



# Financial Eligibility Rules for TANF Cash Assistance

## New Mexico

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

#### Asset Test

Applicants and recipients must have countable assets below \$3,500.

For applicants and recipients who own a car, the value of one car is excluded entirely from countable assets. In areas without public transportation, the value of one auto for each person engaged in a work activity is excluded from countable assets, and the entire equity value of additional cars is counted. In areas with public transportation, the entire equity value of all cars except a first car is counted as an asset.

#### Gross Income Limit

Applicants and recipients sharing housing with persons not in the assistance unit are subject to a gross income test. Gross monthly income less an amount equal to 130% of the federal poverty guideline (using all household members to determine family size) must fall below the following amounts:

| <u>Gross Income Limits by Family Size</u> |          |          |          |
|---|----------|----------|----------|
| <u>1</u>                                  | <u>2</u> | <u>3</u> | <u>4</u> |
| \$427                                     | \$573    | \$720    | \$868    |

#### Benefit Calculation

To be eligible for assistance, the countable monthly income (income after specified deductions) of applicants and recipients must be below the maximum benefit for a family of their size. A recipient's benefit equals the difference between countable income and the maximum benefit.

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

- earnings for hours of work beyond the number of hours required by the state
- up to \$50 in child support income
- \$150 and 50% of remaining earnings for single-parent families, and \$250 and 50% of remaining earnings for two-parent families.
- 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

### 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> |
| Families living in unsubsidized housing            | \$331              | \$410    | \$489    | \$569    |
| Families that receive government housing subsidies | \$231              | \$310    | \$389    | \$469    |

**NOTE:** In 1999, the maximum benefit levels for families living in unsubsidized housing were reduced by \$50.

## 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

As noted above, the maximum benefit for which a family may be eligible varies based on whether or not the family receives housing assistance.

## **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:

- First home purchase
- Business capitalization
- Post-secondary educational expenses for dependent children

The maximum amount that may be maintained in an IDA is \$1,500.

An individual's IDA contributions must come from earnings.

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

## **New Unearned Income Rules**

Pensions of non-benefit group members are not counted as income.