ARKANSAS REGISTER

Transmittal Sheet

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Secretary of State
State Capitol Rm. 026
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 1/7/99 Code Number 016.20.98-041

Name of Agency Division of County Operations

Department of Human Services

Contact Person Roy D. Kindle, Jr., Assistant Director, DCO

Statutory Authority for Promulgating Rules Arkansas Code 20-76-401-et Seq.

Intended Effective Date		Date
[ ] Emergency	Legal Notice Published	11-25-98
[x] 10 Days After Filing	Final Date for Public Comment	12-24-98
[ ] Other	Reviewed by Legislative Council	12-3-98
	Adopted by State Agency	01-01-99

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted In Compliance with Act 434 of 1967 As Amended.

Signature

682-8375
Phone Number

Director
Title

11/18/98
Date

FILED
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3.3 (Cont.)

For purposes of income eligibility, the following deductions will be made from a family's gross monthly earned income:

a. For initial eligibility, a 20% deduction for work related expenses (e.g., taxes).

b. For on-going eligibility, the 20% work-related deduction followed by a 60% work incentive deduction from the remainder.

3.4 Resource Limit

The family's countable resources must be equal to or below $3000. The one resource limit applies to all family sizes and to initial and on-going eligibility.

Resources include real and personal property which are currently available or for which the family has the legal ability to make available for current use. The following will be excluded as countable resources:

a. The family's homestead.
b. One operable motor vehicle.
c. Household and personal goods.
d. Income-producing property.
e. Monies deposited in an approved Individual Development Account (IDA) or approved escrow account for business or career development.
f. Any other property specified in the State policy and procedures manual which the agency has determined would be cost-efficient to exclude or which must be excluded due to federal or state statute.

3.5 Citizenship Requirement

Recipients must be citizens of the United States of America, or qualified aliens lawfully present in the United States before August 23, 1996, or aliens to whom public benefits must be provided by federal law.

Arkansas Department of Human Services
Division of County Operations
TEA Budget Sheet

CASE NUMBER	COUNTY
CASEHEAD	CASEWORKER

A. MONTHLY INCOME/ BUDGET				
Date of Budget				
Number in Household				
Number in TEA Unit				
B. MONTHLY GROSS INCOME				
1. Unearned Income				
Social Security				
V.A.				
U.I. Benefits				
Child Support				
Other				
2. Total Unearned Income				
3. Total Gross Earnings				
3a. 20% Deduction				
4. Remaining Earnings (Line B3 minus line B3a)				
C. INITIAL ELIGIBILITY				
1. Total Countable Income (Line B2 plus line B4)				
2. Exceeds Income Eligibility Standard of $223?	☐ Y ☐ N If Yes, STOP.	☐ Y ☐ N If Yes, STOP.	☐ Y ☐ N If Yes, STOP.	☐ Y ☐ N If Yes, STOP.
D. ON-GOING ELIGIBILITY				
1. Earnings from Line B4				
1a. 60% Deduction				
2. Net Earnings (Line D1 minus line D1a)				
3. Total Unearned Income (Line B2)				
4. Total Countable Income (Line D2 plus line D3)				
5. Exceeds Income Eligibility Standard of $223?	☐ Y ☐ N If Yes, STOP.	☐ Y ☐ N If Yes, STOP.	☐ Y ☐ N If Yes, STOP.	☐ Y ☐ N If Yes, STOP.
E. GRANT AMOUNT				
1. Total Gross Income ([Line B2 minus Child Support] plus Line B3)				
2. Compare Line E1 to $446. If less than, full grant for unit size. If equal to or more, 50% grant.				

DCO-7(R.1/99)

2350 Income Eligibility Determination

Once the family's countable monthly gross income is computed, then their income eligibility can be determined.

2351 Income Eligibility Standard

The Income Eligibility Standard is 25% of the amount a full-time worker would earn at the September 1997 minimum wage of $5.15 per hour. It is the same amount for all family sizes and is used to determine both initial and on-going income eligibility. Countable unearned income plus net earned income (gross minus certain deductions specified in TEA 2352) is compared to the Income Eligibility Standard. If the total countable income exceeds the Standard, the family is ineligible for TEA benefits.

The Income Eligibility Standard is $223 per month.

2352 Earned Income Deductions for Income Eligibility

Before the monthly income is compared to the Income Eligibility Standard, certain deductions are allowed from the monthly gross earnings. These deductions are:

1. <u>Work-Related Deduction (20%)</u> - This deduction is to account for withholding taxes and other mandatory work-related withholdings from gross earnings. Applicants receive **only** this deduction.

* 2. <u>Work Incentive Deduction</u> - Recipients who start or continue work while receiving TEA benefits receive both the 20% work-related deduction and this 60% incentive deduction. The purpose of the incentive deduction is to encourage recipients to find employment or to increase their earnings while receiving assistance.

2353 Determining Income Eligibility

To determine the family's income eligibility, an Income Eligibility budget is computed. The worker may complete a DCO-7, Budget Sheet, to show the budget or use only the DCO-56.

The following sections outline the Income Eligibility Budget for applicant families and for recipient families.

2353.1 Applicant Income Eligibility Budget

1. Compute the family's countable unearned income.
2. Compute the family's monthly countable gross earned income.
3. From the monthly gross earnings, deduct 20% of the gross amount to arrive at the monthly net earnings. (May multiply the gross earnings by 80%.)
4. Add the net earnings to the unearned income to arrive at the monthly countable income.
5. Compare the total monthly countable income to the Income Eligibility Standard of $223.
6. If the income is equal to or less than $223.00, then the family meets the income requirement and the eligibility and payment determination will continue. (See TEA 2360.)
7. If the income is over $223.00, then the family is ineligible and the application will be denied.

EXAMPLE #1: Ms. Jones has one child and their only income is a $100 per week Unemployment Insurance benefit. Their monthly countable income is computed to be $433.33. This exceeds the Income Eligibility Standard of $223 so the application is denied due to income.

EXAMPLE #2: Mr. and Mrs. Miller have two children and no unearned income. Mr. Miller is currently employed for only a few hours per week at $5.15/hour. His gross monthly earnings are computed to be $275. When the 20% work-related deduction is applied to the gross earnings, it results in net countable earnings of $220. Since this is below the $223 standard, the family is income eligible.

For applicant families who are income eligible, the earned income deductions available to recipients should be explained so that the adult is aware that assistance will not automatically be terminated if he or she finds a job or increases his or her earnings.

2353.2 Recipient Income Eligibility Budget

1. Compute the family's countable unearned income.
2. Compute the family's monthly countable gross earned income.
3. From the monthly gross earnings, deduct 20% of the gross amount (May be computed by multiplying the gross earnings by 80%.)
4. * From the amount arrived at in Step 3, deduct 60% to arrive at the net countable earnings.
5. Add the net earnings to the unearned income to arrive at the monthly countable income.
6. Compare the total monthly countable income to the Income Eligibility Standard of $223.
7. If the income is equal to or less than $223.00, then the family continues to meet the income requirement and the payment will be determined. (See TEA 2360.)
8. If the income is over $223.00, then the family is no longer eligible.

EXAMPLE #1: Ms. Adams who is receiving benefits for herself and two children has started working at a local plant. She works 40 hours a week at $6.00 per hour. Her gross monthly earnings are $1040. Her income eligibility budget is computed as follows: $1040 x 80% = $832 - $499.20 * (60% of $832.00) = $332.80. Since the net countable income of $332.80 exceeds the Income Eligibility Standard of $223, the family is no longer income eligible.

EXAMPLE #2: Mr. Turner has started working part-time and his monthly gross earnings are computed to be $325. The Income Eligibility budget is * as follows: $325 (gross earnings) x 80% = $260 - $156.00 (60% of $260.00) = $104.00 which is less than the $223 standard. The family remains income eligible.

2360 Payment Determination

Once all eligibility requirements have been established, including income eligibility, then the family's monthly payment amount is determined.

The payment amounts are based on nine payment levels according to family size. The maximum payment a family may receive is the payment level for the particular family size.

All eligible TEA family members (as defined in TEA 2201) will be included in the family size for payment except a child who is not eligible for payment due to the family cap provision. (See the Discussion regarding the family cap below.)

2361 Maximum Payment Levels

The payment levels by family size are as follows:

Family Size	**Maximum Amount**
1	$ 81
2	162
3	204
4	247
5	286
6	331
7	373
8	415
9 or more	457

<u>FAMILY CAP</u>**:** The family cap provision prohibits payment to a child who is born while the mother is receiving TEA benefits, either for other children or as a minor child herself.

<u>NOTE A:</u> The family cap provision does not affect the child's potential Medicaid or Food Stamp eligibility.

NOTE B: A child who was previously excluded for payment due to the family cap provision but the family's case has been closed continuously for at least six (6) months may be included for payment upon reapplication.

NOTE C: A child who was excluded for payment under the AFDC family cap waiver as of July 1, 1997 will continue to be excluded for payment under TEA unless the case is closed continuously for six (6) months. In addition, a child who was excluded under the AFDC waiver but whose mother's AFDC case had been closed for less than six months prior to July 1997 will be ineligible for payment if a TEA application is submitted and approved within the six (6) month period following the AFDC closure.

2362 Reduced Payment - Gross Income Trigger

The payment amount for the family size will be reduced by 50% when the family's countable monthly gross income, excluding assigned child support payments, is equal to or more than $446. If the reduction does not result in a whole dollar amount, then it will be rounded down if the remaining cents are $ .49 or less, and up if $ .50 or more.

EXAMPLE #1: Mr. and Mrs. Smith have two children. Mr. Smith is disabled and receives both Social Security and SSI disability benefits. Mrs. Smith and the two children receive a total of $150/month SSA benefits. Since Mr. Smith is a SSI recipient, he is excluded from the family size for payment and his income is not considered. Only Mrs. Smith and the two children are included. They are income eligible, based on the $223 standard, so their payment is determined as follows. The monthly gross income of $150 is less than $446 so their payment is the maximum grant for a family size of three (3) or $204.

EXAMPLE #2: Ms. Brown has received TEA benefits for one month for herself and one child. She has now found a job and is expected to earn $500 gross per month. After allowing the recipient earned income deductions (20% of the gross and then 60%), she is income eligible based on the $223 income standard. The payment is then determined as follows: Gross countable income ($500) exceeds $446 so the Browns' payment is 50% of the maximum for a two-person family, or $81.

The payment determination showing the number of persons included in the grant, the family's gross income, and the grant amount will be documented in the case record. Either Form DCO-7, Budget Sheet or Form DCO-56, ACES Data Sheet, may be used to document the payment amount.

When a family's payment amount reduces to the 50% amount, the worker should discuss possible alternatives to continuing to receive cash assistance with the casehead. It should be explained that even though the payment has been reduced, the time limit count is continuing. Therefore, it may benefit the family in the long-term to terminate cash assistance while the family's gross income is at the $446 or above level rather than continue to receive the reduced TEA payment. It must be emphasized that the decision to close the cash assistance at this time is strictly the client's and he or she should not be made to believe that the cash assistance case must be closed.

* follows: \$754.00 (gross earnings) x 80% = \$603.20 - \$361.92 (60% of \$603.20) = \$241.28. Since the net countable income of \$241.28 exceeds the Income Eligibility Standard of \$223.00, the family is no longer eligible.

Example #2: Mr. Thomas receives assistance for himself and one child (\$162.00). He started to work and his monthly gross earnings computed to be \$400.00. The income eligibility budget is as follows: \$400.00
* (gross earnings) x 80% = \$320.00 - \$192.00 (60% of \$320.00) = \$128.00. Since the net countable income is less than the Income Eligibility Standard of \$223.00, the family remains eligible. The assistance payment (\$162.00) remains the same because the gross earnings (\$400.00) are less than \$446.00.

Example #3: Mrs. Hill receives assistance for herself and two children (\$204.00). She has found employment and her monthly gross earnings are computed to be \$450.00. The income eligibility budget is as follows:
* \$450.00 (gross earnings) x 80% = \$360.00 - \$216.00 (60% of \$360.00) = \$144.00 which is less than the \$223.00 standard. The family remains income eligible. Since the gross income is greater than the \$446.00 (refer to TEA 2360), the assistance payment is reduced by 50%. The new assistance payment will be \$102.00.

Even if the family remains eligible, the client may choose at any time to have his or her case closed. The worker should discuss this option with a client who becomes employed since each month of receipt reduces the number of months he or she may receive benefits in the future.

4120.2 Child Support Income Exceeds Assistance Payment

The Office of Child Support Enforcement sends the TEA family any current monthly child support collected which is in excess of the TEA payment. A printout is sent to the County Office stating that the child support exceeds the TEA payment. If the total child support collected, alone or with other countable income, exceeds the Income Eligibility Standard of \$223.00, action to close the case will be taken. If the family remains eligible, however, then contact will be made with the client to discuss options, or alternatives to cash assistance which could benefit the family. The contact can be by phone, in writing, or during in person contacts with the client.

9041 TEA Cash Assistance

When it is determined that a client has received a TEA cash assistance payment to which he or she was not entitled, an overpayment report may be required. An overpayment report will begin with the second month following the month in which the change causing the ineligible or reduced payment occurred. If the change was reported and acted upon so that the correct assistance amount was issued in the second month following the change, then an overpayment report is not required.

9041.1 Income

To determine an overpayment involving income, the caseworker will determine the monthly gross and net income as outlined in the TEA 2300 sections (Determining Income Eligibility). Unless a significant change occurred in the income during the overpayment period, the same monthly net income will be used to determine income eligibility for all overpaid months. In addition, the same gross monthly income will be used to determine if an eligible family was eligible for a full or reduced payment unless a significant change occurred during the overpayment period. (Refer to TEA 4120 for the definition of a significant change in income.) It is not necessary to verify the actual income in each month of the overpayment period.

* If earned income is involved, both the 20% and the applicable Work incentive (50% or 60%) earned income deductions will be allowed when determining income eligibility for the overpayment period. The applicable Work incentive deduction will be the percentage that was in effect during the particular over paid month.

The following are examples of overpayment determinations when the income exceeds the Income Eligibility Standard and when the family is entitled to a reduced payment rather than full payment.

* **EXAMPLE 1:** Ms. Jones started working in August. She reported the employment in November. When determining the monthly income, both the 20% and the Work incentive deduction were allowed and the family was no longer eligible for cash assistance. The overpayment will be completed beginning with the month of October. The income amount that

determined ineligibility will be used for all overpaid months, unless there
* was a change in the Work incentive deduction in any of the months.

EXAMPLE 2: Mrs. Davis and her two children are receiving TEA benefits in the amount of $204. Mrs. Davis became employed in November and gross earnings are $550 per month. She reported her employment in January of the following year. After allowing the recipient earned income deductions, she is income eligible based on the $223 income standard. However, when determining the payment amount, the gross earnings exceed $446 (gross income trigger). Therefore, the family was only eligible for a reduced payment of $102. The overpayment will be completed beginning with the month of January and continuing through the last overpaid month.

9041.2 Resources

When a case is found to be ineligible due to excess resources, the overpayment will begin with the second month following the month in which resources first exceeded the resource limit.

Example: Mr. Jones receives assistance for himself and three children. In February, he received a cash inheritance of $4,000 which was deposited into a bank account. Mr. Jones reported having the bank account in May and the TEA case was closed in May for excess resources. The overpayment will be completed beginning with the month of April.

9041.3 Household Member

In cases in which a required member has been improperly excluded from the assistance unit, an overpayment will be determined only if inclusion of such person's needs, income, and resources would have rendered the unit ineligible, or eligible for a reduced payment when the full payment was received.

In cases in which a member has been improperly included in the assistance unit, an overpayment will be determined by excluding the person's needs. The income and resources will be determined in accordance with TEA policy. See the examples below.

DEPARTMENT of Human Services
DIVISION of County Operations
PERSON COMPLETING THIS STATEMENT Roy Kindle, Assistant Director
Office of Program Planning & Development

TELEPHONE: 682-8251 **FAX NO.** 682-1597

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SECRETARY OF STATE
STATE OF ARKANSAS

FINANCIAL IMPACT STATEMENT

To comply with Act 884 of 1995, please complete the following Financial Impact Statement and file with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE – TEA Policy 2352-2362, 4120.1, 9041.1 and Title IV-A state plan page 2 Sec 3 Work Incentive Deduction and form DCO-7.

1. **Does this proposed, amended, or repealed rule or regulation have a financial impact?** **Yes** X **No**

   Currently, about 400 cases a month close due to earnings exceeding the standard with the 50% deduction allowed. We estimate 18% of those would remain eligible with a 60% deduction. 400 cases x 18% = 72 additional cases per month eligible with a 60% deduction. Average grant = one half of a 3 person family grant ($102). 72 cases x $102 = $7,344 increased grant costs per month. $7,344 x 12 months = $88,128 increased grant costs per year.

2. **If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.**

3. **If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation.** Not a federal rule.

1997-1998 Fiscal Year	**1998-1999 Fiscal Year**
General Revenue	**General Revenue**
Federal Funds	**Federal Funds**
Cash Funds	**Cash Funds**
Special Revenue	**Special Revenue**
Other	**Other**
Total *	**Total** *

4. **What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation?**

1997-98 Fiscal Year	**1998-99 Fiscal Year**
None	None

5. **What is the total estimated cost by fiscal year to the agency to implement this regulation?**

We estimate the total costs for implementing this policy to be about $88,128.00 per year. Federal TANF block grant funds & State revenues will be used.

NOTICE OF RULEMAKING

Pursuant to Arkansas Code 20-76-401 et Seq. the Director, Division of County Operations issues proposed changes to the Transitional Employment Assistance program (TEA) policy and the Title IV-A state plan to allow the Work Incentive Deduction to be increased from 50% to 60%. Also the DCO-7 has been revised to reflect the proposed change.

Copies of the proposed change may be obtained by writing the Division of County Operations, P.O. Box 1437, Slot 1220, Little Rock, AR 72203, Attention: Office of Program Planning & Development. All comments must be submitted in writing to the address indicated above no later than 30 days from the date of this notice.

If you need this material in a different format, such as large print, contact our Americans with Disabilities Act Coordinator at 682-8920 (voice) or 682-8933 (TDD).

The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and operates, manages, and delivers services without regard to age, religion, disability, political affiliation, veteran status, sex, race, color or national origin.

/s/Ruth Whitney
Director
9108973