

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
DEDUCTIONS AND ALLOWABLE EXPENSES 904	COMAR 07.03.03.03	FINANCIAL ELIGIBILITY 900

904.1 DEDUCTIONS FROM EARNED INCOME

A. A goal of the Family Investment Program is to assist customers in removing obstacles towards gainful employment. As an incentive, deductions are allowed on earned income.

B. Allowable deductions for earned income include the following:

1. 20 percent gross earned income deduction (Initial Needs Test) applies to

- New applicants

2. 40 percent gross earned income deduction applies to

- a. New applicants who pass the Initial Needs Test
- b. TCA customers who begin employment

3. 50 percent gross earned income deduction applies to

- a. New applicants who are self-employed
- b. TCA customers who become self-employed

4. Child care deductions apply to new applicants and TCA customers who obtain employment

a. \$200 deduction per child, if the individual is employed full-time

- Full-time employment is 100 or more hours per month.

b. \$100 deduction per child, if the individual is employed part-time

- Part time is less than 100 hours per month

5. Child support payment deduction

- Legally obligated payments (verified) made to individuals outside of the home

6. Alimony payment deduction (allowed only for stepparents or sponsors)

- Legally obligated payments (verified) made to individuals living outside of the home

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
DEDUCTIONS AND ALLOWABLE EXPENSES 904	COMAR 07.03.03.03	FINANCIAL ELIGIBILITY 900

904.2 DEDUCTIONS FROM UNEARNED INCOME

- A. Verified child support payments to individuals outside of the assistance unit.
- B. Verified alimony payments to individuals living outside of the assistance unit (only allowed for stepparents or sponsors).
- C. Verified dependent care expenses for work, seeking employment or participating in training that leads to employment.

Note: Remember to drop cents when calculating earnings and deductions.

904.3 DETERMINING DEDUCTIONS

- A. Do not allow the same deduction from the earned and unearned income of an applicant or customer.
- B. Incidentals such as: lunch, carfare, taxes and other related working expenses are factored into the 20 percent and 40 percent deductions. These incidentals and the cost to produce have also been factored into the 50 percent deduction for those who are self-employed.
- C. Net countable income:
 1. The amount left after allowable deductions have been subtracted from the gross income amount is the net income
 2. If the net countable amount of earned and/or unearned income equals or exceeds the TCA benefit amount for the family size, deny the application or close an active case after appropriate adverse action
 3. If the net countable amount of earned and/or unearned income is less than the TCA benefit grant amount for the family size, the family is eligible for the difference between the TCA benefit grant amount for the family size and the net countable income

904.4 BASIC INCOME CALCULATIONS-earned income

- A. Determine the gross earned income.
- B. Allow the 20 percent initial needs test disregard.

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
DEDUCTIONS AND ALLOWABLE EXPENSES 904	COMAR 07.03.03.03	FINANCIAL ELIGIBILITY 900

- If the result exceeds the grant amount, deny the application
 - If the result is less than the grant amount, follow C below
- C. Use the 40 percent disregard if the initial needs test is passed, or when an ongoing TCA customer has earnings
- D. Add all countable unearned income to the countable earned income.
- Compare the result to the maximum TCA benefit amount

EXAMPLES:

Example 1. Mrs. Witcher applied for cash assistance because of a reduction in her work hours from full-time to part-time. She earns \$75 each week. Her child care provider charges \$25 each week for the care of her infant daughter. Her mother gives her child care provider \$50 per month to help with expenses. With her part-time earnings, she passes the 20 percent initial needs test, and is eligible to receive the 40 percent disregard of earnings.

Initial Needs Test: $\$75 \times 4 = \300 per month earnings
TCA Benefit amount: \$446

Earnings disregard.

- $\$300 =$ Gross monthly earnings
 $\underline{-120} =$ 40 percent disregard
 $\$180$
 $\underline{- 50} =$ Child care expense (her mother pays \$50 also)
 $\$130 =$ Net countable earnings

$\$446 =$ TCA benefit for a family size 2
 $\underline{-130} =$ Net countable income
 $\$316 =$ TCA benefit grant amount

Example 2. Mrs. Burley has been receiving cash assistance for herself and 2 her daughters. She found part-time employment and will be paid \$250 a week. She will be paying \$130 per week (\$65 per child) for child care expenses. She also receives \$100 a month in social security benefits for one of her daughters

There is no initial needs calculation because Mrs. Burley receives TCA already.

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
DEDUCTIONS AND ALLOWABLE EXPENSES 904	COMAR 07.03.03.03	FINANCIAL ELIGIBILITY 900

- $$\begin{array}{r}
 \$1000 = \text{Gross monthly earnings } (\$250 \times 4) \\
 \underline{-400} = 40 \text{ percent disregard} \\
 \$ 600 \\
 \underline{- 200} = \text{Child care expenses (Maximum allowable amount for each child)} \\
 \$ 400 = \text{Net countable earnings} \\
 \underline{+100} = \text{Social Security benefit} \\
 \$ 500 = \text{Net countable income}
 \end{array}$$
- $$\begin{array}{r}
 \$ 565 = \text{TCA benefit for a family size 3} \\
 \underline{- 500} = \text{Net countable income} \\
 \$ 65 = \text{TCA benefit grant amount}
 \end{array}$$
- Refer Mrs. Burley to Purchase of Child Care

Example 3. Mr. McIntosh applied for assistance for himself, wife and son. He is self-employed as a painter and earns \$1500 per month. His wife is not employed and watches their son, so there is no child care expense

- $$\begin{array}{r}
 \$1500 = \text{Gross monthly earnings} \\
 \underline{- 750} = 50\text{percent disregard} \\
 \$ 750 = \text{Net countable earnings}
 \end{array}$$
- $$\begin{array}{r}
 \$ 565 = \text{TCA benefit for a family size 3}
 \end{array}$$

The McIntosh family is ineligible for TCA because the amount of countable earnings exceeds the maximum TCA benefit amount

Example 4. Mr. McIntosh returns to the local department 8 months later to reapply for assistance. He has been unable to work because of an accident at home. The family does not have any insurance coverage. Mrs. McIntosh has been working part-time earning \$125 a week and Mr. McIntosh watches their son

- $$\begin{array}{r}
 \$ 500 = \text{Gross monthly earnings} \\
 \underline{- 100} = 20 \text{ percent disregard} \\
 \$ 400 = \text{Passed the initial needs test}
 \end{array}$$
- $$\begin{array}{r}
 \$ 500 = \text{Gross monthly earnings} \\
 \underline{- 200} = 40 \text{ percent disregard} \\
 \$ 300 = \text{Net countable earnings}
 \end{array}$$

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
DEDUCTIONS AND ALLOWABLE EXPENSES 904	COMAR 07.03.03	FINANCIAL ELIGIBILITY 900

$\$ 565 = \text{TCA grant for a family size 3}$
 $\underline{- 300} = \text{Net countable earnings}$
 $\$ 265 = \text{TCA benefit grant amount}$

The McIntosh family is eligible

Example 5. Mr. and Mrs. Grinch receive assistance for themselves and their 2 daughters. Mr. Grinch receives worker's compensation of \$150 per month and pays \$90 per month in court ordered child support for his son from a prior marriage. Mrs. Grinch works part-time earning \$70 per week. She pays \$20 per week for child care because she is also in a full-time training program.

- $\$ 280 = \text{Gross monthly earnings for Mrs. Grinch}$
 $\underline{- 112} = \text{40 percent disregard}$
 $\$ 168$
 $\underline{- 80} = \text{Child care expenses}$
 $\$ 88 = \text{Countable net earnings}$
 $\underline{+ 150} = \text{Worker's Compensation}$
 $\$ 238$
 $\underline{- 90} = \text{Court ordered child support}$
 $\$ 142 = \text{Net countable income}$

- $\$ 565 = \text{TCA grant for a family size 4}$
 $\underline{- 142} = \text{Net income}$
 $\$ 423 = \text{TCA benefit grant amount}$