

**AN ACT PROMOTING ASSET DEVELOPMENT IN TRANSITIONAL  
ASSISTANCE PROGRAMS – SD 1635**

Clarice B. Gordon, LWVMA Meeting Basic Human Needs Specialist

Urge your legislators to support “An Act Promoting Asset Development in Transitional Assistance Programs,” SD 1635 which would better enable economic stability and transition to gainful employment for low-income residents who receive cash assistance under Transitional Assistance to Families with Dependent Children (TAFDC) and Emergency Assistance to Elders, Disabled and Children (EAEDC).

Lead Sponsor: **Sen. James B. Eldridge**

**Background:**

This bill is proposed as part of the work of the Asset Development Commission created by the Legislature in 2006. Major provisions would:

- Increase the TAFDC asset limit to \$5,000 from \$2,500 so that families may receive assistance without first becoming utterly destitute;
- Not count one car (up to \$5000 value) per licensed driver in a household as an asset for TAFDC and EAEDC recipients to get to work, school, or training;
- Increase the TAFDC work expense deduction for costs such as payroll deductions, transportation and clothing to \$250 per month (from \$90 where it has been since 1988);
- Treat state educational grants and state or private work study the same as federal payments and not count them as income for EAEDC and TAFDC;
- Allow TAFDC and EAEDC recipients to save up to \$10,000 received from personal injury settlements or other third party sources in an Individual Asset Account to be used for debt reduction, job training, transportation, housing and other expenditures consistent with asset development; and
- Allow TAFDC recipients to use vocational education to meet their work requirements throughout their period of time-limited assistance and to obtain time limit extensions to complete such programs.

**Talking Points:**

- Transitional Assistance has a two-year time limit with work requirements for adult recipients. It is important that the program operates to allow people to get on their feet and increase their education and skills so they can be self-supporting when they are terminated.
- Provisions of this bill take account of inflation over the last decades.
- It makes sense to have all educational grants counted the same way and, since they can only be used to offset education costs, they should not reduce income available for other expenses.
- Individual Asset Accounts could provide a monetary cushion in case of job loss or help individuals transition to self-employment and adequate housing.

- Increased asset limits help stabilize people in their current jobs and homes and can avoid worse social consequences that require expensive state rescue programs.