



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number:

99-48

Effective Date: July 1, 1999

Issuance Date: June 4, 1999

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS/CASE MANAGERS**

**FROM: *Robert J. Everhard*
ROBERT J. EVERHARD, EXECUTIVE DIRECTOR**

RE: INCREASE IN EARNED INCOME DISREGARD

PROGRAM AFFECTED: TEMPORARY CASH ASSISTANCE

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY:

Action Transmittal FIA/OPA # 97-90 notified local departments of a two tiered earned income disregard for Temporary Cash Assistance (TCA) beginning July 1, 1997, as required by a provision of the Welfare Innovation Act of 1997. An initial 20 percent income test is conducted to determine an applicant's eligibility for TCA benefits. Employed applicants who pass the initial 20% income test are allowed a 26% income disregard.

An Act concerning the Family Investment Program - Earned Income Disregard, enacted by the General Assembly of Maryland, increases the TCA earned income disregard from 26% to 35% effective July 1, 1999. There is no change in the 20% initial test for applicants or in the 50% disregard allowed to TCA self-employed applicants or recipients.

In addition, the Act makes customers receiving the new 35% disregard exempt from federal or state time limits. Therefore, these families are considered part of the state-funded TCA program.

ACTION REQUIRED:

Effective July 1, 1999, the 35% income disregard is applied to employed TCA applicants and recipients as follows:

□ **TCA Applicants**

- Employed applicants continue to have an initial 20% income test conducted (on CARES), allowing verified child care costs (up to the allowable limit) and child support paid outside of the assistance unit as part of the test, to determine their eligibility for TCA.
- If the assistance unit passes the initial 20% test, CARES automatically allows the new 35% earned income disregard and verified child care costs (up to the allowable limit) when determining the TCA benefit amount.
- These families are not subject to any federal or state time limits. Therefore, if CARES is coded correctly, the CARES counter will not advance for these assistance units.

EXAMPLE 1: Mr. Dorchester applies for himself and two children. He is employed and has gross earnings of \$400 per month. There are no child care costs, however he pays \$80 per month in child support for his child not living in his home. All other TCA requirements have been met.

Step 1

Gross monthly earnings	=	\$400	
20% Disregard	=	- 80	
Net Countable earnings	=	\$320	Passed initial 20% income test.

Step 2

Gross monthly earnings	=	\$400	
35% Disregard	=	- 140	
Child support paid	=	- 80	
Net countable earnings	=	\$180	

Step 3

TCA benefit for 3	=	\$399	
Net countable earnings	=	-180	
Grant amount	=	\$219	

EXAMPLE 2: Ms. Howard applies for herself and two children. She is employed and has gross earnings of \$650 per month. She pays \$100 per month in child care. All other TCA requirements have been met.

<u>Step 1</u>			<u>Step 2</u>		
Gross monthly earnings	=	\$650	TCA Grant for 3	=	\$399
<u>20% Disregard</u>	=	<u>-130</u>	<u>Net earnings</u>	=	<u>\$420</u>
		\$520	Failed 20% income test		
<u>Child Care</u>	=	<u>-100</u>			
Net countable earnings	=	\$420			

The applicant's net countable earnings exceed the allowable grant for her household size, the assistance unit fails the initial 20% income test and the case is denied.

SPECIAL NOTE: IF MS. HOWARD ALSO APPLIED FOR FOOD STAMPS AND/OR MEDICAL ASSISTANCE, ELIGIBILITY FOR THOSE PROGRAMS MUST BE DETERMINED.

□ **TCA Recipients**

- Employed recipients' earned income disregard automatically increases from 26% to 35% effective July 1, 1999. The increased disregard affects the following cases:
 - In an active, no-pay status for grants under \$10
 - Receiving child care and medical assistance in-lieu of TCA
 - Receiving the 26% earned income disregard
 - Closing because of income over scale using the 26% disregard
- Recipients who become employed on or after July 1, are automatically allowed the new 35% earned income disregard on CARES (and any other verified allowable deductions such as child care, etc. as entered on CARES).
- The CARES counter for **employed** recipient cases will not advance after June 1999, as long as a member of the assistance unit has countable earnings showing on CARES.
- The CARES counter for recipients **who become** employed on or after July 1 will not advance beyond the first month the earnings affect the grant, as long as a member of the assistance unit has countable earnings showing on CARES.

- Once the customer no longer has earnings showing on CARES, the counter will automatically advance.
- Local departments are not required to take any actions regarding the CARES counter for these cases.

CARES:

On June 5, a mass modification will be done on CARES to allow the 35% disregard on all earned income cases effective July 1.

NARRATE ALL CASE ACTIVITY CAREFULLY:

Local departments must ensure that narration of case activity is clear, concise, and complete according to the action taken by the case manager. Good narration also supports the local department decision in the event of a fair hearing or selection of the case for Quality Control review.

RIGHT TO APPEAL

As a reminder, local departments shall advise households of their right to appeal a local department decision and the procedures for requesting a fair hearing. Local departments must also advise households of any legal services that might be available to represent them during a fair hearing. To find out the number of their local Legal Aid office, customers may call Legal Aid's toll-free number, 1.800.999.8904.

ACTION DUE:

The 35% earned income deduction is effective July 1, 1999.

INQUIRIES

Please direct policy questions to Edna McAbier at 410.767.8805, Bureau of Policy and Training. Direct systems questions to Joyce Westbrook at 410.767.8735, Bureau of Systems Development and Management.

c: DHR Executive Staff
FIA Management Staff
Constituent Services
Help Desk
CTF