



Financial Eligibility Rules for TANF Cash Assistance

Minnesota

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 one or more cars, the combined equity value of all vehicles up to \$7,500 is excluded from countable assets.

Gross Income Limit

Recipients are not subject to a gross income test.

Benefit Calculation

A recipient's benefit equals the difference between countable income (income after specified deductions) and the maximum benefit. If countable income exceeds the maximum benefit, the family is not eligible for assistance.

Countable income equals gross monthly income less 36% of earnings.

NOTE: As a result of policy changes enacted in 1999, the earned income deduction will be adjusted annually so that eligibility for benefits ends when earnings reach 120% of the federal poverty guideline. In 2000, the deduction equals 37% of earnings.

Maximum Benefit Levels

Maximum monthly benefit levels vary for different groups of families:

	<u>Family Size</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Families with no earned income ("transitional standard")	\$351	\$609	\$763	\$903
Families with earned income ("family wage level")	\$386	\$670	\$839	\$993

NOTE: The transitional standard reflects a combination of food stamp and cash assistance benefits (families do not receive a separate food stamp benefit). The transitional standard is adjusted annually based on increases in federal food stamp benefits. The family wage level equals 110% of the transitional standard.

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 income (income after specified deductions) must fall below the maximum benefit for families with no earned income, the "transitional standard," described above. If net income is below this limit, the applicant is eligible for assistance, and benefits are calculated as described above for recipients.

Net income equals monthly gross income less the following deductions:

- 18% of earnings, unless applicant received benefits within prior four months; if so, the deduction is 36% of earnings.
- deduction for out-of-pocket child care expenses: up to \$200 a month for children under age two and \$175 per month for each child age two or over

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

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 starting in the third month after the month in which it is received.

Individual Development Accounts

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

The state's IDA program is a pilot program that is to be administered by the Department of Children, Families and Learning. Families with incomes below 200% of the federal poverty guideline and assets of \$25,000 or less will be eligible.

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

- Post-secondary educational expenses
- First home purchase
- Home rehabilitation
- Business capitalization

The maximum amount that may be maintained in an IDA is \$3,000.

In addition to earnings, an individual's IDA contributions can come from Earned Income Tax Credit refunds.

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

- Public funds:
 - Unspecified state funds

A participant's contributions are matched as follows:

\$2 to \$1 match with state funds and at least \$2 to \$1 with other funds.