



Financial Eligibility Rules for TANF Cash Assistance

Kentucky

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 monthly income less any child support income must fall below the following amounts:

Gross Income Limits by Family Size

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$729	\$851	\$974	\$1,096

Benefit Calculation

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

1) Countable income is calculated. Countable income equals gross monthly income less the following deductions:

- 100% of earnings for two months; then \$120 and one-third of remaining earnings for four months; then \$120 for the next eight months; and then \$90 in subsequent months.
- deduction for out-of-pocket child care expenses if family works more than 130 hours per month: up to \$200 per month for children age 2 and under,

and up to \$175 a month for children over 2

2) Countable income is subtracted from the standard of need. The standards of need by family size are:

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$394	\$460	\$526	\$592

3) The benefit amount equals the lesser of the maximum benefit and 55% of the difference between countable income and the standard of need.

Maximum Benefit Levels

The maximum benefits by family size are as follows:

	<u>Family Size</u>			
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
\$186	\$225	\$262	\$328	

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 state's standard of need. 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 the following deductions:
— \$90 of earnings, unless the applicant received benefits within the past four months. If so, the deduction is \$120 and one-third of remaining earnings.

— deduction for out-of-pocket child care expenses if family works more than 130 hours per month: up to \$200 per month for children age 2 and under, and up to \$175 a month for children over 2

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 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 Housing Assistance

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

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
- Reconstruction of substandard housing

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

An individual's IDA contributions must come from earnings.

The IDA program includes a provision for matching funds. Matching contributions are made from:

- Public funds: state or local government agency acting in cooperation with a non-profit
- Non-profit organizations

Regulations do not specify or limit for whom the IDA can be established, but do limit IDAs to one per household.