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Chapter IV

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**MAINE PUBLIC ASSISTANCE MANUAL**

**Budgeting Process** Page 1

1. **PROSPECTIVE BUDGETING**
   1. Eligibility and benefit amounts are based on the best estimate of the household's income and other circumstances expected to exist until the next review.
   2. The best estimate is based on the recipient's and Eligibility Worker's knowledge of the past, as well as, reasonable expectations of current and future circumstances. In making this determination the Worker must use the concepts of significant and non-significant income changes as well as averaging. The method of arriving at the best estimate of income must be clearly documented.
      1. **Significant Income Changes**: Changes in sources or amounts of income which are expected to continue long enough to be reflected in at least one check. Some examples are starting a job, a new source of unearned income, losing a job or source of unearned income, or changes in hours and wages.
      2. **Non-Significant Income Changes**: Changes that are temporary, very short term and not part of the ongoing pattern. These may include fluctuations due to irregular overtime or unpaid days off and other changes not expected to continue beyond the month of occurrence.

**NOTE**: Variations in income caused by non-significant changes are not considered underpayments or overpayments.

* + 1. **Making a Best Estimate (Income Averaging):** A best estimate is determined by the following steps:
       1. All income received in the four weeks immediately preceding the application or review must be verified.

**EXCEPTION:** When income stops, verify the termination and verify only the income received in the month of application and thereafter. In these instances, there may be less than four weeks of income.

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1. **PROSPECTIVE BUDGETING** (cont.)
   * + 1. Through documentation of the income and discussion with the individual, determine if there were any significant changes. If the changes are of a continuous nature, they must be used in determining the best on-going estimate.
       2. Decide if there are anticipated significant changes that should be acted upon now or recalled for a revision of the best estimate the month before the changes are expected to occur.

**NOTE**: The case is scheduled for recall because a recipient has been receiving unemployment compensation and eligibility for those benefits is expected to end soon. To complete the recall, the worker will divide the current diminishing balance by the weekly benefit amount and determine whether the best estimate of the recipient's income in the next month should include or exclude the unemployment compensation.

* + - 1. Determine the best estimate using only income from the eight week period that is representative of the future. The record must clearly document what income was used and what was not used and why.
      2. Self-employment must be based on the most recent tax return, if it is representative of the future. For seasonal income, it may be more appropriate to use a comparable season for the upcoming review period.
      3. The final step is to average the income the Worker has decided to use. If there were significant changes during the past period or expected changes in rate of pay or hours, this should be considered.
      4. Weekly income is converted to a monthly figure using 4.3 or the biweekly amount is converted to a monthly figure using 2.15.

**NOTE**: Whenever less than a full month's income is anticipated, the actual monthly income will be used.

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**Budgeting Process** Page 3

1. **BUDGETING PRINCIPLES**
   1. For purposes of determining eligibility and payment the income already received and any income which can be reasonably anticipated must be taken into account.
      1. **Income Test** 
         1. Eligibility is determined using the Standard of Need (SON).
         2. When the family’s countable income exceeds the Standard of Need there is no eligibility for TANF or PaS.
2. **Calculation of Payment**
   * + 1. Each individual in the assistance unit who is employed, including self- employed individuals, is eligible for the following Work Related disregards:
          1. one hundred eight dollars; and
          2. fifty percent of the remaining earnings.
          3. Child or Dependent Care: After applying all of the other disregards, the worker shall deduct the cost of care for each dependent child or incapacitated adult needing care while the TANF recipient works. Deduct the actual cost up to $175 per month per dependent or $200 for children under age 2.

**NOTE**: Payment month is the month for which the benefits are intended.

**NOTE**: Dependent care is not allowed if paid to anyone included in the assistance unit.

* + - 1. If an adult member of the assistance unit is legally responsible for the support of others living in the home who do not meet the categorical definition of TANF or PaS, allocate the appropriate full need standard from the adult's remaining income.

**NOTE**: No allocation can be made to dependents who are otherwise eligible for TANF or PaS. In addition, income will not be allocated to any dependent with assets in excess of the allowable limit.

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**II. BUDGETING PRINCIPLES** (cont.)

If an adult member of the assistance unit is legally responsible for and actually paying support for children or alimony to a former spouse outside the home, the support payment is allowed as a deduction.

Child support received minus the first $50 is added to the countable income until the effective date of assignment.

* + - 1. **Step Disregard**. The following disregard is applied to the individual’s earned income when determining benefit levels for the assistance group when the individual included in the assistance group meets one of the following criteria. They are:
         1. A current recipient who reports a change in earned income; or
         2. An applicant with earned income and the assistance group has passed the income test located above in section (II)(1) using only the applicable disregards in sections (A) and (B) above.

The Step disregard is applied to each recipient with earnings as defined above. The two steps included in the Step disregard are each restricted to a three month maximum. When Step one is activated the Step disregard will continue for the maximum six months consecutively unless the recipient reports that all earned income for that recipient has ended. When earned income has ended the Step month count will end the month following the month the Step disregard is used to determine benefits. The Step disregard is applied as follows:

* + - * 1. Step one: 100% of earned income for the individual is disregarded for a maximum of three months for either an applicant with earned income or a recipient with a change in earned income.
        2. Step two: 75% of earned income for the individual is disregarded for a maximum of three months following exhaustion of Step one months during a period of TANF and/or PaS eligibility.

In the event that the Step disregard does not increase the TANF/PaS benefit beyond the benefit amount determined by the use of the Work Related and Other disregards; then the Step disregard is not applied, and the Step disregard usage month is not counted for the individual.

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**II. BUDGETING PRINCIPLES** (cont.)

For any period in which a household’s food supplement assistance is reduced below $50 as a result of the use of the Step disregard; the household will be issued a TANF Earnings Food Benefit of up to $50. This benefit is issued as a food assistance benefit, not a cash benefit, and may be used only as permitted by Maine’s Food Supplement. The combined benefit is not to exceed $50 in a benefit month.

The Step disregard is not used when determining eligibility or benefit levels for Emergency Assistance, Alternative Aid, Transitional Child Care or Transitional Transportation.

* + - 1. Subtract Countable Income from the need standard. Authorize the difference between the two figures up to the payment maximum. If the result is less than $10 before application of any recoupment or proration, no check is issued. However, the assistance unit may be eligible for Medicaid.

**NOTE**: When the countable income is greater than the standard of need, there is no eligibility for TANF or PaS.

* + - 1. In the final step round down to the next whole dollar.
         1. **Total Benefit Package**

In instances when the TANF recipient has child care costs, the Department shall determine a total benefit package, including TANF Benefits, determined above and additional child care assistance necessary to cover the TANF recipient’s actual child care costs up to the maximum Market Rates specified in ASPIRE-TANF rules.

The TANF recipient has an option to:

Receive the total benefit package directly; or to have the department pay the recipient’s child care assistance directly to the designated child care provider for the recipient and pay the balance of the total benefit package to the recipient.

If a TANF recipient notifies the Department that the recipient chooses to receive the child care assistance directly, the Department shall pay the total benefit package to the recipient.

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**II. BUDGETING PRINCIPLES** (cont.)

If a TANF recipient does not respond or notifies the Department of the choice to have the child care assistance paid directly to the child care provider from the total benefit package, the Department shall pay the child care assistance directly to the designated child care provider for the recipient. The Department shall pay the balance of the total benefit package to the recipient.

**NOTE**: When the amount of the child care disregard or child care support service is not used to pay the child care provider, the benefit is considered an overpayment.

1. TANF WORK INCENTIVE PAYMENT – A TANF recipient who enters paid employment may receive a once per lifetime incentive payment of $400 when employment is maintained for four consecutive months.
   1. Eligibility
      1. The individual must work at least 30 hours per week during the 4 month period;
      2. The individual must earn at least the minimum wage;
      3. The individual must maintain employment for four consecutive months after becoming employed;
      4. The assistance unit is eligible for the incentive payment even if the earned income from employment has closed the TANF grant;
      5. In a two-parent assistance unit both parents may be eligible for an incentive payment when they both become employed prior to closing TANF;
      6. Self-employed individuals are eligible to receive the incentive payment.
   2. Payment. Payment will be made at the end of the required four month employment period, based on information available to the Department and after the Department has verified that the individual meets the eligibility criteria in III(a), above.

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**III.** **SPECIAL NEED HOUSING ALLOWANCE (SNHA)**

TANF assistance units that incur housing costs that equal or exceed 50% of their countable income may be eligible for a special need payment of up to $300 per month. A separate application for SNHA is not required. The TANF or PaS application or redetermination is considered a request for SNHA. A person can receive a SNHA even if not receiving a TANF basic grant. Assignment of child support and ASPIRE participation is required in this circumstance. Child only assistance units may be eligible for the SNHA.

* 1. Countable Housing Expenses. The total expenses that the TANF or PaS assistance unit is responsible for even when they have been unable to pay that amount. These expenses must be verified.
     1. Rent, lot rent, mortgage payment, property taxes and homeowners insurance.
     2. Any housing costs paid by General Assistance are considered the responsibility of the assistance unit.
     3. Shared housing costs. When the TANF recipient resides in a home with others that are not included in the assistance unit the responsibility for housing costs is determined by who is responsible for the lease or mortgage.
        1. If the TANF recipient is responsible for the payment the total shelter costs are used as a housing expense. Any contributions to shelter costs by other members of the home will be treated as unearned income to the TANF recipient;
        2. If the non-TANF individual is responsible for the payment, the TANF individual has no responsibility for housing costs and is not eligible for SNHA;
        3. When the non-TANF individual is a caretaker relative receiving a child only payment a prorated share of housing costs is used to determine eligibility for SNHA;
        4. When the non-TANF individual is a parent or child excluded from the assistance unit because of receipt of SSI the housing costs are prorated and the share of expenses attributed to the TANF recipient(s) are used to determine SNHA eligibility.

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**III.** **SPECIAL NEED HOUSING ALLOWANCE (SNHA) (continued)**

* 1. Payment Determination
     1. Determine eligibility for the basic TANF or PaS grant as in Section I, above.
     2. When the assistance unit is eligible for TANF or PaS administer the 50% Test:
        1. Add the basic TANF or PaS grant amount plus child support (minus $50 pass-through), plus countable income.
        2. Determine total shelter costs
        3. Divide total shelter costs (B) by the total of the basic grant plus child support plus countable income (A).
        4. When the amount obtained in (C) is equal to or greater than 50% subtract the TANF or PaS countable income from the Special Need Full Standard of Need. The grant amount is the deficit up to the maximum Special Need payment for the size of the assistance unit.
     3. When the assistance unit is not eligible for TANF or PaS:
        1. For applications – Compare the assistance unit’s countable income to the gross income pre-test using the Special Need chart.
           1. If the assistance unit’s countable income passes the gross income pre-test apply the 50% test as in II(b)(2) above. The basic grant is zero.
           2. If the assistance unit’s countable income exceeds the gross income pre-test the unit is not eligible for SNHA.
        2. For recipients – Compare the assistance unit’s countable income to the Standard of Need using the Special Need chart.
           1. If the assistance unit’s countable income is less than the Standard of Need, calculate the 50% test as in II(b)(2) above. The basic grant is zero. When the result of the 50% test is 49% or less, the assistance unit is denied all TANF or PaS benefits.

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**III.** **SPECIAL NEED HOUSING ALLOWANCE (SNHA) (continued)**

* + - * 1. If the assistance unit’s countable income exceeds the Standard of Need the unit is not eligible for SNHA.