



# Financial Eligibility Rules for TANF Cash Assistance

## North Carolina

Some counties 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 \$3,000.

For recipients who own a car, the fair market value of a car above \$5,000 is treated as a countable asset. 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>
\$670	\$873	\$1,006	\$1,099

**NOTE:** The gross income limit was eliminated in 1999. The new policy was expected to be implemented in late 1999.

#### 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 these deductions in the following order:

— \$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: up to \$200 per month for children age 2 and under, and up to \$175 a month for children over 2

**NOTE:** The earned income disregard was changed in 1999, with implementation expected in late 1999. The new deduction equals 100% of earned income for three months, and then 27.5% of earnings in subsequent months. The \$90 earned income deduction was eliminated.

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

<u>Family Size</u>			
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$362	\$472	\$544	\$594

3) The benefit amount equals the lesser of the maximum benefit and 50% of the difference between countable income and the standard of need.

### **Maximum Benefit Levels**

The maximum monthly benefits are as follows:

<u>Family Size</u>			
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$181	\$236	\$272	\$297

## **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. As a result of policy changes made in 1999 (and expected to be implemented in late 1999) the gross income limit was eliminated. The new policies, however, require applicants to have gross income below the standard of need (see standard of need amounts above).

## **II. 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.

The state's IDA program is a pilot program.

Statute authorized \$300,000 each year for FY1998 and FY1999. The Department of Labor is implementing the program, which is not limited to TANF families.

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

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