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Do Welfare and IDA Program Policies Affect Asset Holdings?

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Savings and assets can cushion families against sudden income losses and can bolster long-term economic gains. Assets, however, can make a low-income family ineligible for benefits from means-tested programs when they encounter economic difficulties. Most means-tested programs restrict eligibility to families with assets that fall below a set threshold in an effort to target benefits only to those most in need. However, if asset restrictions unintentionally discourage low-income families from saving, asset tests may run counter to the often-cited government goal of promoting self-sufficiency.

In recent years, federal and state governments have implemented programs and amended program rules to encourage savings and thus promote self-sufficiency among low-income families. For example, the Temporary Assistance for Needy Families (TANF) program and the Food Stamp Program (FSP) now allow states to ease asset rules. These changes were aimed at lifting restrictions on vehicle ownership and the value of liquid assets (e.g., dollars held in savings or checking accounts). Some states further liberalized asset tests by creating separate limits for restricted accounts; restricted accounts are savings accounts earmarked for specific purposes such as individual development accounts, retirement savings accounts (e.g., 401(k)), and education savings plans (e.g., 529 plans), among others. Withdrawals from restricted accounts are limited to certain activities, such as retirement, education, homeownership, or business start-up.

In addition to these liberalizations, federal and state governments have been supporting Individual Development Account (IDA) programs. IDAs are restricted savings accounts that provide matching funds at the time of withdrawal (i.e., matched withdrawals), if savings will be used for one of a few preset goals (e.g., higher education, homeownership, or business start-up). Other government programs and policies aimed more broadly at low-income families can also affect asset accumulation. Both the earned income tax credit (EITC) and the minimum wage, for example, are aimed at raising the incomes of low-income families, which in turn can affect their asset building.

Despite the potential importance of these government programs and policy changes, few studies have examined rules that can affect saving and asset accumulation among low-income families. So far, the research shows mixed results. Of four empirical studies that examine the effect of the asset rules in the Aid to Families with Dependent Children (AFDC) program and its successor, the TANF cash assistance program, two studies find that relaxing AFDC/TANF program rules did not increase households' liquid asset holdings or net worth (Hurst and Ziliak 2006; Sullivan 2006), while two others find that they did increase households' liquid asset holdings (Nam 2008) or net worth (Powers 1998). The research on the effect of AFDC/TANF rules on vehicle ownership is also mixed. Sullivan (2006) and Hurst and Ziliak (2006) find evidence that relaxing asset limits leads to higher vehicle ownership, while Nam (2008) finds no evidence that vehicle ownership increases when asset limits are relaxed. Findings on the relationship between IDA programs and asset holdings are more consistent and provide evidence of a positive relationship between IDA programs and asset accumulation (Schreiner et al. 2005; U.S. Department of Health and Human Services 2004; Stegman and Faris 2005; Mills et al. 2006).

This study adds to the literature by examining the relationship between asset building and 13 specific program rules and policies (box 1). It answers the following research questions for two populations—low-education (high school degree or less) single-mother families and all low-education families:

- What is the relationship between specific TANF, Food Stamp, IDA, or EITC program rules and minimum wage requirements and
  - liquid asset holdings?
  - vehicle asset holdings?
  - net worth?

The analysis spans from 1991 through 2003, a time of significant change for the TANF and Food Stamp programs, as well as the introduction of IDA programs. This period also captures asset holdings during weak and strong economic times.

How Can Asset Tests and Asset-Building Programs Affect Asset Holdings?

State means-tested social program rules can affect asset holdings through four hypothesized effects: the asset test effect, precautionary savings effect, income effect, and substitution effect. These effects are discussed in turn below.

Asset Test Effect: Asset tests in means-tested programs restrict the level of assets families can have and still receive benefits, which can discourage low-income families from accumulating financial assets. Families may spend down or keep their financial assets below asset limits to remain eligible for income transfer programs. Accordingly, asset tests are hypothesized to lower the asset holdings of current and potential program participants (Hubbard, Skinner, and Zeldes 1995; Neumark and Powers 1998).

Precautionary Savings Effect: Means-tested programs provide benefits to families during economic emergencies, thereby providing a minimum level of consumption (a consumption floor). The consumption floor in means-tested transfer programs is expected to reduce precautionary savings (Hubbard et al. 1995). That is, the availability of income from the government is expected to reduce families' need to save for sudden economic loss (e.g., losing a job or incurring unexpected medical costs) and, therefore, is hypothesized to lower saving rates among current and potential program beneficiaries.

Box 1. Program Rule Variable Definitions

Program rule variable	Description
AFDC/TANF	
(1) Unrestricted asset limit	Dollar value of assets a family may hold and be eligible for welfare
(2) Vehicle asset limit, at least one vehicle	At least one vehicle per unit exempt from asset limit
(3) Restricted account asset limit	Dollar value of assets earmarked for specific purposes (e.g., education) excluded from asset limits
(4) Maximum monthly benefit for family of three	Maximum monthly benefit for a family of three
Food Stamp Program (FSP)	
(1) FSP vehicle asset limit, at least one vehicle	At least one vehicle per unit exempt from asset limit
(2) Expanded categorical eligibility	State uses expanded categorical eligibility
Individual Development Account (IDA)	
(1) Maximum match rate	Number of dollars a state will contribute to a family's IDA account for every dollar the family contributes
(2) Maximum amount qualified for match	Maximum amount a state will match in an IDA account
(3) Eligibility beyond welfare recipients	IDA participants not required to be welfare participants
Minimum wage and earned income tax credit (EITC)	
(1) State EITC	The maximum EITC offered by the state
(2) Percentage of state EITC refundable	Percentage of the state EITC that is refundable
(3) Minimum wage for FLSA-covered categories	Higher of the state or federal minimum wage
(4) Minimum wage for non-FLSA-covered categories	State minimum wage for non-federally covered categories

Income Effect: Means-tested programs provide families with additional income, such as benefits and program matches, that could be used to increase savings. Families could choose to increase their consumption by the full amount of the benefit or distribute their benefit between increased consumption and increased savings. Thus, the benefits provided by social programs can increase asset holdings.

Substitution Effect: Measuring families' asset holdings is complicated by the fact that families can shift their asset holdings. Program rules that affect only specific types of asset holdings could encourage families to *substitute* one type of asset for another type. For example, more generous vehicle asset exemptions could lead families to use their savings (i.e., lower liquid assets) to purchase a vehicle (i.e., increase vehicle assets). This shifting of assets is important for understanding how program rules affect assets.

The program rules identified above can affect asset holdings through more than one of these mechanisms. Given these potentially offsetting effects, it is not clear without turning to the data whether social program rules increase or decrease specific types of asset holdings overall.

Background on Asset-Building Policies

Both the federal and state governments introduced asset-building policies for low-income households during the 1990s. The Family Support Act of 1988 permitted states to apply to the federal government for waivers to raise AFDC asset limits. Without a federal waiver, states could not raise these limits above the federal limits of $1,000 on liquid assets and $1,500 on vehicle assets (Powers 1998). The 1996 welfare reform legislation, which replaced AFDC with TANF, abolished the federal asset limits for welfare, allowing states to create their own limits (Savner and Greenberg 1995; Corporation for Enterprise Development 2002).

Taking advantage of the federal policy changes, many states increased AFDC/TANF limits imposed on liquid assets in unrestricted accounts and vehicle assets. Between 1993 and 2003, unrestricted asset limits more than doubled in real terms (from an average of $1,139 to $2,587), and 25 states implemented policies to exempt at least one vehicle when determining program eligibility (Nam, Ratcliffe, and McKernan 2008). States also began creating separate asset limits for restricted savings accounts, such as IDAs, education, and retirement accounts. Restricted accounts have separate and higher asset limits than unrestricted accounts, but withdrawals are limited to certain types of activities, such as education, homeownership, or business start-up. As discussed below, state policies on restricted accounts can be confusing because similar assets (e.g., federally versus non-federally funded IDAs and defined-benefit versus defined-contribution retirement assets) are treated differently. While one state had restricted accounts in 1993, 28 states introduced the accounts by 2003, many of which had no asset limits. The average real limit on assets in these accounts also increased over time—from $1,139 in 1993 to $7,683 in 2003 (Nam et al. 2008).

Asset limits in the Food Stamp Program were liberalized more slowly. Liquid asset limits remained unchanged during the 1980s and 1990s (at $3,000 and $2,000 for households with and without an elderly member or a member with a disability, respectively) and were eroded by inflation. Also, the federal vehicle asset limit increased by only $150 (in nominal dollars) during this period, although the federal government allowed a few states to ease vehicle asset limits via waivers. The federal government took significant steps to liberalize FSP asset limits in 2001 and 2002 (Pavetti, Maloy, and Schott 2002; Super and Dean 2001). As a result, the number of states that allowed the exemption of at least one vehicle increased dramatically from 3 in 1999 to 30 in 2003 (McKernan, Ratcliffe, and Nam 2007, table 4). At the same time, states began to extend categorical eligibility for food stamps to units that receive TANF services. Categorically eligible households do not have to meet the asset test, but they must have net income below the poverty level. (According to staff at the USDA Food and Nutrition Service, many states use this expansion of categorical eligibility as a backdoor way to ease vehicle asset limits.) By 2003, 36 states offered categorical eligibility (Nam et al. 2008).

During the 1990s, federal and state governments also began to adopt IDA programs, which are asset-building programs targeted at low-income households (Sherraden 1991, 2001). Recognizing the potential effectiveness of IDA programs (based on privately funded IDA programs such as the American Dream Demonstration project), some states instituted IDA programs through legislation, executive orders, or administrative decisionmaking during the mid-1990s (Warren and Edwards 2005). State IDA initiatives were facilitated by subsequent federal legislation. By 2003, 24 states had IDA programs that were at least partially funded by the state government.[1] The average program match rate was roughly 2 dollars for every dollar saved across the years, while the average amount that qualified for a match increased in the early 2000s and was almost $13,000 in 2003 (Nam et al. 2008).

Approach

The empirical model uses the variation across states and in the timing of different state rules to examine the relationship between specific program rules and asset holdings. We estimate statistical models to explain six measures of families' asset holdings: (1) presence of liquid assets, (2) value of liquid assets, (3) vehicle ownership, (4) vehicle equity, (5) net worth excluding housing, and (6) net worth including housing.[2] Our models include four groups of determinants of asset holdings: (1) state-specific program rules; (2) family composition and demographic characteristics (age, race and ethnicity, educational attainment [less than high school], number of children in family, number of adults in family, and live in

metropolitan area); (3) state-level economic characteristics (unemployment rate, per capita income, and employment-population ratio); and (4) state and year fixed-effect, which capture unobservable differences across states and across years.[3]

Individual-level data for the analysis come from five panels of the Survey of Income and Program Participation (SIPP): 1990, 1992, 1993, 1996, and 2001. Each SIPP panel contains a nationally representative (noninstitutional) sample of U.S. households. When the five panels are combined, they provide data from 1991 through 2003. One limitation of the SIPP (and other national surveys) is that it captures only assets held in formal transaction accounts, such as checking or savings accounts. The SIPP does not, for example, capture cash held under mattresses. As a result, this analysis captures the effect of program rules on assets held in the formal financial sector.

The SIPP data are augmented with state program rules data, which come from various sources, including the Urban Institute's Welfare Rules Database, the U.S. Department of Agriculture's Food Stamp Program State Rules Database, and Center for Social Development's and Corporation for Enterprise Development's information on IDA programs.

The analysis examines all low-education families (those where the household head has a high school degree or less education) and low-education single-mother families. By focusing on the less educated, the analysis is limited to disadvantaged populations most likely to participate in means-tested programs. Low-education single mothers have the highest likelihood of becoming welfare participants, while low-education families represent potential participants for the Food Stamp Program and IDA programs.

Findings

What Do Asset Holdings Look Like?

Low-education single mothers consistently have fewer assets than low-education families in general (table 1). Among single mothers, only 33 percent have liquid assets, while the corresponding statistic for low-education families is 59 percent. Further, the average value of liquid assets held by low-education single mothers is one-tenth of the value held by all low-education families—$258 versus $2,630, respectively. Vehicle ownership and equity is also relatively limited among single mothers. Slightly less than half (48 percent) of low-education single mothers own a vehicle. The comparable statistic for all low-education families is 75 percent. Vehicle equity and net worth are also substantially lower for low-education single mothers than all low-education families.

Such levels of asset holding, particularly among low-education single mothers, could signal that asset tests do not affect asset holding. That is, if single mothers' asset holdings fall well below means-tested programs' asset limits, then increases in those limits may not lead to higher asset holdings. Hurst and Ziliak (2006), for example, conclude that most likely welfare recipients are not influenced by increases in asset limits because most have liquid asset holdings below the original limits.

While the data show that potential welfare recipients hold few assets, it is still possible that asset limits built into mean-tested programs affect asset holdings. Current and potential welfare recipients may save at suboptimal levels because they misunderstand program rules. In fact, qualitative interviews with TANF recipients in Virginia and Maryland suggest that welfare recipients are misinformed about program rules and that this misinformation leads to lower asset holdings (O'Brien 2006). Most recipients in the O'Brien study believed that TANF asset limits were much lower than the actual limits, and several respondents reported spending down their bank accounts before applying for cash assistance. If higher state asset limits lead to greater community awareness of the actual value of asset limits, then increases in asset limits can lead to increased asset holdings. Our estimates of the relationship between state program rules and families' assets incorporate how the rules are understood by families, but they do not assess how well rules are understood.

Even given the likely possibility that welfare recipients are misinformed about program rules, studies examining the effect of specific program rules on asset holdings are still valuable. They provide information on how putting a program rule on the books affects asset holdings. Part of that effect will reflect how the rule is implemented and understood.

TABLE 1. Asset Holdings of Low-Education Single Mothers and Families

	Single mothers	Families
Liquid asset holdings		
Percentage holding liquid assets	33.3%	58.9%
Liquid asset amount:		
Mean	$258	$2,630
Median	$0	$98
Vehicle asset holdings		
Percentage owning at least one vehicle	48.3%	75.2%
Vehicle equity amount:		
Mean	$1,140	$3,301
Median	$0	$1,603
Net worth		
Including home equity		
Mean	$5,113	$27,177
Median	$0	$4,368
Excluding home equity		
Mean	$1,117	$8,526
Median	$0	$1,502

Source: 1991–2003 SIPP.

Note: All dollar values expressed in year 2000 dollars.

What Is the Relationship between Program Rules and Asset Holdings?

Some of the 13 state program rules have important relationships with asset holdings. The results presented in table 2 and described below summarize findings from 12 different models: six measures of asset holding estimated across the two

study populations. Results from an additional specification—measuring the number of years since the state program rules were implemented—are also referenced below but not shown in table 2. For the full findings (rather than this summary), see McKernan and colleagues (2007).

AFDC/TANF Cash Assistance Rules: Consistent with the asset test effect, relaxing unrestricted account asset limits is associated with increased liquid asset holdings. Using a measure that captures the number of years since the unrestricted asset limit was increased above the AFDC limit of $1,000, we find a positive relationship (not shown). Each additional year the unrestricted asset limit was greater than $1,000 is associated with a 4 percent increase in liquid asset holdings. The results, however, are mixed. Using a current measure of the actual asset limit dollar value (rather than the number of years since the limit was relaxed beyond the AFDC $1,000 limit), we find no evidence that unrestricted account asset limits are linked with liquid asset holdings. These mixed findings are consistent with the literature (Hurst and Ziliak 2006; Nam 2008; Sullivan 2006) and could result because it may take time for information on program rules to filter down to participants. The "years since" model is designed to capture this time aspect. The results provide no evidence that unrestricted asset limits are related to net worth or vehicle assets.

More generous restricted account asset limits appear to increase liquid asset holdings, which is consistent with the fact that restricted accounts are typically held as liquid assets. For example, a $10,000 increase in the restricted account asset limit increases the amount of liquid assets held by 15 to 18 percent.[4] This finding is consistent with both the asset test and income effects hypotheses. Restricted accounts often receive a match for dollars saved, and the income from this match could provide an incentive to increase savings in order to obtain the match. As expected, we find no evidence that restricted account asset limits are related to vehicle asset holdings. There is some limited evidence that restricted account asset limits are negatively related to net worth, which is opposite to what we originally expected. These net worth findings may be explained by the fact that restricted accounts allow withdrawals only for certain purposes, such as education, homeownership, and business start-up. Investment for these activities is likely to bring long-term economic gains but may result in short-term losses.

The AFDC/TANF vehicle asset limit and monthly benefit level were not found to be related to any of the asset holdings measures. This finding is consistent with Nam (2008), who finds no effect of welfare vehicle asset limits on vehicle asset holdings, but contrary to Hurst and Ziliak (2006) and Sullivan (2006), who do find an effect.

Food Stamp Program Rules: The Food Stamp Program rules had no statistically significant relationship with liquid asset holdings. This is not a surprise because the FSP rules examined in this analysis focus on vehicle asset limits, not liquid asset limits.

Families in states with expanded categorical eligibility have significantly higher vehicle equity than those who live in states without expanded categorical eligibility. As mentioned above, states use categorical eligibility as a way to ease vehicle asset limits. The results suggest that expanded categorical eligibility is associated with a 27 to 40 percent increase in vehicle equity. The positive relationship between expanded categorical eligibility and vehicle asset holdings is consistent with the asset test and income effect hypotheses.

The results also suggest that vehicle exemptions are related to vehicle ownership and equity. Exempting at least one vehicle when determining Food Stamp eligibility is associated with a 4 percentage point increase in vehicle ownership and a 41 percent increase in vehicle equity. The evidence is mixed on whether these

TABLE 2. Statistically Significant Relationships between State Rules and Asset Holding

Program rule variable	Relationship with Liquid assets	Vehicle assets	Net worth
AFDC/TANF			
(1) Unrestricted asset limit			
(2) Vehicle asset limit, at least one vehicle			
(3) Restricted account asset limit	(+)		(–)
(4) Maximum monthly benefit for family of 3			
Food Stamps			
(1) FSP vehicle asset limit, at least one vehicle		(+)	(–)
(2) Expanded categorical eligibility		(+)	(+)
IDA			
(1) Maximum match rate			(+)
(2) Maximum amount qualified for match	(+)		(–)
(3) Eligibility beyond welfare recipients			(+)/(–)
Minimum wage and EITC			
(1) State EITC	(–)		
(2) Percentage of state EITC refundable	(+)		
(3) Minimum wage for FLSA-covered categories	(+)	(+)	(+)
(4) Minimum wage for non-FLSA-covered categories			

Source: Authors' analysis of SIPP data.

Note: A "+" represents a positive statistically significant relationship and a "-" represents a negative statistically significant relationship. No entry in a cell indicates that there is no statistically significant relationship.

increases in vehicle equity translate into increased overall net worth.

IDA Program Rules: Allowing higher amounts to be matched in IDA programs is associated with a small increase in liquid asset holdings for low-education families, consistent with the income effect hypothesis. Increasing the maximum amount qualified for a match by $10,000 is associated with a 5 percent increase in liquid asset holdings. These findings are corroborated by the "years since" specification, which finds that liquid asset holdings increase 5 percent with each additional year that a state-sponsored IDA program is available. We find no statistically significant relationship between two other IDA program rules—match rates and program eligibility beyond welfare recipients—and liquid asset holdings. Our findings are consistent with evaluations of the U.S.'s American Dream Demonstration and the United Kingdom's "Saving Gateway" program, which found that the match rate was less important than the maximum amount allowed for the match for increasing savings (Cramer 2007; Schreiner and Sherraden 2007).

The findings suggest that IDA program rules are not related to vehicle asset holdings and have a mixed relationship with net worth. The maximum match rate is associated with an increase in net worth, while the maximum amount qualified for a match is weakly associated with a decrease in net worth. We do find evidence, however, that who is eligible for an IDA program matters. Extending eligibility beyond welfare recipients is related to a $1,116 reduction in net worth for single mothers (the most likely welfare recipients) and a $1,548 increase in net worth for low-education families. This might result from IDA programs with a set amount of funds having fewer funds to target to the more disadvantaged welfare population when eligibility is broadened.

EITC and Minimum Wage: We find mixed evidence of the relationship between the state EITC and liquid asset holdings. Higher state EITC amounts are associated with reduced liquid asset holdings, while the percentage of the state EITC that is refundable is associated with increased liquid asset holdings. Higher EITC refunds could lead to higher liquid asset holdings because families have the option to save all or part of their tax refund (income effect). On the other hand, families could save less in anticipation of the tax refund (precautionary savings effect). The results provide no evidence that the state EITC is related to either vehicle asset holdings or net worth.

Finally, the results provide some evidence that increases in the minimum wage (for federally covered categories) is associated with increases in the liquid assets, vehicle assets, and net worth held. The results suggest that a $1 increase in the minimum wage is associated with a 13 percent increase in low-education families' liquid asset holdings, an 11 percent increase in vehicle equity, and a $895 increase in net worth. These findings are consistent with the income effect hypothesis.

Conclusion, Suggestions for Future Research, and Policy Recommendations

In summary, some of the 13 state program policies have important relationships with asset holdings. The relevant findings include the following:

- More generous state AFDC/TANF restricted asset account limits and (to a lesser extent) unrestricted asset account limits are associated with increased liquid asset holdings. However, AFDC/TANF vehicle exemptions are not associated with increased asset holdings.
- More generous state Food Stamp Program eligibility rules—vehicle asset limit and expanded categorical eligibility—are associated with increased vehicle ownership.
- More generous IDA program rules are associated with increased liquid asset holdings.
- An increase in the minimum wage (for federally covered categories) is associated with increases in liquid assets, vehicle assets, and net worth.

Although some state program rules and policies—especially those aimed at asset building—appear to affect the asset holdings of less-educated single mothers and other less-educated families, not all state asset-related program rules have the same effect. Restrictions on withdrawals and incentives built into restricted asset accounts and IDA programs may provide better motivation to build assets. Future qualitative research could shed additional light on the role that restricted account limits in means-tested programs play in asset building.

IDA research under way continues to shed light on the role that IDA programs play in asset building (see for example Schreiner and Sherraden 2007). We recommend using caution in interpreting the IDA program rule results presented here because the SIPP does not measure IDA program participation. As a result, the number of IDA program participants captured in the data is uncertain and could be small. The robustness of the IDA program findings, however suggest that IDA programs may be important.

Given the potential for restricted asset accounts to improve asset holdings (illustrated by our results and findings in the literature), states could simplify and make more equitable program rules related to restricted asset accounts. State means-tested policies on restricted asset accounts are inconsistent, inequitable, and confusing. Similar types of assets are treated differently. For example, savings in federally funded IDA accounts are exempt in some states but not savings in other similar IDA programs or college and homeownership savings programs (Rand 2007). And only savings in some types of retirement accounts (e.g., defined-benefit but not defined-contribution) are exempt in other states (Neuberger, Greenstein, and Orszag 2006).[5] States could simplify and clarify restricted asset account rules by exempting retirement accounts—such as 401(k) plans and IRAs—as well as other restricted savings accounts, such as those for education, homeownership, and small business ownership.

Findings from the literature and our analysis suggest that relaxed vehicle asset limits are associated with increased vehicle ownership. Since people often need a reliable car to get to work, further relaxing and simplifying vehicle asset limits—by exempting at least one vehicle in all states—

may increase employment and job stability, and thus improve the well-being of low-income families.

Current asset policies are often confusing for current and potential participants and likely costly to enforce. Asset tests vary widely across government social programs (Chen and Lerman 2005), contributing to confusion and administrative costs. The rules could be clarified and simplified by making them more consistent across means-tested programs, across states, and across similar asset types. Asset limits are used, along with income limits, to target program benefits. Given other program rules, asset limits may do little to prevent the less needy from participating, yet they make eligibility determinations more burdensome and costly. We recognize that the benefits from liberalizing asset tests may be offset by the cost of weaker targeting of benefits on the most needy. However, the costs of mistargeted benefits are not well understood and could be relatively low, especially compared with the costs of administering asset tests. Further research is required to determine the magnitude of these costs.

Notes

1. Four criteria are used to define IDA programs for this analysis: (1) matches savings when withdrawn for predefined purposes; (2) is funded at least partially from state government, including those from TANF and welfare-to-work programs (excludes programs funded solely by private foundations); (3) is established through state legislation or administrative rulemaking; and (4) is actually implemented.
2. The analyses of "presence of liquid assets" and "vehicle ownership" use linear probability models. The "value of liquid assets" and "vehicle equity" analyses use Tobit models and are designed to take account of the fact that a relatively large fraction of families in our sample does not hold liquid assets (41 to 67 percent) or own a vehicle (25 to 52 percent). The analyses of net worth are based on weighted ordinary least squares models.
3. For more information about the empirical approach, see McKernan and colleagues (2007).
4. A $10,000 increase may seem large to consider, but it reflects the variation in state policy; more than half the states that adopted restricted account asset limits set their limit at $10,000 or higher (Rowe and Versteeg 2005, 120–21). If only a small fraction of the low-income (education) population has the option of joining an IDA program or holding another type of restricted asset account, then the true magnitude of this relationship for families may be larger than what we capture here. Results from the additional specification measuring the years since the state made restricted account asset limits available find a very small positive, but not statistically significant, relationship with liquid asset holdings.
5. Liabilities are not typically considered in asset tests, further contributing to inequity, though counting liabilities could increase administrative burdens and further complicate the rules.

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Given the chance, many low-income families can acquire assets and become more financially secure. Conservatives and liberals increasingly agree that government's role in this transition requires going beyond traditional antipoverty programs to encourage savings, homeownership, private pensions, and microenterprise. The Urban Institute's *Opportunity and Ownership Project* policy brief series presents some of our findings, analyses, and recommendations. The authors are grateful to the Ford Foundation and the Annie E. Casey Foundation for funding the policy briefs.

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