



Financial Eligibility Rules for TANF Cash Assistance

California

I. Rules Used to Determine Recipients' Ongoing Eligibility and Benefit Levels

Asset Test

Recipients are subject to the following limits on countable assets:

<u>Group</u>	<u>Asset Limit</u>
Families with no elderly members (age 60 or older)	\$2,000
Families with an elderly member (age 60 or older)	\$3,000

For recipients who own a car, the fair market value of a car above \$4,650 is treated as a countable asset. The value of second and additional cars is treated the same as the first car.

Gross Income Limit

Recipients are not subject to a gross income test.

Benefit Calculation

A recipient's benefit is calculated as follows:

1) Countable monthly income is determined. Countable income equals gross monthly income less these deductions in the following order:

- child support income up to \$50
- \$225 and 50% of remaining earnings

2) "Potential Grant" is calculated.

Countable income is subtracted from the maximum benefit level, using all household members to determine family size, even household members that will not be part of the assistance unit (such as a child receiving SSI). If countable income exceeds the maximum benefit, the family is ineligible for assistance. If countable income is less than the appropriate maximum benefit amount, the difference is described as the “potential grant.”

3) Benefit amount is determined. The potential grant is compared with the maximum benefit using only the assistance unit members to determine family size. The benefit is the lower of the two amounts.

Maximum Benefit Levels

Maximum monthly benefit levels vary for different groups of families. They also vary by region.

Benefits for non-exempt families (families in which no adult caretaker in the assistance unit is receiving disability-related benefits or services for temporary or permanent disabilities):

<u>Family Size</u>	<u>In Region with Most Recipients</u>	<u>In Remainder Of the State</u>
1	\$302	\$287
2	\$493	\$469
3	\$611	\$582
4	\$728	\$693

Benefits for exempt families (all other families):

<u>Family Size</u>	<u>In Region with Most Recipients</u>	<u>In Remainder Of the State</u>
1	\$336	\$320
2	\$551	\$524
3	\$682	\$649
4	\$811	\$772

NOTE: Benefits were increased in 1999 to reflect increases in the costs of living.

II. Rules Used to Determine Applicants' Initial Eligibility

Asset Test

Applicants must meet the same asset test as recipients, listed above.

Gross Income Limit

Applicants are not subject to a gross income test.

Net Income Test

An applicant's net monthly income (income after specified deductions) must fall below the state's standard of need. If net income is below the limit, the applicant is eligible for assistance, and benefits are calculated as described above for recipients.

Net monthly income equals gross income less these deductions in the following order:

- child support income up to \$50
- \$90 of earnings

The need standards by family size in the region of the state with most welfare recipients are as follows:

<u>Family Size</u>			
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$362	\$594	\$737	\$875

NOTE: The standard of need levels were increased in 1999 to reflect increases in the costs of living.

III. Other Rules Affecting Eligibility or Benefit Levels

Treatment of Child Support Income

The first \$50 in child support is passed through to the family and disregarded for eligibility and benefit determination purposes. Any remainder is retained by the state as reimbursement for cash assistance payments. If the remainder exceeds the maximum benefit, the family is ineligible.

Treatment of Housing Assistance

Eligibility and benefits are not affected by a family's actual housing costs or by residence in subsidized housing.

Treatment of SSI as Income

As under AFDC, a family member receiving SSI benefits is excluded from the assistance unit. The SSI recipient's income and resources are not considered when determining eligibility or benefits for the rest of the family.

Treatment of EITC Benefits Received

As under AFDC, an EITC payment received by a family member - whether as a lump sum at the end of the year or through advance payments - is not counted as income for any purpose. Lump sum EITC payments are counted as assets starting in the second month after the month of receipt.

Lump Sum Income

Non-recurring lump sum income, such as a personal injury award or lottery winnings, is treated as income in the month it is received; any remaining amount is treated as an asset in subsequent months.

Individual Development Accounts

State policy authorizes Individual Development Accounts (IDAs) for cash assistance recipients.

Funds maintained in an IDA may be used for the following purposes:

- Post-secondary educational expenses
- First home purchase
- Business capitalization
- Education or job training expenses for the account holder or dependents

The maximum amount that may be maintained in an IDA is \$5,000.

IDA contributions can come from any source of income.

The IDA program does not include a provision for matching funds.

In California, these accounts are known as restricted accounts. Non-qualifying withdrawal results in a period of ineligibility determined by dividing the balance prior to withdrawal by the standard of need.

New Unearned Income Rules

Previously, all unearned income was used to "fill-the-gap." Now only certain disability-based unearned income can be disregarded along with earned income, up to a \$225 maximum.