



Financial Eligibility Rules for TANF Cash Assistance

Tennessee

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

Asset Test

Applicants and recipients must have countable assets below \$2,000.

For applicants and recipients who own a car, the equity value of a car above \$4,600 is treated as a countable asset. The entire equity value of second and additional cars is counted as an asset.

Gross Income Limit

Applicants and 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>
\$777	\$1,110	\$1,252	\$1,289

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:

- \$150 of earnings
- 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 age 2

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>
\$420	\$600	\$677	\$697

NOTE: The standard of need amounts were increased in 1999. The amounts for families of one to four persons are \$490, \$671, \$799, and \$826

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

Maximum benefit levels

Maximum monthly benefits are as follows:

<u>Family Size</u>			
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$95	\$142	\$185	\$226

NOTE: Maximum benefit levels were increased for some families in 1999. The new amounts for families of one to four persons are \$140, \$192, \$232, and \$242

II. Other Rules Affecting Eligibility or Benefit Levels

Treatment of Child Support Income

Child support payments are counted as income under the state's fill-the-gap budgeting rules when determining eligibility and benefits.

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 an asset starting in the month 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 operating in 12 of the state's 95 counties.

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

- Post-secondary educational expenses
- First home purchase
- Business capitalization
- Business assets
- Business expansion
- Transportation needs

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: Welfare-to-Work and local government funds
- Non-profit organizations
- Private contributions (e.g., corporations, foundations)
- Private contributions from individuals

The state encourages a match of \$2 for \$1.

IDA holders must attend a lending group class twice a month.