



# Financial Eligibility Rules for TANF Cash Assistance

## Colorado

Counties in Colorado have authority to establish financial eligibility rules. The information in this report reflects only the statewide rules.

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

#### Asset Test

Recipients must have countable assets below \$2,000.

For recipients who own a car, the value of one car is excluded entirely from countable assets. The entire equity value of second and additional cars is counted as an asset.

#### Gross Income Limit

All recipients are subject to a gross income test. Gross income (total income with no deductions) must fall below the following amounts:

#### Gross Income Limits by Family Size

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$216	\$612	\$778	\$943

#### Benefit Calculation

The state determines benefit amounts using "fill-the-gap" methodology, as follows:

1) Determine countable income: Gross monthly income less 120 and one-third of remaining earnings for four months; then \$120 of earnings for the next eight months; and then \$90 of earnings for subsequent months

2) Subtract countable income from the “standard of need” for appropriate family size:

Family size	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Standard of Need	\$117	\$331	\$421	\$510

If countable income is higher than the need standard, the family is ineligible for assistance.

3) Calculate the benefit: The benefit amount equals the lesser of the maximum benefit or 84.75 percent of the difference between countable income and the standard of need.

### Maximum Benefit Levels

Maximum benefit levels vary for different groups of families:

	<u>Family Size</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Single-parent families	\$214	\$280	\$356	\$432
Two-parent families	N/A	\$302	\$372	\$451
Child-only assistance units	\$99	\$207	\$311	\$415

## **II. Rules Used to Determine Applicants' Initial Eligibility**

### **Asset Test**

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

### **Gross Income Limit**

All applicants are subject to the gross income test shown above for recipients.

### **Net Income Test**

An applicant's net income (income after specified deductions) must fall below the standard of need (see above). If net income is below the standard of need, the applicant is eligible for assistance, and benefits are calculated as described above for recipients. Net income equals gross monthly income less \$90 of earnings, unless the applicant received benefits within the prior four months. If so, countable income equals gross monthly income less \$120 and one-third of remaining earnings.

## **III. Other Rules Affecting Eligibility or Benefit Levels**

### **Treatment of Child Support Income**

Child support payments are retained by the state as reimbursement for cash assistance payments. If child support payments exceed 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**

As under AFDC, when a family receives a non-recurring lump sum payment, such as a personal injury award or lottery winnings, the family is ineligible for assistance for a period of months equal to the lump sum divided by the state's need standard.

## **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

There is no limit to the amount that may be maintained in an IDA.

An individual's IDA contributions must come from earnings.

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