How Wages Affect Your Eligibility for Public Benefits

Presented by Maine Equal Justice Partners
The “Welfare Cliff”

There’s bipartisan support for policy change that removes barriers that make it difficult to transition from public assistance to employment.

We made progress during the last legislative session – there is more work to do.
Janet and her family

Janet is a single mom with three children. The family receives TANF, Food Supplement benefits, MaineCare, and LIHEAP. They live in public housing.

She has been offered a job at a local agency and was excited to learn that she’ll be earning $35,000 per year.

However, she’s been worried that she will lose all her benefits the minute she starts her new job. Let’s follow Janet through the next few months and see how her new job will impact the benefits she receives.
Temporary Assistance to Needy Families (TANF)

**TANF** is a cash benefit for families with minor children in their home.

In order to get TANF you must meet certain eligibility rules. You must show that your child is deprived and that you have very low income. You also must take part in the ASPIRE program, unless you have good cause not to.

**ASPIRE** stands for **Additional Support for People in Retraining and Employment**. It is the education, training, and work program that most parents who receive TANF must participate in. In Janet’s case, she participated in the Parents as Scholars program, which is administered through ASPIRE.

So let’s see if Janet and her family are still eligible for TANF/ASPIRE once she starts her new job.
Looking at this chart, can you tell how much TANF Janet and her three children have been receiving?

<table>
<thead>
<tr>
<th>Number in filing unit</th>
<th>Gross Income Test</th>
<th>Standard Of Need</th>
<th>Maximum Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>485</td>
<td>294</td>
<td>230</td>
</tr>
<tr>
<td>2</td>
<td>762</td>
<td>463</td>
<td>363</td>
</tr>
<tr>
<td>3</td>
<td>1,023</td>
<td>620</td>
<td>485</td>
</tr>
<tr>
<td>4</td>
<td>1,286</td>
<td>780</td>
<td>611</td>
</tr>
<tr>
<td>5</td>
<td>1,548</td>
<td>938</td>
<td>733</td>
</tr>
<tr>
<td>6</td>
<td>1,811</td>
<td>1,096</td>
<td>856</td>
</tr>
<tr>
<td>7</td>
<td>2,072</td>
<td>1,255</td>
<td>981</td>
</tr>
<tr>
<td>8</td>
<td>2,335</td>
<td>1,414</td>
<td>1,105</td>
</tr>
<tr>
<td>Additional Member</td>
<td>+262</td>
<td>+159</td>
<td>+124</td>
</tr>
</tbody>
</table>

Now let’s see if she continues to be eligible after applying TANF income disregards.
TANF - continued

In 2015 the Maine Legislature eliminated the “gross income test” for TANF recipients, though not for new applicants. The intent was to eliminate the “welfare cliff” that many parents face when trying to go back to work. Now when current recipients start earning income, a certain amount of income is still disregarded and then they may be able to continue receiving TANF despite the actual amount of gross income they are earning.

As Janet is a current recipient, we need to do the calculations to see if she continues to be eligible for a TANF benefit. So let’s see what her countable income is.

TANF “disregards” (this income doesn’t count):
• the first $108 per month in earned income; and
• then disregards 50% of what’s left.
• You then compare that amount to the Standard of Need on the chart from the previous slide for the appropriate size household.
• If the Standard of Need is greater than the countable income, the household will continue to be eligible for TANF benefits.
$35,000 ÷ 12 = $2917 ... this is Janet’s monthly earned income.

Here’s the calculation:

$2917 - $108 = $2,809 ÷ 2 = $1,404.50 this is her TANF countable income
$35,000 \div 12 = $2917 \ldots \text{this is Janet’s monthly earned income.}

Here’s the calculation:

$2917 - $108 = $2,809 \div 2 = $1,404.50 \text{ this is her TANF countable income}

The Standard of Need for a household of 4 with an adult included on the grant is $780. Janet’s countable income is well above that amount so, not surprisingly, Janet and her children are no longer eligible for TANF benefits.
Let’s check to see if Janet is eligible for any of the TANF Transitional Services.

Transitional Services include:

- Transitional Child Care
- Transitional Food Supplement benefits
- Worker Supplement
- Transitional Transportation
Transitional Child Care (TCC)

Let’s start with Transitional Child Care.

ASPIRE has been paying for child care while Janet attended college and she’s wondering how she’ll be able to afford it now that she’s no longer eligible for ASPIRE.

Transitional Child Care is available to families who leave TANF for work and whose income is 250% of the Federal Poverty Level or less.

Let’s look at the Federal Poverty Level chart in your packets and see if Janet’s income is within 250% FPL for a household of 4.
### Annual Income

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100%</th>
<th>105%</th>
<th>133%</th>
<th>150%</th>
<th>161%</th>
<th>213%</th>
<th>214%</th>
<th>250%</th>
<th>400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,770</td>
<td>$12,359</td>
<td>$15,655</td>
<td>$17,655</td>
<td>$18,950</td>
<td>$25,071</td>
<td>$25,188</td>
<td>$29,425</td>
<td>$47,080</td>
</tr>
<tr>
<td>2</td>
<td>$15,930</td>
<td>$16,727</td>
<td>$21,187</td>
<td>$23,895</td>
<td>$25,648</td>
<td>$33,931</td>
<td>$34,091</td>
<td>$39,825</td>
<td>$63,720</td>
</tr>
<tr>
<td>3</td>
<td>$20,090</td>
<td>$21,095</td>
<td>$26,720</td>
<td>$30,135</td>
<td>$32,345</td>
<td>$42,792</td>
<td>$42,993</td>
<td>$50,225</td>
<td>$80,360</td>
</tr>
<tr>
<td>4</td>
<td>$24,250</td>
<td>$25,463</td>
<td>$32,253</td>
<td>$36,375</td>
<td>$39,043</td>
<td>$51,653</td>
<td>$51,895</td>
<td>$60,625</td>
<td>$97,000</td>
</tr>
<tr>
<td>5</td>
<td>$28,410</td>
<td>$29,831</td>
<td>$37,786</td>
<td>$42,615</td>
<td>$45,741</td>
<td>$60,514</td>
<td>$60,798</td>
<td>$71,025</td>
<td>$113,640</td>
</tr>
<tr>
<td>6</td>
<td>$32,570</td>
<td>$34,199</td>
<td>$43,319</td>
<td>$48,855</td>
<td>$52,438</td>
<td>$69,375</td>
<td>$69,700</td>
<td>$81,425</td>
<td>$130,280</td>
</tr>
<tr>
<td>Each Additional</td>
<td>$4,160</td>
<td>$4,368</td>
<td>$5,533</td>
<td>$6,240</td>
<td>$6,698</td>
<td>$8,861</td>
<td>$8,903</td>
<td>$10,400</td>
<td>$16,640</td>
</tr>
</tbody>
</table>

### Monthly Income

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100%</th>
<th>105%</th>
<th>133%</th>
<th>150%</th>
<th>161%</th>
<th>213%</th>
<th>214%</th>
<th>250%</th>
<th>400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$981</td>
<td>$1,030</td>
<td>$1,305</td>
<td>$1,472</td>
<td>$1,580</td>
<td>$2,090</td>
<td>$2,099</td>
<td>$2,453</td>
<td>$3,924</td>
</tr>
<tr>
<td>2</td>
<td>$1,328</td>
<td>$1,394</td>
<td>$1,766</td>
<td>$1,992</td>
<td>$2,138</td>
<td>$2,828</td>
<td>$2,841</td>
<td>$3,319</td>
<td>$5,310</td>
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<tr>
<td>3</td>
<td>$1,675</td>
<td>$1,758</td>
<td>$2,227</td>
<td>$2,512</td>
<td>$2,696</td>
<td>$3,566</td>
<td>$3,583</td>
<td>$4,186</td>
<td>$6,697</td>
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<tr>
<td>4</td>
<td>$2,021</td>
<td>$2,122</td>
<td>$2,688</td>
<td>$3,032</td>
<td>$3,254</td>
<td>$4,305</td>
<td>$4,325</td>
<td>$5,053</td>
<td>$8,084</td>
</tr>
<tr>
<td>5</td>
<td>$2,368</td>
<td>$2,486</td>
<td>$3,149</td>
<td>$3,552</td>
<td>$3,812</td>
<td>$5,043</td>
<td>$5,067</td>
<td>$5,919</td>
<td>$9,470</td>
</tr>
<tr>
<td>6</td>
<td>$2,715</td>
<td>$2,850</td>
<td>$3,610</td>
<td>$4,072</td>
<td>$4,370</td>
<td>$5,782</td>
<td>$5,809</td>
<td>$6,786</td>
<td>$10,857</td>
</tr>
<tr>
<td>Each Additional</td>
<td>$347</td>
<td>$364</td>
<td>$462</td>
<td>$520</td>
<td>$559</td>
<td>$739</td>
<td>$742</td>
<td>$867</td>
<td>$1,387</td>
</tr>
</tbody>
</table>
We now know that 250% FPL for a household of 4 is $60,625 per year. Janet earns just a little more than half of that amount so we know she is eligible.

TCC does not pay the full cost of childcare so let’s see how much Janet will have to pay for child care.

Janet’s children are ages 9, 7, and 4. She needs after school care for the two older children and full time daycare for the youngest child. They attend a licensed daycare center in Cumberland County.

Daycare costs $120 per week for her preschool child and $62 per week for her two school aged children for a total expense of $182 per week.
Transitional Child Care - continued

The parent fee is based on the income for the household. Here’s a chart:

<table>
<thead>
<tr>
<th>Poverty Guideline Range</th>
<th>Fee Percentage of Gross Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 25%</td>
<td>2%</td>
</tr>
<tr>
<td>26% - 50%</td>
<td>4%</td>
</tr>
<tr>
<td>51% - 75%</td>
<td>5%</td>
</tr>
<tr>
<td>76% - 100%</td>
<td>6%</td>
</tr>
<tr>
<td>101% - 125%</td>
<td>8%</td>
</tr>
<tr>
<td>126% - 150%</td>
<td>9%</td>
</tr>
<tr>
<td>151% - 200%</td>
<td>10%</td>
</tr>
<tr>
<td>201% to Maximum Allowed</td>
<td>10%</td>
</tr>
</tbody>
</table>

Let’s look at the FPL chart again and see what percentage of the Federal Poverty Levels $35,000 for a household of 4 represents.
Transitional Child Care - continued

• Janet’s income is just under 150% of the FPL so she will need to pay 9% of her income towards her child care costs.

• That means she will be responsible for the first $262.53 in child care costs per month.

• Her total costs are $782.60 per month.

• The TCC subsidy will pay the balance, or $520.07 per month. That will be a big help!

When Janet’s two older children are out of school in the summer and her child care costs increase, she will continue to pay the same parent fee of $262.53 and TCC will pay the balance.
Now let’s look at **Transitional Food Supplement benefits**. (TFS)

TFS is a benefit for families who leave TANF due to increased income. There is no income test for TFS and no application process; it should be automatic.

The TFS benefit allows a family to continue receiving the level of FS they received while on TANF for a period of 5 months after leaving TANF for work.

Janet has been receiving $649 per month in Food Supplement benefits as her only income has been TANF. **She will continue to receive that amount for the next five months as she transitions to work.**

After 5 months, **she will need to reapply for Food Supplement benefits**, using her new earned income to determine ongoing eligibility.
Let’s see if Janet and her children will continue to qualify for help from the Food Supplement program after her 5 months of Transitional Food Supplements.

You can use the Food Supplement estimator at the Pine Tree Legal Assistance website: http://ptla.org/maine-food-supplement-estimators

I like to use Option 1 as it will just ask you the relevant questions and will do the calculations for you.

The estimator will ask the number of people in your household, how much income you get from wages and other sources, child care costs, how much you pay in rent or mortgage, and a few other easy to answer questions. It will then give you a summary of your answers and an estimate of how much, if any, food supplement benefit for which you might be eligible.
MAINE FOOD SUPPLEMENT PROGRAM ESTIMATOR

For Households With No Elderly (age 60 or over) or Disabled Members
This is the information we have gotten from you:

There are 4 people in your household for Food Supplement Program purposes.
Income from wages before taxes and other payroll deductions are taken out is $2,917.00

Other Income such as TANF, Social Security, etc. is $0
Legally obligated support paid for children outside the household is $0
Your Monthly Dependent Care Costs are $263.00
The monthly amount paid for rent, mortgage and condominium fees is $200
The monthly amount paid for fire insurance on your home is $0
The monthly amount paid for property tax is $0
You have said that you pay your own heat or air conditioning OR you got at least $21 in fuel assistance (LIHEAP or similar benefits) in the last year OR you live in Public Housing and pay excess utility costs.

Based on that information we estimate that you should be eligible to receive $78 as a monthly Food Supplement Program allotment.

Prepared by Pine Tree Legal Assistance
October 2015

Notice
Sometimes the laws change. We cannot promise that this information is always up-to-date and correct. If the date above is not this year, call us to see if there is an update.
We provide this information as a public service. It is not legal advice. By sending this to you, we are not acting as your lawyer. Always consult a lawyer, if you can, before taking legal action.
Worker Supplement

The Worker Supplement is a $15 food benefit that is added to a family’s EBT card in the form of SNAP benefits.

All families who are eligible for SNAP and have a parent that works at least 30 hours per week, (or 20 hours per week if they have a child under 6), and meet other TANF eligibility criteria such as deprivation, qualify for this benefit.

Janet will be working 40 hours a week so she will qualify for this small benefit as long as she continues to qualify for SNAP.
Transitional Transportation (TT) is also a benefit for families who lose TANF due to increased wages.

In 2015, the Maine Legislature increased the length of this benefit from 12 months to 18 months.

You must apply for TT within 12 months of leaving TANF for work. The sooner you apply, the more months of TT you will receive.

The income test for TT is the same as for Transitional Child Care – 250% of the Federal Poverty Limit – so we already know that Janet is eligible.

Let’s see how much she’ll qualify for.
Transitional Transportation - continued

TT pays 44 cents per mile up to a cap of $20 per day for transportation to and from work as well as miles to and from daycare or to pick up car pool passengers.

Janet lives 15 miles from her place of employment but has to travel an additional 5 miles (2.5 miles each way) off her route to take her youngest child to daycare.

So her daily commute is 20 miles each way or 40 miles total.

40 miles x .44 = $17.60 per day or $352 per month.

Transitional Transportation is paid monthly on the last day of each month. As long as Janet continues to work, she will receiving this benefit for up to 18 months after leaving TANF.

11/19/2015 Update: The new rules for the Transitional Transportation extension just came out and the daily limit in months 13-18 was set at $15, rather than the $20 per day that is available in months 1-12.
Janet and her children have health care coverage through the MaineCare program.

Let’s see if MaineCare will continue to provide coverage for them with Janet’s new income.

We know that Janet’s income for her household size put her at just under 150% FPL.

Let’s look at the chart in your packets called Maine’s Medical Assistance Program: Who’s Covered and Who’s Not.

What is the eligibility level for parents with minor children to receive MaineCare?
Health Care – continued

The income limit for parents to receive MaineCare coverage is 105% of the FPL, so she is now over income for MaineCare.

However, when parents’ earned income goes over 105% FPL, the parents are eligible for either 6 or 12 months of Transitional MaineCare.

After the first 6 month extension, the parents can get another 6 months of transitional MaineCare only if family income is below 185% FPL.

Given that Janet’s income is a little under 150% of FPL, we know that Janet will be able to qualify for a full year of Transitional MaineCare.
Health Care – continued
ACA Marketplace

Janet works for a small agency and they do not offer health insurance to their employees.

She grateful that she’ll have a year of Transitional MaineCare but let’s look at what’s available to her through the Affordable Care Act Marketplace after that year is up.
Using this year’s data, (keep in mind, premiums may change from year to year) it appears that Janet could get a health insurance policy from Maine Community Health Options for less than $100 per month.
Now let’s look at Janet’s children. The income limit for children between the ages of 0-18 is much higher than for parents.

Look at Who’s Covered, Who’s Not again. What’s the FPL for for children?

What is the income limit for a household of 4?
So now we know that children normally remain eligible for MaineCare as long as the household income is below 213% of the FPL.

As long as Janet’s income remains under $51,653, the children will remain covered by MaineCare.

If her income goes over 39,528, (163%) but remains under 213%, she will need to pay a small premium for the children’s MaineCare coverage.

The premium is between $8 and $32 per child, depending on income, with a family limit of $64 per month, regardless of how many children you have.
What About Housing?

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities.

The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local housing agencies (HAs) that manage the housing for low-income residents at rents they can afford.

Eligibility requirements and income limits vary by property.

**HUD divides household income into four categories:**

1. Extremely Low Income (ELI) for households earning less than 30% of the median,
2. Very Low Income (VLI) for households earning between 30% and 50% of the median,
3. Low Income (LI) for households earning between 50% and 80% of the median, and
4. Above Low Income for households earning 81% of the median and over.
Janet lives in public housing. 
What will happen now?

Janet and her children live in public housing and they have been responsible for paying 30% of Janet’s countable income (minus certain income deductions) for rent.

Janet gets an income deduction for each child ($480 per dependent) and for necessary child care ($0 for the sake of simplicity).

Certain benefits do not count as income like SNAP and LIHEAP. TANF cash assistance does count as income.

$7332 (TANF per year) – $1440 (deduction for 3 children) = $5892 (TANF income counted for the year) ÷ 12 = $491 (TANF income counted per month)

30% of $491 = Janet paid $147 per month in rent. (*The rent contribution of the tenant is called the Total Tenant Payment (TTP)).

Now that Janet makes $35,000 a year, what will she pay?
Does Janet still qualify?

To qualify for most rental assistance programs a renter must earn no more than 50% of the Area Median Income (AMI) – very low income (VLI). In some cases, rental assistance is reserved for renters earning 30% or less of the AMI – extremely low income (ELI). The apartment complex where Janet lives serves families whose income is under 50% of the AMI.

The 2015 AMI for a family of four in Cumberland County is $72,300.

$35,000 (Janet’s annual income)– $1440 (deduction for 3 children) = $33,560

Check the AMI chart:

<table>
<thead>
<tr>
<th>HUD Assistance Income Limits - 50% AMI in Cumberland County</th>
</tr>
</thead>
<tbody>
<tr>
<td>1              2           3       4       5       6       7       8</td>
</tr>
<tr>
<td>$25,350        $28,950    $32,550 $36,150 $39,050 $41,950 $44,850 $47,750</td>
</tr>
</tbody>
</table>

Janet’s income is still less than 50% of the AMI in Cumberland County. 30% of her countable income would be $839 a month in rent.
But wait...there are income disregards for Public Housing

Some people living in subsidized housing qualify for an income disregard when they begin earning income through employment.

The increased earnings should not be counted in figuring rent for the first 12 months after the person goes to work.

For the second 12 months, only half of their earnings will be counted. This "earnings disregard" applies to anyone in the household who is 18 or older.
You must meet one of these criteria to qualify for the public housing income disregard:

1. You were "previously unemployed" for at least 12 months before you went to work. (If you were earning small amounts of money during that 12 months--up to 500 hours x state minimum wage--you can still qualify as "previously unemployed." ) or

2. Your household received welfare during the last 6 months, and you began working or increased your earnings. ("Welfare" can include a one-time payment or something like TANF-related transportation assistance.) or

3. Your income increased while you were participating in a self-sufficiency or job-training program (like ASPIRE, an English-as-second-language course, substance abuse rehab, or sheltered workshop) or

4. You are disabled and went to work or started earning more money.

Do any of these apply to Janet?
Janet will not fall off “the cliff” when it comes to housing assistance…

Janet’s increased earnings should not be counted in figuring her rent for the first 12 months after she goes to work. For the second 12 months, only half of her earnings will be counted.

Only the increase in Janet’s earnings will be disregarded. Only her earnings in excess of the TANF amount will be disregarded. The purpose is not to penalize her for the increase in income.

This means that Janet will continue to pay $147 per month on her rent for the first 12 months.

After that, Janet’s TANF income (minus deductions) will still count ($491) plus half of her earnings above the TANF amount ($1153) = $1644

This means that Janet will have to pay 30% of the $1644 = Janet will have to pay $493 a month for the second 12 months.
A few more points about income disregards for public housing...

The Housing Authority (PHA) can choose to have an "individual savings account" policy. If Janet’s PHA has this, it can require her to put her rental savings during this 2-year period in a special savings account. She can withdraw money from the account only for specific reasons, such as:

- buying a home,
- paying educational costs, or
- moving from public housing

If she moves out of public housing, the PHA must pay her all the money in the account, minus any money she owes to the PHA.

Section 8 Housing Vouchers are treated differently – the earning disregard only applies for people with a disability.

If Janet’s family were receiving a housing voucher, Janet would not qualify for an income disregard.
What about staying warm in the winter?

LIHEAP is a federal program that helps low income households pay for heating and/or cooling their homes.

People may be eligible for assistance if your total household income falls below 150% FPL or 60% of the state area median income, whichever is less.

<table>
<thead>
<tr>
<th>People</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty level</td>
<td>$17,655</td>
<td>$23,895</td>
<td>$30,135</td>
<td>$36,375</td>
<td>$42,615</td>
<td>$48,855</td>
<td>$55,095</td>
<td>$61,335</td>
</tr>
</tbody>
</table>

Eligibility for households with incomes between 150% and 170% of the federal poverty guidelines is limited to those households with a member who is susceptible to hypothermia, such as elderly, a child twenty-four months of age or under, or with a doctor's diagnosis.

The amount of assistance you may get from LIHEAP is based on your household size and income, energy costs, and other factors.

2016 limits: $275 minimum, $800 maximum

Janet’s family has been getting help with heating costs from November through April.

Is Janet’s family still eligible for LIHEAP?
They still qualify but will get less help next year...

The eligibility income threshold for a family of 4 is $36,375 or 60% of the state area median income, which is $45,873 for a family of 4 (use whichever is less).

Janet would be making less than that at 35,000 per year so the family would continue to qualify for LIHEAP.

Recognizing that there are changes in employment and financial status, Janet is not under any obligation to inform the CAP agency about the recent increase in her household income.

However, she is obliged to inform the CAP agency about the additional income if she has been notified that she can expect additional LIHEAP benefits this year.

The CAP agency may consider the additional household income when deciding her eligibility for any future LIHEAP assistance.

So, Janet can maintain her help with LIHEAP for the year but must report the increase in income when she applies next year.
In the 2015 tax year, working families with children that have annual incomes below about $39,000 to $53,300 (depending on marital status and the number of dependent children) may be eligible for the federal EITC.

Also, working-poor people who have no children and have incomes below about $14,800 ($20,300 for a married couple) can receive a very small EITC.

In 2014, almost 98,000 EITC-eligible tax returns were filed in Maine, generating nearly $200 million in tax credits for Maine workers.
Janet will now qualify for the federal EITC. This will help stretch her paycheck further.

Based on Janet’s adjusted gross income ($35,000 minus deductions) and the fact that she has more than 2 children, they will qualify for the maximum credit of $6,242.


What about the State EITC?

The good news: It is now refundable in Maine!

The less good news: It is only 5% of the federal credit.

This means that Janet would be eligible for a state credit of $312.
Wrap Up and Questions

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