



## TANF 602-1 Income Disregards

**Supersedes:** TANF 602-1 (7/1/08)

**Reference:** ARM 37.78.406 and .407

**Overview:** Income disregards are certain income amounts subtracted from the filing unit's countable gross income to determine the total countable income amount. Subtracting these income disregards reduces the amount of countable income tested against the Benefit Standard for the household's size.

There are two types of income disregards - earned income disregards and an obligated income disregard. Earned income disregards take into account the expenditures related to employment. The only obligated income disregard is for a legally binding child support obligation.

The types of earned income disregards will vary based on the TANF program that the household is eligible for, TANF cash assistance or the TANF Post-Employment Program.

### **TANF CASH EARNED INCOME DISREGARDS:**

To determine eligibility for the TANF cash assistance program, the following earned income disregards are subtracted in a specific order from the monthly gross countable earned income of each wage earner. These disregards and the order in which they are applied are:

1. \$200 work expense;
2. Twenty-five percent (25%) of remaining earned income;
3. Up to \$200 per month per dependent for care required for employment.

### **TANF CASH WORK EXPENSE DISREGARD:**

The first \$200 of monthly earnings of each wage earner, whether employed full or part-time, is deducted. This deduction is for work-related expenses, actual work expenses do not have to be verified.

### **TANF CASH PERCENT DISREGARD:**

Twenty-five percent (25%) of the balance of the monthly earnings is subtracted from the balance remaining after the Work Expense Disregard.

### **TANF CASH DEPENDENT CARE DISREGARD:**

Dependent care expenses, up to \$200 per month, based on the amount the wage earner is obligated to pay, is available for each minor child or incapacitated adult who is:

1. living in the same home as the earner; and
2. receiving TANF cash benefits or would be except they are excluded pursuant to federal regulations.

The amount can be anticipated based on the most recent month's expense unless it is reasonably certain a change will occur for the benefit month. The expense can also be factored or averaged.

Allow dependent care costs when necessary for a household member to:

1. Accept or continue employment;
2. Seek employment;
3. Attend training or schooling preparatory to employment;
4. Participate in Employability/Service Plan activities.

The client must provide a signed statement from the provider that lists the individual(s) in care, care hours and monthly charge amounts.

If the dependent care expense is for an incapacitated adult, his/her incapacity must be verified in writing from a physician or designee.

Allow the dependent care disregard only if the care provider is someone who is not included in the filing/assistance unit. However, the provider may be living in the same residence. Reasonable costs to transport a dependent to or from care are an allowable dependent care expense.

If the household has applied or intends to apply for Block Grant child care but the child care has not yet been approved, allow the full anticipated child care expense. When the Block Grant child care has been opened and a portion of the child care expense is reimbursed or paid for by Block Grant child care, allow only the amount of the child care expense in excess of these payments.

#### **OBLIGATED INCOME DISREGARD:**

The filing unit is allowed an income disregard designed to encourage parents to fulfill their financial obligation for legally-binding child support payments. The child support payment amount obligated to non-household members is subtracted from the total of the balance remaining after the earned income disregards and the unearned income of the filing unit are added together.

Child support obligation verification and actual payment history showing regular payments must be provided to allow this deduction, unless the payment is collected through automatic income withholding. In these instances, allow the disregard upon receiving appropriate verification. If the payments are actually paid on a weekly or bi-weekly basis, the amount of the disregard can be factored.

#### **TANF POST-EMPLOYMENT INCOME DISREGARDS:**

All earned and unearned income is disregarded during the Post-Employment Program.

**LOSS OF EARNED INCOME DISREGARD:**

The wage earner is not allowed the earned income disregards in the following circumstances:

1. If he/she has been convicted of fraud in a court of law or is determined to have committed an Intentional Program Violation.
2. If he/she has voluntarily quit or reduced his/her hours of work; or
3. If he/she has failed to report earnings and an overpayment is calculated.

**Effective Date:** January 01, 2018