitlement program which, by law, pays benefits to all those who are eligible according to all program requirements. It is almost fully paid for with federal dollars, like SSI, except that states must share one-half of administrative costs with the federal government. The states also have many options to vary eligibility and other rules, most of which were introduced in the early 2000s when federal legislation allowed states to request waivers from USDA to operate their program in deviation from federal regulations. Among the many options that many states have chosen to exercise are those for simplified reporting in applications, extended recertification periods, broad-based categorical eligibility (BBCE), reduced vehicle requirements for eligibility, streamlined applications for applicants currently receiving

[6] For academic reviews of the history of the program, its rules and caseload statistics, and the research conducted on it, see Currie (2003) and Hoynes and Schanzenbach (2016). For more detailed descriptions of the program rules, see the relevant webpages and associated documents of the Food and Nutrition Service, U.S. Department of Agriculture.

SSI benefits, institution of online applications, creation of call centers for applicants and recipients, and altered federal reporting requirements for different types of cases.

The feature that distinguishes SNAP the most from other means-tested transfer programs is that it covers all categories of individuals and families as long as they have low income. The SNAP eligible unit is defined as all individuals who live under one roof and who purchase andprepare food together. This may include single and two-parent families, like many other programs, but also childless single individuals and married couples and even unrelated individuals. It may also include multiple families who live in the same housing unit, if they eat together. The coverage of childless single individuals is particularly rare among the major welfare programs.

SNAP has financial eligibility criteria that require the applying unit to have net income (i.e., income after a number of deductions) below a certain level and also a gross income limit which applies to income before deductions, which applies to all applicants except the disabled and the elderly.[7] The gross income limit for eligibility appears in some other programs but not SSI. These income eligibility levels are above those for the SSI program and, of course, the SNAP program is intended to cover all individuals in a family and not just one or two individual recipients. [8]

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[7] The income of all individuals in the eligible unit described above are deemed. The only significant issue in deeming in the SNAP program is the deeming of income of sponsors of noncitizen applicants.

[8] The 2017 poverty threshold for a family of three, close to that of the median SNAP household, was $19,512.

Table 2: Supplemental Nutrition Assistance Program

	Program details
Type of benefit	In-kind (food expenditure subsidy)
Entitlement program?	Yes
Federal versus state	Federal program, states administer and have some state programmatic options
Eligibility	
Types	All low-income individuals and families
Categorical	TANF (cash or noncash), SSI, and GA recipients
Financial	
Income	Gross income must be less than 130 percent of the poverty line. Net income (after deductions) must be less than the poverty line. Elderly and disabled individuals only have to meet the net income test.
Assets	Countable assets cannot exceed $2,250, or $3,250 for elderly (age 60 and older) or disabled. Exclusions include home and lot, resources of people that receive SSI or TANF, and most retirement (pension) plans. Vehicles at state option (32 exclude all vehicles, 21 exclude at least 1 vehicle, and 2 allow a certain amount of the price of each vehicle). Asset tests can be reduced or eliminated at state option by expanding categorical eligibility.
Inflation adjustment	Income eligibility thresholds and deductions are adjusted for changes in prices annually. Federal asset limits are increased periodically.
Nonfinancial	Eligibility includes adult legal immigrants who have lived in the country for 5 years and all child legal immigrants, as well as a variety of other eligibility restrictions and allowances.
Benefit determination	
Basic benefit rules	Maximum benefits are based on the USDA Thrifty Food Plan which varies by household size, equal to $511 for a family of three in 2017. Benefits are reduced as income increases based on the benefit-reduction rate (BRR) applied to net income. Benefits are issued electronically via Electronic Benefit Transfer (EBT) cards.
Inflation adjustment	Benefits (the Thrifty Food Plan and deductions) are adjusted annually for inflation.
Redetermination	After initial eligibility, households must be recertified every 6 to 24 months.
Other	Able-Bodied Adults without Dependents (ABAWDs) are limited to 3 months of benefits within a 3-year period unless they: work at least 80 hours per month, participate in qualifying education and training activities at least 80 hours per month, or comply with a workfare program (unpaid work through a special state-approved program)

Asset rules are more complicated. Federal SNAP regulations require that countable assets be below $2,250 for the nonelderly, nondisabled or $3,250 for the elderly or disabled. Those are in the same general range as for SSI. However, the movement toward allowing state options in the 2000s, referred to above, particularly the so-called BBCE policies, gave states considerable freedom to reduce the stringency of asset tests. Most states have eliminated asset tests entirely and others have raised their asset limits. In addition, most states have liberalized their vehicle rules, with some eliminating them entirely. States have moved in this direction to reduce administrative costs, to allow recipients to accumulate some savings, and to have vehicles to travel to and search for work.

The SNAP program increases its net and gross income limits and its deductions with inflation, but federal asset limits are only periodically increased. However, since many states have eliminated asset tests entirely, inflation adjustment is moot.

Benefits in the program are computed as a maximum benefit minus net income, where the maximum is set equal to the Thrifty Food Plan, equal to $194, $367, and $511 per month for families of size one, two, and three, respectively, in 2017. These are much smaller per person maximum benefits than in SSI but, as previously noted, SNAP is only intended to cover food expenses. Net income includes an approximate 24 percent-of-earnings deduction, as well as deductions for other work-related expenses. The Thrifty Food plan values and deduction values are increased annually with inflation.

Recertification is supposed to take place every six to 24 months, but states now have the authority to ask for their own recertification lengths, as discussed above. The SNAP program has work requirements for one segment of the caseload, namely, able-bodied, childless adults, but that category is a relatively small part of the total caseload.

Other food and nutrition programs

The U.S. has a number of other food assistance programs besides SNAP. The three most important are the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and the Special Supplemental Nutrition Program for Women, Infants, and Children, commonly known as WIC. Each program has its own history of expansion, with the oldest being the NSLP which was originally authorized by legislation in 1946, and was expanded and extended over the years. The SBP began as a pilot program in 1966 and was made permanent in 1975, while WIC began as a pilot program in 1972 and was expanded until reaching all U.S. counties by 1979. The programs are not the largest in terms of expenditure, but the two school programs combined serve more students than the caseloads of any other means-tested transfer program except Medicaid.

A few of the notable features of the programs are shown in Table 3. The two school programs provide free or subsidized meals at school for families with household income below specified levels. There is no asset test, but there is categorical eligibility for recipients of SNAP, TANF, and a few other government programs. The benefit varies only between whether the meal is completely free or just reduced-price, and this depends on the level of household income. The WIC program services five different types of pregnant and post-partum women who are at nutritional risk and who have incomes below specified levels. Participants receive free nutritious food for themselves and their children as well as nutritional counseling.

Table 3: Notable Features of Other Food and Nutrition Assistance Programs

	Program details
National School Lunch Program	
Type of benefit	Free or subsidized school lunch
Entitlement?	Yes
Eligibility	Student qualifies for free lunch if household income ≤ 130 percent of poverty line, for reduced-price lunch if household income ≤ 185 percent of poverty line. Household income is cash pretax, prededuction income. No asset test. SNAP, TANF, and other recipients are categorically eligible. Inflation adjustments applied.
School Breakfast Program	
Type of benefit	Free or subsidized school breakfast.
Entitlement?	Only if school offers it; not all do
Eligibility	Student qualifies for free breakfast if household income ≤ 130 percent of poverty line, for reduced-price breakfast if household income ≤ 185 percent of poverty line. Household income is cash pretax, prededuction income. No asset test. SNAP, TANF, and other recipients are categorically eligible. Inflation adjustments applied.
Women, Infants, and Children's Program	
Type of benefit	Provides nutritious foods to supplement diets, nutrition education, and referrals to healthcare and social services. Benefit the same for all participants.
Entitlement?	No; states receive fixed allocations, have a priority system for which applicants receive highest priority
Eligibility	Eligibility established at the individual level: pregnant women, postpartum women for six months after birth, breastfeeding women with an infant (<1), infants (<1), and children (<5). Must be judged at nutritional risk by a health services professional. Participants must live in households with family incomes below 185 percent of the poverty line, or be eligible through another welfare program with income eligibility below 185 percent of the poverty line (e.g., SNAP, TANF)

The Medicaid and CHIP programs

The Medicaid program was created in 1965 and has grown over time to be the largest program in the U.S. safety net in terms of both expenditures and recipients.[9] The program has been modified in many ways in its history, but the major modifications have been those which have expanded eligibility to more groups in the population. Its component covering low-income families and individuals was initially restricted mostly to those receiving cash welfare from Aid to Families with Dependent Children (AFDC), but that link has been gradually lessened over time and today, in some states, the program is approaching universality in terms of the fraction of low-income families and individuals covered. While not the largest in terms of individuals covered, those who are aged and disabled, including those in institutions, have the largest share of Medicaid expenditures, and these have rising sharply over time.

The major features of the program are shown in Table 4. The program does not provide cash but instead provides medical services. States establish and administer their own Medicaid programs and determine the type, amount, duration, and scope of services within broad federal guidelines, which require states to provide certain mandatory benefits, but which allow states the choice of covering other optional services. Mandatory benefits include services such as inpatient and outpatient hospital services, physician services, laboratory and x-ray services, and home health services, among others. It is an entitlement program in the same sense as SSI, meaning that all eligibles are covered.[10] The federal government pays a share of expenditures which is over half and varies by the income level of the state.

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[9] For academic reviews of the history of the program, its rules and caseload statistics, and the research conducted on it, see Gruber (2003) and Buchmueller et al. (2016). For more detailed descriptions of the program rules, see the relevant webpages and associated documents of the federal Medicaid Bureau.

[10] However, unlike many other programs, physicians and nursing homes are not legally required to serve Medicaid patients.

Table 4: Medicaid

	Program details
Type of benefit	In-kind (medical services)
Entitlement program?	Yes
Federal versus state	State-administered subject to federal regulations mandating certain services and with federal cost-sharing; states choose which optional services to provide
<u>Eligibility</u>	
Types	Low-income children and parents, low-income seniors for whom Medicare is the primary source of insurance, low-income disabled, low-income nursing home residents
Categorical	SSI recipients except in 209(b) states
Financial*	
Income	Income eligibility is based on Modified Adjusted Gross Income (MAGI), countable cash income minus deductions (state specific); eligibility standards vary across states. For adults, income limit ranges from 0-138% of poverty line (higher in D.C.). For children, income limit ranges from 133-380% of poverty line (different standards by child's age-group). For pregnant women, income limit ranges from 130-380% of poverty line.
Assets	For groups who can qualify for Medicaid under non-MAGI rules, states can impose countable asset requirements. Those qualifying under MAGI rules have no resource test.
Inflation adjustment	Income eligibility thresholds adjusted for inflation along with the federal poverty level. Resource tests, where they apply, are increased at state discretion.
Nonfinancial[1]	Citizens and selected non-citizen categories, including most legal immigrants, state resident
<u>Benefit determination</u>	
Basic benefit rules	Recipients are eligible for the state's full range of medical services as long as they are eligible, and all medical services are lost if eligibility is lost, e.g., if income rises above that eligibility limit.
Inflation adjustment	Program covers a government-set cost of services determined by the federal and state coverage rules.
Recertification	Recipients must be recertified annually.
Other	States can create programs to cover individuals with major health needs whose incomes are too high to qualify for Medicaid under normal eligibility rules. Families and individuals can become eligible through spend-down.

Notes: * Nonelderly, nondisabled.

Medicaid is really a collection of four different programs: one for low income adults and children, one for older individuals to complement their Medicare coverage, one for the low- income disabled, and one for long-term care, primarily nursing homes. This corresponds to four different recipient types and many of the rules for eligibility and services differ across the groups. The eligibility rules in Table 4 are primarily focused on the nondisabled and nonelderly. The definition of the household unit is aligned fairly closely with tax rules, including who can be claimed as a tax dependent.[11] Once the household unit is defined, the incomes, or at least a portion of incomes, of all those in the unit are generally deemed. The income limits for eligibility are different for adults and children, with the former generally lower than those for the latter, and vary widely across states. Some states do not cover childless adults and, therefore, have an income eligibility level of zero, while states that do generally cover them under the 133 percent of the poverty line required by ACA rules. This level is above the SSI eligibility point. Children are required to be covered by Medicaid in all states at no less than 133 percent of the poverty line, but states are allowed to go above that, and many of them do. These limits, therefore, are also above those of SSI.

Not shown in the table are the eligibility rules for the other three Medicaid programs. Those eligibility rules are quite complex and depend on the eligibility category for the applicant. Financial eligibility is quite different for seniors, for example, including some low-income families eligible for Medicare and families eligible under so-called Medically Needy programs who may need to spend down their incomes by incurring medical expenses. Disabled applicants have different eligibility rules and may be offered Medicaid buy-in programs. Finally, deeming and other eligibility rules are most complex for those applying for long-term institutional care, rules governing income and assets that might have been put in trusts as well as assets that might have been transferred to other individuals within the past five years.

[11] The living arrangement rules after the ACA are part of the so-called MAGI (modified adjusted gross income) rules under the Affordable Care Act and are quite complex in detail.

Medicaid, like SNAP but unlike SSI, makes most individuals and families eligible if they meet income limits regardless of assets, and hence, there is no resources test. An exception occurs for some groups specifically named for coverage by the Social Security Act (mainly elderly and disabled mandatorily covered groups). For those groups, states are allowed to set asset tests. As for inflation adjustment, the fixing of income levels to the poverty line means that there is an automatic inflation adjustment built in. For those groups and states where resources tests are imposed, however, it is up to the state whether to adjust them over time. Like SSI, Medicaid recipients must meet a variety of citizenship, residency, and related requirements.

Medicaid does not have a dollar-denominated benefit that varies with the income or resources of the recipient, nor does it have significant co-pays. Consequently, the benefit does not vary with income or with eligibility, given the eligibility group and service category into which the recipient falls. A small increment of income that pushes the recipient over the income threshold can result, therefore, in complete loss of benefits. Recipients do have to be recertified for eligibility annually, however.

The Children's Health Insurance Program (CHIP) is a related program whose provisions are not shown in a table. CHIP is a smaller program created in 1997 to cover children who were uninsured by Medicaid. Unlike Medicaid, CHIP provides a block grant to states and, therefore, is not an entitlement. States can use the monies either to expand eligibility in their Medicaid programs to children not otherwise eligible (e.g., increasing child age coverage or income eligibility levels) or to create completely separate programs to provide assistance to children under different rules than those of Medicaid. States have taken both of those approaches in using their CHIP funds. Most states have set their upper income limits for CHIP at 200 percent of the poverty line or greater, often above their regular Medicaid eligibility limits, and necessarily also higher than those in the SSI program.

The Temporary Assistance for Needy Families Program

The Temporary Assistance for Needy Families Program (TANF) provides cash and noncash assistance to low-income families with children.[12] The program was created in 1996 by federal legislation which created the program out of the former Aid to Families with Dependent Children (AFDC). The TANF program differs dramatically from the AFDC program and has a much lower caseload and total expenditures.

Table 5 shows its main features. The program provides cash benefits to low-income families which are intended to cover all their needs, but also provides noncash (or in-kind) assistance in the form of transportation, child care, employment supports, educational and training subsidies, counseling, and other items to a wide set of families not receiving cash benefits. Only approximately one-third of total spending in the program goes to cash assistance. The program is funded by a federal block grant to each state whose amount is determined by state AFDC spending prior to 1996. States are required to spend a minimum amount of their own funds in addition. While states are free to spend their own funds on top of that, no state has gone so far as to make the program an entitlement. Instead, the total funds to be spent are fixed and assistance is not provided to any family even if eligible if funds are not available.

[12] For academic reviews of the history of the program, its rules and caseload statistics, and the research conducted on it, see Moffitt (2003) and Ziliak (2016). For more detailed descriptions of the program rules, see the relevant webpages and associated documents of the Administration for Children and Families in the Department of Health and Human Services.

Table 5: Temporary Assistance for Needy Families Program

	Program details
Type of benefit	Cash and noncash assistance (transportation, child care)
Entitlement program?	No
Federal versus state	State-run, federal block grant with mandated and optional state financial supplementation
Eligibility	
Types	Low-income families with children or pregnant women
Categorical	None
Financial*	
Income	State determined. Some states use a net income limit (gross income minus deductions) and others use both a net income and a gross income limit. The type and size of deductions are at state discretion. Maximum monthly earnings in 2014 for an applicant family of 3 ranged from $268 per month (16 percent of the FPL) to $1447 per month (91 percent of the FPL). Maxima for families already receiving benefits are often higher.
Assets	State determined. Most states have liquid asset limits of $1,000-$3,000 and about half the states have vehicle limits (typically no more than 1 vehicle) but 6 states have eliminated asset limits entirely.
Inflation adjustment	At state discretion.
Nonfinancial*	Recipients must meet work requirement and other ongoing tests on children and/or adults, including drug testing, mandatory immunizations, and regular health check-ups. Legal immigrants who have lived in the country for less than 5 years are ineligible but states can impose other immigrant restrictions.
Benefit determination*	
Basic benefit rules	Benefits usually calculated as the difference between a maximum benefit level and countable income after deductions and usually vary with household size. Maximum monthly benefit for a family of 3 ranged from $170 per month (8 percent of the FPL) to $923 per month (46 percent of the FPL) in 2014. Benefits are usually reduced as income rises. Benefits are time limited and can be reduced for failure to comply with work requirements.
Inflation adjustment	At state discretion.
Redetermination*	At state discretion.
Other	Work requirements and time limits noted above.

Notes: * For the cash assistance program only.

The types of individuals and families who can be served by the TANF program is set by the states, which are free to define the family unit in the way they desire, including or excluding two-parent families, children living with no parents, three-generation families, and families with only children and no adults eligible, to give a few examples. Some of the more important variations in the definition of the family unit pertain to whether step-parent inclusion in the unit is mandatory or optional, whether disabled or noncitizen parents are included if the child is eligible, and whether SSI recipients are included. Time limits and work requirements (see below) can also make some adults ineligible, and there has consequently been a rise in "child only" units in the program.[13]

As for financial eligibility, states are required by statute to provide benefits only to "needy" families (with a few exceptions) but are free to define their own definition of need. There is no information available on how states define need to those families receiving noncash assistance, only on how they define need to families receiving cash assistance; these are covered in Table 5.[14] Financial eligibility requires that either net income after deductions or gross income or both fall below certain levels, and those levels vary widely across states, from 16 percent of the poverty line to 91 percent for an applicant family of three in 2014, for example.[15] These limits are typically below those in the SSI program. More deductions, especially those for earned income, are allowed after eligibility is established, so maximum income levels for continued eligibility are generally higher than those for new applicants.

Asset limits in the TANF program are generally low, but have been liberalized in many states

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[13] State rule variation can be found in the tables in the various editions of the Welfare Rules Databook published by the Urban Institute, available at http://wrd.urban.org/wrd/databook.cfm.

[14] It should be noted that the statute and federal regulations use the word "assistance" to mean what is here called "cash assistance" and use the word "nonassistance" to mean what is here called "noncash assistance." We should also note that some of the eligibility rules differ for applicants and for existing recipients; the rules in the table are generally those for applicants.

[15] Income deeming, and whether any income, particularly of adults in the household who are not included in the assistance unit, are deemed also vary widely across states. See the Urban Institute Databook referred to above.

since 1996. In the AFDC program that preceded the TANF program, federal law imposed a $1,000 limit on financial assets of most types. After 1996, only a handful of states have left the limits at that level, for most have raised them for reasons similar to those generating the relaxed tests in the SNAP program (reduction of administrative costs, allowance of some savings). While many states have raised the limits to around $2,000, not far different from those in the SSI program, many have raised their limits much higher, as high as $6,000. About six states have eliminated financial asset tests entirely. In addition, there has been a movement toward relaxed vehicle tests, mostly to allow recipients to comply with work requirements to travel to work. More than half the states still have some kind of vehicle restrictions, although usually allowing at least one vehicle, but many have reduced those restrictions over time and have allowed vehicles of higher value than previously.[16]

TANF has many nonfinancial eligibility rules. New applicants are often required to meet job search and employment registration requirements or to receive only diversion payments, while recipients who have established eligibility to receive benefits must meet work requirements and other activity requirements. Immigrant adults are often ineligible but citizen children are, resulting in a large fraction of child-only families receiving benefits. Eligibility redetermination periods are at state discretion.

Benefit levels are also at state discretion and vary widely across states, with some paying maximum benefits below 10 percent of the poverty line while others pay closer to 50 percent of the line. The benefit levels are far below those of the SSI program, even though, like SSI, the program is intended to cover all needs of the family. Benefits are typically reduced as income rises, with the median reduction rate equal to 50 percent. Benefits can be reduced for failure to comply with work requirements and are terminated if the family receives benefits for more than a maximum number of years, and if the state fails to supply assistance to the family out of its own funds beyond that period.

[16] Again, see the Urban Institute Databook for state-specific rules.

Subsidized Housing Programs

Subsidized housing programs are among the largest means-tested transfer programs in the country, ranking as the fourth largest in terms of expenditure.[17] There are dozens of different subsidized housing programs in the U.S., overseen by different federal agencies, but three constitute the largest and most important: public housing, voucher-based assistance, and assistance under the Low Income Housing Tax Credit. The third of these provides tax credits to developers to build housing that must have a certain fraction of low-income renters in the units at modest rents. It has been the fastest-growing housing program and now is the largest program in terms of expenditure. But information on its eligibility and rent rules are difficult to obtain, and most of what we know is from documentation of rules for public housing and voucher-based assistance programs.

Public housing, where the government builds, owns, and operates housing for low-income renters, is the oldest form of major federal assistance and was begun in 1937. It grew in the 1940s and 1950s but lost favor in policy circles, in the views of the public, and even in the eyes of renters for a variety of reasons. The number of units peaked at 1.4 million in the early 1990s but has since declined because of on-going demolition and the failure to build new units. The housing voucher program began in 1974 and provides low-income families vouchers to give to landlords, who in return charge below-market rents and receive a subsidy from the federal government to make up the difference from market rent. Participation is voluntary by landlords, so eligible families sometimes have difficulty finding housing, although some analysts think this is more because the subsidy is not large enough to allow landlords to earn market rents.

[17] For academic reviews of the history of the programs, their rules and caseload statistics, and the research conducted on them, see Olsen (2003) and Collinson et al. (2016). For more detailed descriptions of the program rules, see the relevant webpages and associated documents of the Department of Housing and Urban Development.

Table 6: Subsidized Housing Programs

	Program details
Type of benefit	In-kind (subsidized rents)
Entitlement program?	No (waiting lists)
Federal versus state	State-operated (local public housing authorities) until federal regulations and funding
Eligibility	
Types	Low-income families, single mothers and those with children are given priority
Categorical	None
Financial	
Income	Public housing: maximum (gross) income of 80% of area median income (AMI). Voucher program: maximum (gross) income of 50% of AMI. For both programs, PHAs are required that families with low incomes must constitute a minimum fraction of residents. Income includes actual and imputed income from all assets including equity value in a home and retirement assets.
Assets	None
Inflation adjustment	None needed since area median income rises with inflation
Nonfinancial	Vouchers are restricted to U.S. citizens and specified categories of noncitizens who have eligible immigration status
Benefit determination	
Basic benefit rules	The "payment standard" is the PHAs estimate of the market rent and is calculated at a percentile point of the distribution of market rents in the area. Rent charged in public housing is the higher of 30 percent of monthly adjusted income and 10 percent of monthly income. In the voucher program, it is 30 percent of monthly adjusted income for rent and utilities, but if the unit rent is greater than the payment standard, the family is required to pay the additional amount but not more than 40 percent of income. Adjusted income is gross income minus deductions for the number of dependents, the presence of elderly or disabled family members, and qualified medical expenses. The maximum subsidy is generally the payment standard minus 30 percent of the family's monthly adjusted income.
Inflation adjustment	HUD establishes rent adjustment factors — called Annual Adjustment Factors (AAFs) — on the basis of CPI. As AAFs increase by a certain percentage, the FMRs increase by the same percentage.
Redetermination	Housing authorities typically recertify tenants' incomes every year but PHAs can evict tenants from public housing if their incomes rise above the eligibility limit and tenants in voucher housing lose their voucher if 30 percent of their adjusted income exceeds the payment standard for six months
Other	None

The rules of the public housing and housing voucher programs are listed in Table 6. The program provides implicit subsidies by charging below-market rents, with the difference between the two equal to the subsidy. The programs are not entitlements, and only a certain number of public housing units and a certain number of vouchers are available. Eligible families who wish to have a unit or a voucher must get certified and then get put on a waiting list. Since exits from subsidized housing are relatively infrequent, families can be on waiting lists for many years before being offered a unit or a voucher. Public housing authorities often close waiting lists and allow no more to enter if the list gets too long. When a family is offered a voucher, the family only has a certain period of time to find a unit before having to return the voucher to the government. The programs are designed to assist low-income families, but there are a number of priorities ("preferences") that give priority to certain kinds of families, especially single-mother families.

The definition of the family for subsidized housing is simply a group of one or more individuals who live together. Members of the family do not need to be related by blood, marriage, or in any other legal capacity. Family members who are away from the household for a certain period of time may be considered part of the family. Live-in aides are also considered a family member. Financial eligibility and rent paid is based on family income, where most earned and unearned income of all adults in the family is deemed, but only the unearned income of any dependents younger than 18. Financial eligibility is based on the family's income relative to median income in the local area, and hence differs across areas in the U.S. However, median incomes even in low-income states are sufficiently high that income limits in the program are at least as great as poverty level income.[18] In addition, one of the preference items that public housing authorities (PHA's) are required to follow is to guarantee that a minimum fraction of the tenants have lower levels of income. For example, voucher programs must have 75 percent of those receiving vouchers to have income below 30 percent of area median income. Subsidized

[18] See https://www.huduser.gov/portal/datasets/il.html#2015.

housing programs do not have asset tests, but they do perform a broad calculation of income from assets. The calculation includes not only actual asset income but also an imputed income from financial assets such as IRAs, annuities, and trusts, as well as from any equity value in a home.

The implicit subsidy equals the difference between the payment standard and the rent charged to the tenant, and that difference also determines the payment made to landlords in the voucher program. The payment standard is equal to somewhere between the 40th and 50th percentile points of the distribution of market rents in the local area. The rent charged is generally 30 percent of income after deductions for the number of dependents, the number of elderly of disabled members, and qualified medical expenses, although in public housing this cannot fall below 10 percent of unadjusted, gross income. The FMRs are increased for inflation through the use of so-called annual adjustment factors.

Income for the purpose of eligibility and rent calculated is conducted prospectively, with families required to estimate income for the next 12 months. Recertification is supposed to take place at least every year, but tenants can be evicted if their income rises above the eligibility level for some period of time.

Child Care Subsidy Programs

There are a variety of child care subsidy programs in the U.S. whose structure and funding levels have changed over time.[19] Most programs are explicitly aimed at low-income families and many have been heavily associated with receipt of benefits for some other program for the poor, where the subsidies are intended to encourage and support work among program recipients. However, some programs for low-income families are aimed more at child development than at encouraging parental work. The Head Start program is the best example of this kind, a program for low-income children which has no parental

[19] For an older academic review of the history of the programs, their rules and caseload statistics, and the research conducted on them, see Blau (2003). For more detailed descriptions of the program rules for different programs, see their relevant webpages and associated documents. The Child Care Development Fund is described on the website of the Administration for Children and Families.

work requirement yet which does have an effect on parental work levels. A major change in the structure of work-oriented programs occurred in 1996, when several of them were consolidated into the Child Care Development Fund (CCDF). Funding for it was increased and extended to nontransfer program recipients and to families with slightly higher incomes than before.

The disparate nature of the child care subsidy program landscape makes it difficult to summarize. The best information is on the CCDF, and its main rules and provisions are shown in Table 7. The CCDF only subsidizes child care and, hence, is not for general-purpose expenditures. It is a block grant to the states and most states do provide at least some state supplementary funds, but nevertheless, all 69ligible are not served and there is considerable evidence that many families who want child care subsidies cannot get them. Some states have formal waiting lists. The federal government has broad guidelines for eligibility and for use of the subsidies that states must follow, but states have great discretion in following those guidelines and whether they operate within or outside of them. The definition of the family unit must include the child for whom the subsidy is being received and that child's biological or adoptive parents in the home, but whether other adults, related or unrelated, are included is at state option. Income of members not included in the family unit is not deemed and a few types of income for individuals who are in the unit also can be excluded from countable income. Maximum income after exclusions and deductions should be less than 85 percent of median income in the state, which will generally be above the poverty line, higher than SSI eligibility levels, and the levels in most other transfer programs, another sign that child care programs are intended to benefit the working low-income, a broader population than the poor population per se. Asset requirements are a state option but are rarely used.

Table 7: Child Care Subsidy Programs: Child Care Development Fund

	Program details
Type of benefit	In-kind (child care subsidy)
Entitlement program?	No (block grant); two-thirds of states have waiting list policies
Federal versus state	States have flexibility in designing eligibility requirements, benefit calculation, application/redetermination processes, and administrative procedures for childcare providers, as long as they satisfy the broader federal guidelines. States can specify their own work rules.
Eligibility	
Types	Low-income families with children younger than 13 by federal guidelines, but states can have a lower age cutoff or a higher one for children with physical or mental disabilities
Categorical	TANF
Financial	
Income	Federal guidelines specify that family income cannot exceed 85 percent of the applicable state median income. States set maximum gross and countable income thresholds for initial eligibility into the program based on family size. States often have higher income thresholds for continued eligibility.
Assets	At state option, but in 2015 only 3 states imposed them
Inflation adjustment	At state option
Nonfinancial	Eligible children must be citizens or legal aliens.
Benefit determination	
Basic benefit rules	State determined. Each state sets its own policies for family copayments within broad federal guidelines on sliding fee scales. In most states, copayments are specific dollar amounts based on set income ranges. Copayment rates rise with income. Half the states have policies for maximum hours of care that can be paid through the subsidy program
Inflation adjustment	At state option
Redetermination	The frequency of recertification can vary by state (34 states recertify every 12 months, the rest of the states recertify every 6 months). Most CCDF programs require families to report key changes within 10 days; all but 3 states require reporting changes in employment.
Other	By federal guidelines, the child's parents/guardians must be working or attending a job training or educational program to receive assistance. States often waive this work/education requirement for families with children who receive or are in need of receiving protective services. All states allow parents/guardians to search for jobs, as long as the job search does not extend past certain time limits. The amount of time parents can receive subsidized child care during job search activities varies by state.

The amount of child care subsidy is based on sliding fee scales depending on family income, but varies greatly across states. Most often they are set in dollar terms rather than as a percent of child care fees. States that do not specify dollar amounts typically have maximums and caps that also limit the size of the subsidies. Although all states require that the parent(s) be working to receive subsidies, all have some types of regulations governing what counts as work. This can under some circumstances include education and at other times it can include job search. However, in both cases the subsidies are time-limited and, therefore, can only be received for a certain length of time.

Job Training Programs

Job training programs are included in this review even though they are not traditional means-tested transfer programs and are not primarily intended to provide support for living expenses or for targeted needs such as medical care, food expenditures, and housing.[20] Nevertheless, most programs are intended to serve low income individuals and therefore they are included here.

The major job training programs are administered by the Department of Labor and have a long history dating to the 1960s. Their names, structures, and funding levels have changed periodically since then, although funding levels are far below those in the major transfer programs we have so far reviewed in this report (about $7 billion in 2012). Most changes in structure have reflected a continuing attempt to improve the delivery of services to have a greater impact on employment outcomes for recipients, which have been modest in many evaluations. The most recent modification of the major DOL program, the Workforce Innovation and Opportunity Act of 2014 (WIOA), continued modifications toward that goal.

The major features of WIOA are shown in Table 8. The program provides training services of various kinds to eligible recipients for whom local boards have funds to support, which is determined by a formula used by the federal government to allocate funds across states with different levels of apparent

[20] For academic reviews of the history of the programs, their rules and caseload statistics, and the research conducted on them, see Lalonde (2003) and Barnow and Smith (2016). For more detailed descriptions of the program rules, see the relevant webpages and associated documents of the Department of Labor.

need of services. State and local governments have great flexibility in designing their programs and the types of services they provide, as well as flexibility in shifting funds across different categories of services and recipients within the caseload. There are three major subprograms within WIOA, serving Adults, Dislocated Workers, and Youth. Within each of these subprograms, the federal government designates priority groups which the states must use as guidelines but have flexibility in precisely defining.

An important feature to note is that families with low income constitute only one of the priority groups in the program, and others do not relate to low income per se. For example, other priority groups include the long-term unemployed, veterans, ex-offenders, and those with low literacy or with basic skills deficiencies. The Dislocated Worker component also has no income test. Some priority groups are closely related to low income, including those receiving public assistance programs, but there is also a formal “low income” category which gives priority to individuals with income below the poverty level but not above 85 percent of state median income. In addition, states have flexibility in introducing additional income requirements, as well as their own income-based priorities for receiving training. For example, Youth can qualify as “low-income” if they live in a high-poverty census tract.

Table 8: Workforce Innovation and Opportunity Act (WIOA) Programs

	Program details
Type of benefit	In-kind (training services)
Entitlement program?	No (fixed number of training slots)
Federal versus state	State and local governments have flexibility administrating services and designing eligibility requirements as long as they comply with federal guidelines. States can transfer unlimited amounts of their federal grant money between the Adult and Dislocated Worker programs. States are required to have unified strategic planning across core employment/training programs.
Eligibility	
Types	Three programs: Adult, Dislocated Worker, Youth. Within each, are lists of priority groups.
Categorical	Recipients of any public assistance program are in a priority group
Financial	
Income	One priority group for the Adult and Youth programs is low-income individuals, which includes those who (1) receive SNAP, TANF, SSI, or another form of public assistance, (2) are in a family with a total income below the FPL, or below 70% of the lower living standard income level, (3) are homeless, eligible for free or reduced-price lunch, are foster children, and other groups. For the second category, federal guidelines specify that family income cannot exceed 85 percent of the applicable state median income. The Dislocated Worker program has no income test.
Assets	None
Inflation adjustment	None
Nonfinancial	Must be legally able to work in the United States
Benefit determination	
Basic benefit rules	Core training programs are offered to all recipients although different services are provided in the Youth, Adult, and Dislocated Worker programs. Additional training services are given to individuals who are considered "at-risk." This depends on the state's priorities, but usually includes very low-income individuals and individuals who are basic skills deficient.
Inflation adjustment	None
Redetermination	None
Other	Under WIOA, the federal government has guidelines for states to engage with employers in offering industry-recognized training programs and credentials. The federal government helps guide state and local boards and employers to make WIOA programs more relevant to business-sector needs

The benefit provided by WIOA varies from core training services to more advanced training components, with the proportion and structure and allocation of individuals with different skills to different groups determined at the state and local level. There are a large number of other operational requirements that state and local operators in the program must follow, including constructing data on performance and training outcomes, working with local industry groups who often sit on advisory councils, identifying and focusing planning on regional areas of greatest need, and many others.

The oldest and most well-known training program is the Job Corps, which owes its longevity to a number of formal evaluations over the years that have shown it to have positive impacts on employment and earnings outcomes of recipients. Its rules are shown in Table 9. The Job Corps is a training program which also has a limited number of slots, but the target group is narrowly focused on low-income youth ages 16 to 24 who have an identifiable barrier to employment. States have great flexibility in structuring their programs but the distinguishing feature that all must have is that they must be residential centers where youth must live, usually away from their home neighborhoods, during the period of training. Eligibility, in addition to the age and employment barrier restriction, can be based on receipt of other public assistance programs or if family income is below the poverty line. The employment barrier criterion is based on an assessment of a need for training, education, employment counseling, or related qualifications. Once eligible and given a training slot, trainees develop individual plans for their services and receive hands-on training in a number of areas, and receive housing, food, and medical care support while in training. The maximum period of training is two years.

Table 9: Job Corps Program

	Program details
Type of benefit	In-kind (training services)
Entitlement program?	No (fixed number of training slots)
Federal versus state	Local Job Corps centers often offer different ranges of services, but they all follow federal rules and guidelines
Eligibility	
Types	Low-income youth, ages 16 through 24, with identifiable barriers to employment
Categorical	TANF, SSI, SNAP, or qualify for free or reduced-price lunch
Financial	
Income	Applicants must satisfy one or more of the following: receives public assistance (e.g. TANF, SSI, SNAP); is in a family with an income at or below the FPL; is homeless, is a foster child, or qualifies for free or reduced-price lunch
Assets	None
Inflation adjustment	None
Nonfinancial	Individuals must satisfy all of the following: need additional technical training, education, counseling, or related assistance; have a child care plan (if he/she is a parent of a dependent child); have signed parental/guardian consent (if he/she is a minor); have no serious behavioral problems; not require court supervision or have court-imposed fines; not use drugs illegally. Eligible individuals must be legal U.S. residents, legal permanent aliens, refugees, asylees, parolees, or immigrants allowed to work in the U.S.
Benefit determination	
Basic benefit rules	Job Corps services are free and fully-funded. Recipients develop individualized Personal Career Development Plans (PCDPs) and receive hands-on training in a wide variety of career areas. While in the program, individuals receive housing, meals, basic medical care, and biweekly living allowances
Inflation adjustment	None
Redetermination	Participants may remain enrolled for up to 2 years, but their training may end at any time for a number of reasons (i.e. using drugs illegally, exhibiting major behavioral problems, etc.)
Other	None

Financial Verification Procedures in the Programs

All programs practice detailed income and (if necessary) asset verification procedures. Over time, most programs have moved from old-style paper verification forms to electronic verification. With the rise of the internet and with the availability of many online databases with records of financial amounts, the use of computerized checking has been a source of major administrative efficiencies and cost savings to welfare agencies. Among the many types of records now available electronically are Social Security earnings records, tax records, state Unemployment Insurance (UI) wage records, Department of Motor Vehicles vehicle registration records, and individual bank account balance information. Most states and federal agencies also have electronic databases recording the names and benefit amounts of those receiving benefits from their programs, which is relevant for income verification if the program in question includes benefits from those programs in countable income. In addition, the New Hires database developed under the leadership of DHHS, again drawn from UI records, is explicitly intended to be a resource for employment and income verification. Although not strictly financially related, states can also check state and local vital records for information on marriage, births, and other information related to family structure. Yet another development in the field of electronic records checking is the emergence of for-profit firms that gather employment and other income records and which will check them for any government agency for a fee. The largest and most well-known firm that does this is Equifax, which has a system they have called Work Number which will check their large trove of employer-related information for TANF, SNAP, Medicaid, Housing, Child Support Enforcement, and other government agencies.21

At the same time, electronic checking of records still has limitations. One problem is that the response to electronic requests is often slow, and there are often significant time lags between the request for information on an applicant and the time the receiving agency has the data available and

[21] https://www.theworknumber.com/gov/Industries/Workforce.asp. http://www.correctcaresolutions.com/wp-content/uploads/2016/01/Correct-Care-Message-to-Verifiers.pdf.

when it can respond. State UI wage records, for example, may take several months for a response. Consequently, most programs also seek hard copies (or, today, scanned copies) of earnings-related materials such as pay stubs and automatic payroll deposit information if the applicant or recipient undergoing recertification reports having a job. These are useful for verifying amounts but not necessarily the presence of all employment. In addition, capital income is not generally available electronically except for interest on bank accounts, and agencies typically have to rely on families' own reports of other types of capital income.[22] If those are reported, eligibility technicians have to make their own judgements as to whether the reported amount is large enough to warrant a special investigation. Most agencies attempt to limit the number of such investigations because they require significant amounts of staff time and hence raise administrative costs. Another set of items that typically do not have information in electronic records are related to deductions such as shelter expenses, including rent payments and utility bills, and work-related expenses such as child care. Applicants typically have to supply paper records (often scanned in) of rent payments, utility bills, and child care expenses, which are often not checked in detail because of the staff time required to do so.

Yet another problematic item are assets and resources, for those states that require their reports. Other than bank accounts which are reported by the family, very few of these are available electronically, and even for bank accounts, there are no easy ways to seek to obtain information on bank accounts not reported at all by the family. The movement toward relaxed asset requirements in many programs that has been documented above is motivated, in part, by a simple benefit-cost calculation of whether the cost of having agency staff spend the time hunting for unreported assets or trying to verify reported assets is worth the effort, given that such amounts are typically small and most applicants and those seeking recertification have very few assets to begin with. In addition, given the low education levels of most families applying for or receiving benefits, many make honest mistakes because they do

[22] There are exceptions. For example, California has a Franchise Tax Board that records interest and dividend payments from financial institutions based in California. California builds this into its IEVS (see below).

not understand the nature of assets that are being asked about.[23]

Electronic verification, where it can be conducted, has been significantly aided by the advent of modernized application procedures which allow for online application or application in call centers or assistance centers where trained personnel assist applicants in managing online applications. While online and electronic application systems do not change the need for a thorough enumeration of all possible sources of income and their verification, it does facilitate electronic verification because that is possible without needing staff time to handle the verification. For example, in Florida, when a TANF application is completed online, the computer system automatically sends out 21 electronic record requests, without the need for any staff intervention. The main result of increasing use of online applications and electronic requests is thus, again, to reduce the administrative costs and staffing necessary for eligibility determination and recertification.[24]

Many programs and states also operate audit procedures similar to those used by tax authorities to determine when staff time is needed for the investigation of individually reported items. Tax authorities today conduct most audit procedures electronically by inputting all the items reported on an application form or tax return and then putting those reports into an algorithm that assesses the probability of error or actual fraud. A cutoff probability is determined and then applications or forms with a probability higher than the cutoff are made subject to additional verification and checking procedures may be implemented. While most such cases can be resolved without excessive effort, there are always some

[23] One TANF administrator reported a recipient who checked on the application form that they owned stocks. Upon investigation, the family was referring to backyard stocks where they raised chickens.

[24] A barrier to online and electronic applications is that many families are of low education and are unfamiliar with online applications and have considerable difficulty completing them. Many state TANF agencies have dealt with this problem by setting up local offices where there are personnel to assist applicants in filling out their forms. Those offices also have scanners, and the personnel who work at them assist applicants in scanning in hard copies of income and other eligibility items required for application. Despite the staff time and cost of these centers, the staff at these centers are not skilled caseworkers and are far less costly than trained eligibility technicians. These staff have no authority to certify applicants for eligibility, and are only there to assist applicants in the operational aspects of completing an online application. Another advantage of this system is that, with the availability of multiple local centers of this kind, applicants rarely have to travel longer distances to larger offices where more skilled caseworkers and eligibility technicians work.

cases that cannot and, in those cases, it is possible that, eventually, an official fraud investigator may be assigned to the case and a fraud investigation may be initiated.

Income verification is often required by statute. For example, federal regulations governing the SNAP, Medicaid, and TANF programs, among others, requires states to have an income and eligibility verification system that contacts state unemployment compensation systems, the Social Security system for earnings records, and the IRS for tax records, for example. The system is called the Income and Employment Verification System (IEVS), many features of which are specified by legislation, but in practice are implemented in each state according to its own discretion and rules and procedures. SNAP has federal rules that go into considerable detail on the verification amounts required, accounts of expenses, resources, and income. The Department of Housing and Urban Development has its Enterprise Income Verification (EIV) system that specifies a list of verification tools useable by local Public Housing Authorities. The EIV system attempts to verify all income and expense items that go into determining income eligibility for subsidized housing or for determining the required rental payment. The Equifax Work Number system and an Experian system are often used. Medicaid makes use of the same EIVS system used in TANF but with some modifications. For example, Medicaid encourages states to do a random staff verification of income and expense items that cannot be verified electronically or by paper or other written record, but CHIP does not have federal income verification requirements. Medicaid also has special verification rules whenever trusts have been established for individuals applying for the program, or when assets have been transferred away from individual applicants within five years of applying for the program.

Summary

This review of the major transfer programs in the U.S. has revealed many differences with the SSI program. Some of the differences follow naturally from the differing goals of the program. The target population for SSI is different than that of other transfer programs and, unlike all programs except

TANF, benefits are intended to cover all needs of the recipient and not just needs for specific assistance needs such as food, housing, or medical care. The entitlement nature of the SSI program is shared by several others and, although many others have much larger state discretion and flexibility than in SSI, several other programs also have a primarily federal role. Some other programs have more categorical eligibility for benefits than does SSI but, again, the other programs are different because they often use receipt of other transfer programs as an indicator of need, whereas the SSI program establishes need differently, at least for the disabled portion of its caseload.

The largest differences between SSI and other programs are in financial eligibility rules. The current upper income limits for SSI are in the approximate range of 75 percent to 80 percent of the poverty line for single, and married-couple, recipients, respectively. That is far above the eligibility limits only of the TANF program, which is now a small program for which federal funding has dramatically shrunk, leaving states with no alternative but to keep eligibility restrictive. For most other programs, higher income eligibility levels obtain. These include 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 above-poverty income limits for subsidized housing and child-care subsidies, and the 100 percent limits for WIOA (2017 poverty lines range from $11,756 to $19,512, depending on family size and age of head).

Another major difference with other programs is in the resource test for SSI. The countable asset limits of $2,000 and $3,000 are approximately the same as the TANF program, but are smaller than those of all other programs. In fact, there has been a steady evolution in most other programs to reduce the restrictiveness of resource limits or to eliminate them entirely. This is particularly true in the SNAP program, where official federal resource limits are about the same as those in SSI but where states have been given sufficient flexibility to virtually eliminate those tests. Most states have, indeed, done so. School food programs, WIC, subsidized housing programs, child care subsidy programs, and job training programs have no resource tests. The Medicaid program effectively has no asset test, for one is allowed only under eligibility rules for certain eligibility categories that qualify under nonincome criteria. The SSI limits have been held constant in nominal dollars since 1989, implying that, in real dollars, they have been becoming more restrictive over time. Most other programs are moving toward less restrictive policies.

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