

## 10.5 RESERVED FOR FUTURE USE

DUE TO DELETIONS SECTION 10.5, PAGES 84 - 112 ARE  
RESERVED FOR FUTURE USE



Projected income is determined as follows.

Step 1: See above.

Step 2: See above.

Step 3: Earnings of  $\$700 \div 4 = \$175$  average.  
UCI of  $\$150 \div 2 = \$75$  average.  
Earnings of  $\$1200 \div 12 = \$100$  average.

Step 4: Weekly earnings of  $\$175 \times 4.3 = \$752.50$  converted.  
Biweekly UCI of  $\$75 \times 2.15 = \$161.25$  converted.  
Annual contract earnings =  $\$100$  converted.

Step 5:  $\$752.50$   
 $+100.00$   
 $\$852.50$  Projected monthly earned income

Step 6:  $\$161.25$  Projected monthly unearned income

B. INCOME DISREGARDS AND DEDUCTIONS

The following disregards and deductions are applied to income.

1. Earned Income

If new employment is not reported, without good cause, within 10 days of the date a benefit group member or sanctioned person begins the employment, the earned income disregards and deductions are not applied to any month's income for which earnings were not reported. These same disregards and deductions are not applied to any earnings received during the time the employment is unreported. Each month of no disregards and deductions counts as one of the four consecutive months of the  $\$30 + 1/3$  Earned Income Disregard.

The following disregards and deductions are applied to earned income.

a. Standard Work Deduction

A standard deduction of \$90 for work expenses is deducted from the gross earned income of each employed individual.

This deduction is applied by the Worker prior to entry into the C-219 system. See Chapter 23.

b. \$30 + 1/3 Earned Income Disregard

The remaining amount of income for each individual, after the deduction outlined above, may be subject to the \$30 + 1/3 Disregard of the remainder.

Some cases must meet an income test to be eligible for this disregard. See item C,2.

(1) General Requirements for All Cases

When more than one individual has earnings, the Disregard is applied separately to each individual.

Use of the \$30 + 1/3 Disregard is limited to 4 consecutive months. The individual may not receive it again until he has been a non-recipient for 12 consecutive months.

An individual receiving Extended Medicaid or Transitional Medicaid coverage is considered a non-recipient. However, an individual not receiving a money payment, because the benefit group is eligible for less than \$10, is considered a recipient of TANF.

**NOTE:** If a sanctioned individual has received 4 consecutive months of the \$30 + 1/3 Disregard, he may not receive it again until the case has been closed for 12 consecutive months.

(2) Interruption of the \$30 + 1/3 Disregard

When an individual requests case closure, solely to avoid the expiration of the 4-month limit, he is not eligible for the Disregard again after the original expiration date, until the case is inactive for 12 consecutive months.

When the case is closed for any other reason prior to the fourth month, the individual is eligible for another 4 consecutive months of this Disregard.

**EXAMPLE:** An individual received the \$30 + 1/3 Disregard for income he received in May and June. He received no income in July due to a layoff. He returns to work in December and the \$30 + 1/3 Disregard is again applied to his income for 4 consecutive months.

c. \$30 Disregard

After the \$30 + 1/3 Disregard has been applied in 4 consecutive months, the \$30 disregard continues for 8 consecutive months. At the end of 8 consecutive months, an individual is not eligible to receive the \$30 Disregard again until he has been a non-recipient of TANF for 12 consecutive months.

This 8-month period continues whether the \$30 Disregard is actually applied or not.

**EXAMPLE:** A recipient goes to work in January. He receives the \$30 + 1/3 Disregard for income received in January, February, March and April. The \$30 Disregard begins in May. In July, the client loses his job. The 8-month period continues through December. The client returns to work in September, and the \$30 Disregard is applied to the income earned in September through December.

When the client becomes ineligible for TANF after receiving the \$30 + 1/3 Disregard for 4 consecutive months, but before 8 additional months of the \$30 Disregard have been available, the client is eligible for the remaining months of the \$30 Disregard, if he returns to TANF during that time. The \$30 Disregard is available to the client who lost eligibility due to the end of the \$30 + 1/3 Disregard and becomes an

applicant during the 8-month period of the \$30 Disregard, even if the client was not a recipient during one of the 4 prior months.

**EXAMPLE:** A TANF client begins working in January. He receives the \$30 + 1/3 Disregard for the earnings he received in January, February, March and April. The case is closed effective June because the client is no longer eligible without the application of the \$30 + 1/3 Disregard. His hours are reduced in November and he reapplies for TANF. He is eligible for the \$30 Disregard for the earnings received in November and December.

When a client does not receive TANF during the 8-month period of the \$30 Disregard, it is not intended that he must be a non-recipient for 20 months (8 months of \$30 Disregard, plus 12 months of non-receipt of TANF) in order to qualify again for the \$30 + 1/3 Disregard.

**EXAMPLE:** A client's case is closed effective May, because his earned income is excessive after discontinuance of the \$30 + 1/3 Disregard. He does not receive TANF for 12 consecutive months. In June of the following year, he reapplies for TANF. He is eligible again for the \$30 + 1/3 Disregard, if he meets the 185% and the 100% of Need tests.

**EXAMPLE:** Same situation as above except that the client retains eligibility through application of the \$30 Disregard through July. In July, his earnings increase and his case is closed effective July. In August of the following year, he reapplies for TANF and is eligible again for the \$30 + 1/3 Disregard, if he meets the 185% and the 100% of Need tests.

d. Dependent Care Deduction

When the employed benefit group member or sanctioned parent must pay for dependent child or incapacitated adult care to accept or continue employment or training, a deduction from income must be allowed. The amount must be allowed, as paid, up to the maximum amounts shown below. The maximum amounts are

based on the age of the dependent and are the maximum amounts allowed for

each dependent. The dependent need not be receiving TANF for the deduction to apply.

AGE OF DEPENDENT DEDUCTION	MAXIMUM MONTHLY
Under Age 2	\$200
Age 2 or Over	\$175

Only payments made from the client's own funds are deductible. Clients with these expenses must be offered a referral to the Office of Social Services for help in meeting these expenses. However, there is no penalty for failure to accept these services.

## 2. Unearned Income

The only unearned income disregard or deduction is the first \$50 of child support received. This is the Child Support Incentive.

Special consideration must be given to applicants as follows.

If the client is receiving child support payments at the time of application, and the application is approved, it may not be possible or practical for him to redirect the support payment received during the effective month of approval. It is also possible that the child support, which has already been redirected to CSED, has been released to the client. In these situations, the first \$50 is disregarded and the remainder is counted as income.

The client is not considered out of compliance with the redirection requirement if he fails to redirect when:

- The child support payment is received during the effective month of approval of the application. The Worker considers the unredirected child support payment in excess of \$50 as income only in the month of application.
- It is the initial child support payment that is received by a recipient. The overpayment is recovered through the CSED repayment process and the child support payment is not counted as income.



All child support must be redirected. Any child support received as payment on arrearages must be counted as unearned income in the month received.

C. DETERMINING ELIGIBILITY AND BENEFIT LEVEL

**NOTE:** The income of the sanctioned person is included in determining the amount of income available to the benefit group. However, the needs of the sanctioned person are not considered in any step of the eligibility determination process.

**NOTE:** Earned income of an applicant dependent child, who is a full-time student, is excluded from the 185% and the 100% of Need tests for up to six months per calendar year. The months need not be consecutive.

Earned income of an applicant dependent child, who is a half-time student, is counted for the 185% and the 100% of Needs tests.

1. Determining Eligibility - 185% of Need Test

The benefit group is ineligible in any month that its non-excluded gross monthly income exceeds 185% of the Standard of Need. The test is applied as follows:

Step 1: Add together the total non-excluded gross earned income, the gross profit from self-employment and the non-excluded gross unearned income of the benefit group and any sanctioned person(s).

Step 2: Determine the 185% of Need amount in Appendix A of this Chapter, for the appropriate benefit group size.

Step 3: If the amount in Step 1 is greater than the amount in Step 2, the benefit group is ineligible.

Step 4: If the amount in Step 1 is equal to or less than the amount in Step 2, the benefit group is eligible for further determinations.

2. Determining Need - 100% of Need Test

**NOTE:** Once the 185% of Need test is passed, redirected child support is excluded.

After the 185% of Need test (item 1 above) is met, it is necessary to determine if the 100% of Need test is applicable. The following situations require that the 100% of Need test be met:

- The applicant benefit group has never received TANF or AFDC/U.
- When the case has been inactive for at least 4 consecutive months preceding the month of reapplication.
- An individual who has never received TANF or AFDC/U is added to an existing benefit group. The test is made for the entire benefit group, without application of the \$30 + 1/3 Disregard to the earnings of the new member.
- An individual, who has not received TANF or AFDC/U for the 4 consecutive months preceding the month he is added to the benefit group, is added to an existing benefit group. The test is made for the entire benefit group, without application of the \$30 + 1/3 Disregard or the \$30 Disregard to the earnings of the new member.

When the 100% of Need test is applicable, the determination is made as follows:

- Step 1: Add together total non-excluded gross income of the benefit group and any sanctioned person(s).
- Step 2: The Standard Work Deduction and Dependent Care Deduction are applied to the earned income of each benefit group member and each sanctioned person, if applicable.
- Step 3: Determine the 100% of Need amount in Appendix A for the appropriate benefit group size.
- Step 4: If the amount resulting from Step 2 is greater than Step 3, the benefit group is ineligible.
- Step 5: If the amount resulting from Step 2 is equal to

or less than Step 3, the benefit group is eligible for further determinations.

3. Benefit Reductions and Incentives

- a. Non-Benefit Group Members or Non-Disqualified Individuals Living With the Benefit Group - Benefit Reduction

There is no TANF benefit reduction when the TANF benefit group lives with others.

- b. Benefit Group Includes Legally Married Parent(s) - Marriage Incentive

There is no Marriage Incentive benefit increase in TANF.

- c. Child Support Incentive

See item B,2 above.

4. Determining Countable Income

Once the 100% of Need test is met, if applicable, the following steps are taken. For cases which do not require the 100% of Need test, the following steps are taken after the 185% of Need test.

Step 1: Add together the non-excluded gross earned income of the benefit group and any sanctioned persons.

Step 2: Subtract the Standard Work Deduction for each person who works.

Step 3: Subtract the \$30 + 1/3 or \$30 Disregard for each person who is eligible for it.

Step 4: Subtract the Dependent Care Deduction for each person who pays dependent care.

Step 5: Add the non-excluded unearned income of the benefit group and any sanctioned person. The resulting amount is the countable income.

Step 6: Determine the maximum check amount for the

benefit group size, using Appendix A.

Step 7: If the amount arrived at in Step 5 equals or exceeds the amount in Step 6, the case is ineligible. If the amount arrived at in Step 5 is less than the amount in Step 6 and there is no recoupment, the check amount is the difference between Step 5 and Step 6. If there is a recoupment, the check amount is

the difference between Step 5 and Step 6, minus the recoupment amount.

D. SPECIAL SITUATIONS

1. Categorical Eligibility

Food Stamp Categorical Eligibility has no bearing on the check or how the check is issued.

2. Expedited Service

The Food Stamp requirement of Expedited Service has no bearing on the check or how the check is issued.

### 3. Destitute Benefit Groups

The Food Stamp requirement of Destitute Benefit Groups has no bearing on the check or how the check is issued.

### 4. Self-Employment Income

When the benefit group member or disqualified individual(s) receives self-employment income, the instructions below must be used to arrive at the gross profit which is used to calculate countable income. This is determined by subtracting allowable business expenses from the gross income.

#### a. Determining Gross Income

The method used to determine monthly gross income from self-employment varies with the nature of the enterprise. It is necessary to determine which of the following types of self-employment applies to the client's situation. Once the pattern of self-employment is determined, this is used to determine how the income is counted.

##### (1) Persons Receiving Regular Income

These persons receive income on a more or less regular schedule (weekly, monthly, etc.), or receive a specific amount from the business each week or month and/or receive the balance of profit from the enterprise at the end of the business year.

The income of people in this situation is converted to a monthly amount according to item A above.

Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

##### (2) Persons Receiving Irregular Income

Many persons derive income from short-term seasonal self-employment. This seasonal enterprise may be the major source of income for the year, or the income may be only for the

period of time the person is actually engaged in this enterprise, with other sources of income being available during the remainder of the year. Persons who are seasonally self-employed include vendors of seasonal commodities (produce, Christmas trees, etc.), or other seasonal farmers.

Cash-crop farmers and other persons similarly self-employed receive their annual income from self-employment in a short period of time and budget their money to meet their living expenses for the next 12 months. Included in this category are some seasonal farmers, when the seasonal income is the primary support for the year.

Since the income is seasonal, it must be averaged over the period of time it is intended to cover, even if it is the major source of income for the year. However, if the averaged amount of past income does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income is calculated based on anticipated earnings.

Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

### (3) New Business

Benefit groups with a new business that has been in existence less than a year have their income averaged over the amount of time the business has been in operation. From this, the monthly amount is projected for the coming year. However, if the averaged amount of past income does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income is calculated based on anticipated earnings.

Incurred business expenses are also averaged over the amount of time the business has been

in operation. However, if the averaged amount of past expenses does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease



in business, the expenses are calculated based on anticipated costs.

b. Determining Gross Profit

Gross Profit from self-employment is the income remaining after deducting any identifiable costs of doing business from the gross income.

(1) Deductions

Examples of allowable deductions are:

- Employee labor costs
- Stock and supplies
- Raw material
- Seed
- Fertilizers
- Repair and maintenance of machinery and/or property
- Cost of rental space used for conducting the business
- Insurance premiums and taxes paid on the business and business property
- Interest and taxes, but not the principal, paid on installment payments to purchase capital assets such as real estate, machinery, equipment, etc.
- Interest and taxes on the client's residence which is used in part to produce income. This is applicable only if the costs on the portion of the home used in the self-employment enterprise can be identified separately.
- Advertising costs
- Utilities

- Office expenses (stamps, stationery, etc.)
- Legal costs

Do not deduct the following:

- Money paid to purchase capital assets, such as real estate, machinery, equipment, etc. Interest is deducted, if paid in installments.

**EXAMPLE:** The cost of purchasing a new furnace is a capital expenditure and only the interest on installment payments is deducted. A repair of a furnace is a routine repair and is deducted in its entirety.

- Federal, State or local income taxes
- Money set aside for retirement
- Travel from home to a fixed place of business and return
- Depreciation
- Principal of real estate mortgages on income-producing property
- Amounts claimed as a net loss

(2) Rental Income Deductions

In addition to the deductions in item (1) above, the following expenses are deducted from

rental income:

- Utility bills paid for tenants
- Property tax and insurance on the rental property
- Repair and upkeep of the property
- Interest, but not the principal, on necessary purchases made in installments, such as the purchase of a new furnace

5. Migrant Farm Laborers With Seasonal Employment

Income of migrant farm laborers is treated the same as the income of any other applicant or recipient.

6. Annual Contract Employment

This section applies to any person employed under a yearly contract, such as school employees, including bus drivers, cooks, janitors, aids and professional staff.

These individuals have their annual income prorated over a 12-month period. Additional earnings, such as for summer work, are added to the prorated amount during the time additional earnings are received.

Although a person may not have signed a new annual contract, he is still considered employed under an annual contract when the contract is automatically renewable, or when he has implied renewal rights. Implied renewal rights are most commonly associated with school contracts.

**NOTE:** This section does not apply during strike and disaster situations when the other party to the contract cannot fulfill it; or, when labor disputes interrupt the flow of earnings specified in the contract.

7. Educational Income

All student financial assistance, funded in whole or in part under Title IV of the Higher Education Act or the Bureau of Indian Affairs, is excluded in its entirety.

Treatment of educational income and expenses depends upon the source of income and the intended use.

a. Sources Which are Totally Excluded

Funds from the following sources are totally excluded:

- Pell Grants
- SEOG
- Guaranteed Student Loans, including PLUS loans and Supplemental Loans for Students

- State Student Incentive Grants
- Perkins Loans, formerly National Direct Student Loans
- CWS funded under Title IV of the Higher Education Act
- All financial education grants or loan programs authorized by a statute administered by the national Department of Education.
- RSDI benefits received by 18-22 year olds because they are full-time students.
- Loans for educational expenses which meet the definition of a bona fide loan, as found in Section 10.1, Definitions.

b. College Work Study (CWS) Program

**NOTE:** Income received from CWS Programs, funded in whole or in part under Title IV of the Higher Education Act, is excluded.

CWS not funded under Title IV, is totally excluded, unless any portion of the income is specifically earmarked for items of need included in the check (shelter, utilities, food, clothing not needed for the program or course of study, or incidentals).

Because income is usually paid to the student on the basis of work performed, not in one lump sum, its treatment is different than that of other educational benefits. Treatment of this income depends upon whether or not the amount to be earned in one semester is known at the beginning of the semester.

(1) Earnings Known At Beginning of Semester

When the amount of the earnings, or maximum amount which can be earned, is known at the beginning of the semester, the Worker prorates any portion, specifically earmarked for items of need, over the period of time it is intended to cover.



(2) Earnings Unknown At Beginning of Semester

When the amount of the earnings is not known at the beginning of the semester, any portion of the CWS income specifically earmarked for items of need is treated as earned income and converted to a monthly amount according to item A. All earned income disregards and deductions apply.

c. Other Sources

Educational funds from any source, other than those listed in items a. and b. above, are totally excluded as being earmarked for educational purposes, unless any portion of the funds is specifically earmarked for items of need included in the check (shelter, utilities, food, clothing not needed for the program or course of study, or incidentals).

Any of the funds specifically earmarked for items of need are counted as unearned income and prorated over the period of time they are intended to cover.

8. Deeming

a. General Rules For Deeming of Income

The following general rules for deeming are applicable:

- Income is deemed from a major parent(s) to minor parents.
- For income to be deemed from one person to another, the individuals must be living together.
- Income of the SSI recipient is never deemed to any other individual. This applies to all income of the SSI recipient, not just the SSI amount.

**NOTE:** In some cases, payments made to former SSI recipients are deemed. See item b. below.

- Income of a grandparent is never deemed to a grandchild.
- When determining eligibility, income of a stepparent is deemed to the spouse and/or to the dependent step-children. This includes situations when the parent is not in the home and the stepparent chooses not to be included in the check.
- A parent's income is deemed by counting it in its entirety, whether they are in the benefit group or not.
- AFDC/U income exclusions apply to deemed income.
- The only earned income deduction that applies to deemed income, from someone other than a parent, is the Standard Work Deduction.

b. Deeming from Stepparent

To deem income from a stepparent, he must not be included in the benefit group. When included, all of his income is counted. Any lump sum payment received by the stepparent is counted as income in the month received and is not prorated. This includes a retroactive SSI lump sum payment made to a stepparent whose SSI eligibility no longer continues. When deeming to the spouse or step-children, the 100% of Need Standard is used for the expenses of the ineligible.

See item d. below for deeming from a stepparent to a minor parent.

Instructions to determine the deemed amount are as follows:

Step 1: Apply the Standard Work Deduction to the gross non-excluded earned income or gross profit from self-employment.

Step 2: Add any non-excluded unearned income of the stepparent.



Step 3: From the amount arrived at in Step 2, subtract an amount equal to the appropriate Standard of Need from Appendix A for the number of ineligible individuals living in the home, including the stepparent, who are, or could be, claimed by him as dependents for federal income tax purposes. Do not include a parent of the TANF children who is not included in the benefit group.

Step 4: Subtract any amounts he actually pays to persons not living in the home, but who are, or could be, claimed by him as dependents for federal income tax purposes.

Step 5: Subtract any child support or alimony actually paid to individuals not living in the home.

The remaining amount is deemed as unearned income to the benefit group.

c. Deeming from the Spouse of a Caretaker Relative Who is Not the Parent

When the child is in the home of a specified relative other than the natural or adoptive parents, only one relative is included in the benefit group. If the specified relative, who is included in the benefit group, has income, all of this income is counted. When the spouse of an included non-parent caretaker relative has income, it is deemed according to instructions in item b. above. When the non-parent caretaker relative is not included in the benefit group, neither the non-parent caretaker relative's income nor his spouse's income is deemed to the TANF children.

d. Deeming from Major Parent(s)

A Major Parent (MP) is defined as a parent(s) of a minor parent (under 18 years of age).

**NOTE:** See Chapter 9 to determine the benefit group composition.

This provision requires the deeming of income when a minor parent (mp) and the mp's dependent child live with the MP(s). The income of the MP(s) is deemed as if he were a member of the benefit group, when the mp is included as a dependent child, i.e., it is counted in its entirety. However, when the mp is included as the caretaker relative of her child or as the non-caretaker parent, the income of the MP(s) is deemed as found below in Steps 1 through 5.

School attendance by the minor has no effect on this provision. If the mp, is included as the caretaker relative, the income of the MP(s') is deemed as follows:

- Step 1: Apply the Standard Work Deduction to the gross non-excluded earned income of each MP(s).
- Step 2: Add the non-excluded unearned income of the MP(s).
- Step 3: From the amount arrived at in Step 2, subtract an amount equal to the appropriate Standard of Need (C/U 100% SON) in Appendix A for the number of ineligible individuals, living in the home, including the MP(s), but not including the mp, who are claimed as dependents for federal income tax purposes.
- Step 4: Subtract any additional amounts he actually pays to persons not living in the home, but who are, or could be, claimed as dependents for federal income tax purposes.
- Step 5: Subtract any child support or alimony actually paid by the MP(s) to individuals not living in the home.

The remaining amount, if any, is deemed as unearned income to the benefit group.

When the MP(s) is included in the benefit group with

the mp, all of the income of the MP(s)' is counted. When the MP's spouse is a stepparent, and the mp is in the MP's benefit group as a dependent child, the stepparent's income is deemed. See item b. above. When the MP's spouse is a stepparent, and the mp is the caretaker relative in her own case or is the non-caretaker parent, no income is deemed from the stepparent to the mp.

Regardless of who is included in the same benefit group, the MP is always financially responsible for the mp and the mp is always financially responsible for the child.

e. Deeming from Sanctioned Parent(s)

The parent is normally required to be in the benefit group. However, he may be ineligible due to a sanction. If so, his income is treated as found below.

(1) Ongoing Income

The ongoing income of a sanctioned parent is treated as if the parent were included in the benefit group, and the same exclusions, disregards and deductions he would normally receive are applied. However, the disqualified parent is not included in the benefit group and is not used in determining eligibility or benefit level. He is subject to the same income reporting requirements applicable to the benefit group.

(2) Lump Sum Payment

When a sanctioned parent receives a lump sum payment, it is counted as if he were in the benefit group. However, he is not included in the number of eligibles when determining the appropriate Standard of Need to use for prorating the lump sum payment.

9. Strikers

When an individual, who must be included in the TANF

benefit group, is a striker, the entire benefit group is ineligible for TANF. See Section 10.4,D,9,a for the definition of a striker.

10. Irregular Income

Regardless of the source, irregular income is excluded because it cannot be anticipated.

## 11. Lump Sum Payments

The lump sum payment policy applies to applicants, when the lump sum is received in the month of application, and to all recipients. Because the client is expected to use the lump sum for general living expenses, a period of ineligibility must be calculated.

The ES-2 notifies all applicants and recipients of the lump sum payment policy. However, the Worker must also advise the client of the lump sum payment policy when the client notifies the Worker of receipt, or the possibility of receipt, of a lump sum payment.

**NOTE:** Assets converted from one form to another are not counted as lump sum payments. See Chapter 11.

The number of months in the period of ineligibility is determined by dividing the lump sum amount by the Standard of Need for the benefit group size. See item 8,e,(2) for deeming a lump sum payment from a sanctioned person.

For any partial month remaining after the division, the amount of the lump sum payment which remains is counted as income. The number of months the case is ineligible, because of the receipt of the lump sum payment, and the amount of income counted for any remaining partial month, is determined as follows.

### a. Determining Countable Amount

The total amount of the lump sum payment is counted, except for the amount used as described below. The following portions of a lump sum payment are not counted.

- Lump sum payments that are earmarked and used for the purpose for which they are intended (e.g., monies for back medical bills resulting from injury, or funeral and burial costs) are deducted. In addition, lump sum payments that are intended and used for replacement or repair of an asset (e.g., monies to replace a defective automobile) are deducted.



- Any of the lump sum funds, obligated and used for legal fees as a result of the efforts of the attorney to obtain the lump sum payment, are deducted.

**EXAMPLE:** A client's home is destroyed by fire. He receives an insurance settlement of \$16,500. With \$10,000 of this settlement, he purchases a mobile home. Only \$6,500 is counted as a lump sum payment.

b. Computing the Period of Ineligibility

After applying appropriate exclusions, disregards and deductions to other income received for the month, add the lump sum payment to all other monthly income. When the total amount is less than the payment amount for the number in the TANF benefit group, the lump sum payment is counted as income in its entirety for one month.

When the total amount is less than the Standard of Need for the number in the benefit group, but more than the check amount for the benefit group found in Appendix A, the case is ineligible for one month. The amount in excess of the check amount is not counted as income for the following month.

When the total amount is greater than the appropriate Standard of Need, divide the lump sum payment by the appropriate Standard of Need. The case is ineligible for the full number of months equal to the result of the division. Ineligibility begins the month of receipt.

When a fractional amount remains, there is an amount that must be counted as income in the month following the month the period of ineligibility ends. The procedure to determine this amount is as follows:

- Multiply the Standard of Need by the number of full months the case has been determined ineligible.
- Subtract this figure from the total lump sum.





- The remaining amount is counted as income in the month after the last month of ineligibility.

The persons in the benefit group when the lump sum payment is received, remain ineligible for the period determined by the above procedures, regardless of any changes which may occur during that period, unless the period of ineligibility is shortened as found below in item c. When an individual is born or returns to a family whose members are ineligible due to receipt of a lump sum payment, the individual is treated as a separate benefit group. If all other eligibility factors are met, the individual is eligible. None of the lump sum amount is deemed to the new family member. All other policy and procedures for counting income apply.

Only the new family member(s) is included in the benefit group and is used when determining the appropriate eligibility limits.

**EXAMPLE:** A child is born to a family whose members are ineligible due to the prior receipt of a lump sum payment. A separate case is established for the child. The parent's income is \$130 unearned income per month, not counting the lump sum payment. The child is eligible for a check of \$19.

The lump sum payment is treated as described above, even if it is spent in a shorter time period, unless the period of ineligibility can be shortened as found below.

c. Shortening the Period of Ineligibility

The period of ineligibility may be shortened only for the following reasons and by the following procedures:

(1) Reasons

When all or part of the lump sum payment becomes unavailable to the benefit group, due to circumstances beyond its control, as specified below, the period of ineligibility is

shortened. This may be done at any point between the time the lump sum payment is received and the period of ineligibility expires. Once the period of ineligibility expires, no consideration is given to shortening the time period retroactively. The lump sum amount is considered unavailable only in the following situations:

- The lump sum payment was, totally or in part, destroyed by fire, flood or other natural disaster. This refers to destruction of the money itself, not the goods purchased with it or destruction of replaceable checks or bonds.
- The lump sum payment was, totally or in part, stolen from the benefit group. This refers to the money itself, not the theft of goods purchased with it or the theft of replaceable checks or bonds.
- A member of the benefit group gained access to all or part of the lump sum payment, abandoned the remaining benefit group members and left them without access to it. The loss of all or part of the lump sum in this way refers to the loss of the money itself or checks, bonds, etc., when payment cannot be stopped, not the taking of goods purchased with it. Moving to another place of residence, with the family relationship still intact, is not sufficient to justify shortening the period of ineligibility. There must be abandonment of the other benefit group members. If one or both of the parents left with the lump sum, the definition of absence must be met.

When the benefit group member who left with all or part of the lump sum returns to the home, the period of ineligibility resumes the month he returns and continues until the month the origi

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- The lump sum payment has been or will be expended, totally or in part, to meet a life-threatening situation. To meet this criteria for shortening the period of ineligibility, it must be shown that the funds in question were used or will be used to avert a life-and-death situation for a benefit group member or a situation which is seriously detrimental to the health of a benefit group member.

**NOTE:** For cases involving life-threatening situations, the IM Policy Unit in OFS must be contacted in writing. The memorandum must fully explain the situation and include: how the money was or will be spent, the date spent or to be spent and the nature of the life-threatening situation. The final decision is made by the Director of the Policy Unit. Examples of situations which have been approved are: purchase of a refrigerator to store a baby's milk, medical needs, purchase of vehicles for regular ongoing visits to medical facilities. If the Worker has any doubt about referring a case to the Policy Unit, he must make the referral.

(2) Procedures

The period of ineligibility is shortened as follows:

- Step 1: Determine the original amount of the lump sum payment.
- Step 2: Subtract the amount unavailable due to circumstances beyond the control of the benefit group.
- Step 3: Prorate the remainder, using the original first month of the ineligibility period as the new first month of ineligibility, using the same monthly income, if any,

and the same Standard of Need used in the original proration.

If the client becomes eligible as a result of the recomputations, he is treated like any other applicant. The date of application is the date contact is made about the recomputation. Benefits are prorated from the date eligibility is established. Retroactive or corrective payment is not made for any period between the time the lump sum became unavailable and the date eligibility is reestablished.

It is the unavailability of the lump sum payment amount itself that is explored, not the loss of goods purchased with the lump sum.

**EXAMPLE:** A family of 5 receives a lump sum payment of \$3,000 in August. The lump sum payment was retroactive RSDI benefits received due to the father's disability. The family was found ineligible for two months, with \$198 counted as income in the third month. Late in August, the father abandons the family, taking all of the lump sum payment with him. The current benefit group, therefore, has none of the lump sum available to them and the circumstances are beyond the family's control. There is, therefore, no period of ineligibility.

**EXAMPLE:** Same as above except that the father returns to the home on September 20th. The family becomes ineligible for September and \$198 is counted as income in October. Repayment is not sought for August when the father

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home.

**EXAMPLE:** A family of 4 receives a lump sum payment in April. It is determined that they are ineligible for six (6) months. In June, they report to the local office that they used most of the lump sum amount to pay back money owed to the wife's parents who made trailer payments for them for several months so they would not lose the trailer. Since the use of the money was under the control of

the benefit group, the period of ineligibility is not shortened.

**EXAMPLE:** Same situation as above except that the family used most of the lump sum to pay for the birth of a new baby. The use of the money was under the control of the benefit group, so the period of ineligibility cannot be shortened for this reason. However, the case must be submitted to the Policy Unit for consideration as a life-threatening situation.

**EXAMPLE:** A family receives a lump sum payment of \$12,000. The recipient sets up a trust fund for each of his children in the amount of \$4,000 each. The trust funds stipulate that the children may not receive any of the money until they turn 21 years of age. Use and control of the lump sum amount belonged to the benefit group when the trust funds were set up, so the period of ineligibility is not shortened.

**EXAMPLE:** A family of 3 received a lump sum payment of \$2,133 in July. They were determined ineligible for two (2) months, with \$151 counted as income in the third month. In July, they purchased a new television set and a new refrigerator. The remainder of the money, \$150, was kept in the house. In August, the client reports that the house and all the contents were destroyed by fire. The period of ineligibility is redetermined as follows:

\$2,133	Original lump sum amount
<u>- 150</u>	Amount destroyed
\$1,983	New amount which is prorated

The family remains ineligible for July and August with \$1.00 counted as income in September.

**EXAMPLE:** A family of 4 receives a lump sum payment of \$3,834 in December. They are determined ineligible for 3 months. In February, the client reports that \$2,500 was stolen early in February. He reapplies on February 10th and is found eligible on that date. The recomputation is as follows:

\$3,834	Original lump sum amount
<u>-2,500</u>	Amount stolen
\$1,334	New amount which is prorated

The \$1,334 ÷ \$1,196 (100% Standard of Need for 4 persons) = 1 month of ineligibility with \$138 counted as income in January. The client, therefore, is eligible for a prorated check amount in February.

**EXAMPLE:** Same situation as above except that the money was stolen on January 10th. The result is the same as above since the client did not reapply and establish eligibility until February 10th.

## 12. Withheld Income

### a. From Earned Income

Earnings withheld to repay an advance payment are disregarded, if they were counted in the month received. If not counted in the month received, the withheld earnings are considered income. No other earned income is excluded from consideration just because it is withheld by the employer.

### b. From Unearned Income

All withheld unearned income is counted, unless an amount is being withheld to repay income that was previously used to determine AFDC/U, TANF or WV WORKS eligibility.

## 13. Funds Diverted To A Pass



Funds diverted to a PASS account are counted as earned or unearned income, depending on the source.

14. Unstated Income

There is no provision for counting unstated income.

15. Spenddown

The Medicaid spenddown provision does not apply.

16. Unavailable Income

Income intended for the client, but received by another person with whom he does not live, when the individual receiving this income refuses to make it available, is excluded.

17. Income Received For A Non-Benefit Group Member

Income received by a member of the benefit group, which is intended and used for the care and maintenance of an individual whose income is not used in determining eligibility or the benefit level of the payee's benefit group, is excluded.