

106 CMR DEPARTMENT OF TRANSITIONAL ASSISTANCE

106 CMR 704.000: TRANSITIONAL CASH ASSISTANCE PROGRAM: FINANCIAL ELIGIBILITY

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704.000: Overview of Financial Eligibility

To receive Transitional Cash Assistance of EAEDC or TAFDC, an applicant or client must meet financial eligibility requirements as well as those requirements provided in 106 CMR 703.000: *Transitional Cash Assistance Program: Nonfinancial Requirements*.

An applicant or client meets the financial eligibility requirements if he or she has assets and income at or below the Department's limits. The purpose of 106 CMR 704.000 is to show how financial eligibility is established. The topics covered are:

- (A) Assets, 106 CMR 704.100;
- (B) Income, 106 CMR 704.200;

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- (C) Membership in the Assistance Unit and Filing Unit, 106 CMR 704.300;
- (D) TAFDC, Need and Payment Standards, 106 CMR 704.410, and 704.420;
- (E) EAEDC Living Arrangements and Standards of Assistance, 106 CMR 704.435 and 704.440; and
- (F) Calculation of the Grant Amount, 106 CMR 704.500.

704.010: General Requirements for Financial Eligibility

There are two major elements in the determination of financial eligibility for Transitional Cash Assistance: an assets test and an income test. In order for the assistance unit to be eligible, the combined assets and income of the filing unit may not be above the Department's asset and income limits.

- (A) 106 CMR 704.300, 704.305, and 704.310 provide the requirements for determining who is in the filing unit, who is in the assistance unit, and whose assets, income, and needs are considered in determining eligibility.
- (B) 106 CMR 704.100: Assets, provides the requirements for determining how assets are counted in the eligibility test.
- (C) 106 CMR 704.200: Income, provides the requirements for determining how income is counted in the eligibility test.

The remaining sections provide the requirements for calculating and paying the grant once eligibility has been established.

704.100: Assets

Assets are objects of value, other than income as defined in 106 CMR 704.200, such as personal property, real estate, vehicles, the cash surrender value of life insurance, cash, bank deposits, and negotiable securities. Countable assets are all assets that are used for eligibility determination. Noncountable assets are all assets that are exempt from use for eligibility determination. All assets are considered countable unless inaccessible as provided in 106 CMR 704.125 or noncountable as provided in 106 CMR 704.140.

704.110: Asset Limitations

TAFDC Asset Limit: In order for the assistance unit to be eligible, the combined assets of the TAFDC filing unit may not exceed \$5,000.

EAEDC Asset Limit: In order for the assistance unit to be eligible, the combined assets of the EAEDC filing unit may not exceed:

- (A) \$250 for an assistance unit of one; or
- (B) \$500 for an assistance unit of two or more.

The dollar value of an asset is its equity value, except for a vehicle for TAFDC as provided in 106 CMR 704.120(G). An asset's equity value is its fair market value less any legal encumbrances or obligations.

704.120: Countable Assets [Note: 106 CMR 704.120 was formerly found at 106 CMR 204.120]

Assets used to determine financial eligibility include, but are not limited to:

(A) Cash.

(1) Definition. Cash includes currency, checks, or bank drafts, in the possession of, or available to, the filing unit.

(2) Verification. The amount of cash is counted at application, eligibility reviews and when a change is reported.

The applicant's or client's declaration of the amount of cash available to the filing unit is sufficient verification unless contradictory information is received by the Department.

(B) Bank Balances.

(1) Definition. Bank balances may be in the form of savings, checking, trust accounts, term certificates, or other types of accounts held at banks, savings or loan institutions.

Balances in a bank account are considered available when a member of the filing unit has both ownership of, and access to, the balance of funds in the account.

(2) Joint Accounts. If a member of the filing unit is a co-holder of a joint bank account, the entire amount on deposit is a countable asset unless the member of the filing unit demonstrates otherwise.

A member of the filing unit who states that he or she is not the owner, or is only partial owner, of the funds must verify the ownership of such funds. A member of the filing unit who states that he or she has no, or only partial, access to the funds, must verify lack of access.

(3) Verification of Access to and Ownership of Bank Balances. Claimed lack of access and ownership must be verified. (See Inaccessible Assets). If lack of access is verified, the funds will not be considered available to the filing unit. If the verification submitted does not demonstrate lack of access, the case manager shall then determine ownership.

(a) Once lack of access is proven, the funds are not available. If the verification submitted does not prove lack of access, the worker shall determine ownership.

A member of the filing unit may claim lack of access to a joint account when:

1. the co-holder is the absent parent of the dependent child and verification has been submitted to establish good cause for noncooperation with the Child Support Enforcement Division Unit (CSEDU) (see 106 CMR 703.522(B)(1)(c) or (d)); or
2. verification has been submitted that the co-holder has a history of physical or emotional abuse, or has threatened to abuse a member of the filing unit. Verification shall be court, law enforcement, medical, psychological, child protective service, or social service records. When the applicant or client cannot get the verification from one of the above sources, sworn statements from the applicant or client and at least one other individual with knowledge of the circumstances is acceptable. Such statements may be made orally and be put in writing by the worker.

(b) Verification that the member of the filing unit does not have ownership of, or has only partial ownership of, the balances in the account must be shown by at least two of the following when showing that the owner of the funds is not a member of the filing unit or has a legal obligation to support:

1. Documents showing where the money came from, who opened the account, or whose money was used to open the account was not a member of the filing unit;
2. Documentation through federal or state tax records, of who declares the tax on the interest received;
3. Records of who makes deposits and withdrawals;
4. Any written or oral agreements made between the parties listed on the account or by someone who opened or contributed to the account;
5. When the member of the filing unit states that he or she does not own the account but is listed as a co-owner only as a convenience to the other co-owner to conduct bank business, proof of the age, relationship, physical or mental condition, or place of residence of the co-holder shall be provided;
6. Proof of why the member of the filing unit is listed on the account;
7. A signed, notarized statement from the member of the filing unit and from either one of the other individuals listed on the joint account, or a person who opened or contributed to the account, that the member of the filing unit had no knowledge of the existence of the account; or

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8. If only one of the above is available and if the other individual(s) listed on the account or who had opened or contributed to the account is unavailable or is unable or unwilling to provide a statement, the second proof may be a signed statement from the member of the filing unit stating under penalties of perjury of the ownership of funds in the account.

(4) Verification of Account Balances. Verification of the current balance of each account is mandatory at application, at eligibility reviews, and at times of reported change. The amount is verified by bank books, bank statements or online printouts that show the bank balance within 45 days of the date of the application or redetermination.

If at redetermination, a member of the filing unit states that the balance is \$25 or less in an account, other than a checking account, verification is not required if the balance was \$25 or less at the last eligibility determination, and the account balance, in combination with other assets, is not over the asset limit. The statement shall be recorded in the case record.

(C) Retirement Accounts and Pensions. Retirement or pension funds are countable if accessible to the applicant or client.

(1) Sources. Funds in an Individual Retirement Account (IRA) are accessible and countable as an asset in their entirety less the amount of penalty for early withdrawal.

The funds in a Keogh Retirement Plan established for the self-employed individual alone or for the self-employed individual and his or her employees who are not members of the filing unit, are countable as an asset, less the amount of penalty for early withdrawal, only if the funds are accessible to the individual.

If accessible, funds in a tax deferred retirement plan (*e.g.*, 401(k)) funded by tax-deferred contributions from employees and employers are countable as an asset less the amount of penalty for early withdrawal.

Pension retirement funds funded by the employer are to be considered a countable asset, less any penalties for withdrawal, provided such funds are accessible.

Payments made from an Annuity are unearned income. An Annuity is an investment that provides a fixed sum payable to a person, based upon the terms of the annuity.

(2) Verification. Verification of the current value of a retirement account, pension or annuity is mandatory at application, eligibility reviews and when a change is reported.

The current value of IRA funds are verified by a quarterly statement or a written statement from the account institution or online printout, dated within 45 days of the application or eligibility review interview.

Verification of the current amount of and the accessibility of all other retirement accounts and pensions shall be by a signed written statement from the financial institution, employer or former employer, or an online printout, dated within 45 days of the date of the application or eligibility review interview. Other legal documents, such as court orders, are also acceptable as verification to prove the accessibility or inaccessibility of the funds to the applicant or client.

(D) Securities.

(1) Definition. Stocks, bonds, options, futures contracts, debentures, mutual, exchange-traded and money market funds; government, bank, corporate or promissory notes; and other securities are countable assets. Tradeable securities are valued at the most recent closing price, and nontradeable securities are valued at current equity value. A security for which there is no market or which is inaccessible is noncountable.

(2) Verification. Verification of the current value of each security owned is mandatory at application, eligibility reviews, and when a change is reported.

Verification of the value of a security can be made by:

- (a) a written statement or online printout from the individual, corporation, licensed stockbroker, bank or government agency that issued the security;
- (b) a current newspaper article showing the date and closing price;
- (c) a statement from any bank or other financial services institution of the current value of the security; or
- (d) documentation from a current financial publication.

A claim that a particular security has no market value is verified by one of 106 CMR 704.120(D)(2)(a) through (d);

A claim that a security is inaccessible is verified as provided in 106 CMR 704.125: Inaccessible Assets.

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(E) Cash Surrender Value of Life Insurance Policies.

(1) Requirement. The cash surrender value (CSV) of a life insurance policy is a countable asset.

(2) Verification. The verification of the CSV of all life insurance policies is mandatory at application, eligibility reviews and at times of reported changes in the value.

CSV is verified by the Table of Loan and CSV amounts located on the actual policy, or by a written statement from the issuing company or its representative or online printout. If the policy is paid up or has been in effect longer than the number of years covered by the table, verification of the CSV must be obtained from the issuing company or agent.

(F) Burial Insurance.

(1) Requirement. The cash surrender value (CSV) of a burial insurance policy is a countable asset.

(2) Verification. The verification of the CSV of burial insurance is mandatory at application, eligibility reviews and at times of reported change and shall be verified by the table of CSVs in the policy itself, or by a signed statement from the seller or online printout.

(G) Vehicles.

(1) TAFDC Requirement. The value of one non-recreational vehicle owned by the filing unit is non-countable.

When the filing unit owns more than one non-recreational vehicle, the vehicle having the greatest value, is non-countable. The full equity value of each additional vehicle owned by the filing unit, as well as any recreational vehicles (including snowmobiles, boats and trailers) is countable.

(2) EAEDC Requirement. The first \$1500 of the equity value of one vehicle is noncountable. Any equity value in excess of \$1500 is a countable asset.

The full equity value of all other vehicles owned by the assistance unit (including snowmobiles, boats, trailers, jeeps, vans, and motorcycles) is countable. When the assistance unit owns more than one vehicle, the \$1500 equity limit is applied to the vehicle having the greatest equity value, provided it is used primarily for the transportation of the assistance unit.

(3) Verification. The equity value of all countable vehicles is verified at application, eligibility reviews and when another vehicle is acquired.

(a) Equity Value. Equity value is determined by subtracting the balance of any liens or legal encumbrances from the fair market value of the vehicle.

The balance of an outstanding lien or legal encumbrance is verified by the payment book or a statement from the bank, an online statement, a finance company, or lender showing the payment schedule and the outstanding balance.

(b) Fair Market Value. Fair market value is the price for which the vehicle will sell.

Fair market value shall be verified by one of the following:

1. for cars and trucks, the wholesale value and for recreational vehicles, the finance value tables in the most recent vehicle valuation book used by the Department;
2. if the car or truck is too old to be listed in an older car valuation book, it shall be assigned the value used for excise tax purposes;
3. the written appraisal of a licensed automobile dealer;
4. for recreational vehicles, the projected loan value as quoted by a bank or other lending institution, or documents showing the value of the vehicle for insurance purposes; or a written estimate of the cash value of the vehicle from a licensed recreational vehicle dealer; or
5. any information obtained by the Department from a recognized vehicle valuation source, including online sources.

If a vehicle is specially equipped for persons with disabilities or has low mileage, these factors shall not increase the value of the vehicle.

The valuation assigned by the Department may be rebutted by submitting evidence such as the written estimate of a licensed automobile dealer or a value from a more recent and/or different vehicle valuation source.

(c) Ownership. When joint ownership by two or more persons is claimed for a countable vehicle, verification of ownership of the vehicle is mandatory at application, eligibility reviews and when a change regarding joint ownership of vehicles is reported. Joint ownership is verified in accordance with 106 CMR 704.130 unless all of the owners are members of the filing unit.

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(H) Real Estate.

(1) Requirement. The equity value of all real estate owned by a member of the filing unit other than the principal place of residence and the land on which it rests, is a countable asset, except as specified in 106 CMR 704.140.

Equity value is the fair market value less liens or encumbrances.

Fair market value is the price for which the real estate will sell in the area.

(2) Verification. The fair market value and equity value of all countable real estate owned by the filing unit is verified at application, eligibility reviews and at times of reported change.

Fair market value is verified by a copy of the tax bill or the property tax assessment most recently issued by the taxing jurisdiction, provided that this assessment is not:

- (a) a special purpose assessment;
- (b) based on a fixed rate per acre method; or
- (c) based on an assessment ratio or providing only a range.

If the lender is an organization, the verification of liens or encumbrances on the property shall be by a copy of documents showing the outstanding balance of the loan. If the lender is an individual, the amount of the liens or encumbrances is verified by either a copy of the loan and a signed statement from the lender showing the payment schedule and outstanding balance of the loan, or other document that shows the outstanding balance of the loan.

If a current property tax assessment is not available or the grantee wishes to rebut the fair market value determined by the Department, a comparable market analysis or a written appraisal of the value of the property from a knowledgeable source establishes the fair market value. A knowledgeable source is a licensed real estate agent or broker, a real estate appraiser, bank, savings and loan association or similar lending organization, or an official of the local real property tax jurisdiction. The grantee shall be informed how to rebut the Department's fair market value determination. The grantee can rebut the fair market value determined by the Department at any time.

(I) Income Tax Refunds.

(1) Requirements. Income tax refunds, except for any portion received as an earned income credit (EIC), is a countable asset but non-countable as income. The earned income credit of an income tax refund is non-countable as an asset or income in the month of receipt and the following month. The remaining portion of the earned income credit is a countable asset in the third month.

(2) Verification. An income tax refund is verified at the time of receipt by one of the following:

- (a) a copy of the check or payment document;
- (b) a written statement from the agency making the payment; or
- (c) a copy of the tax return.

(J) Lump Sum Income. Any lump sum income over \$600 is countable in the month of receipt as provided in 106 CMR 704.240(A)(3). Any portion of the first \$600 remaining in the month after the month of receipt is considered a countable asset for both TAFDC and EAEDC.

(K) TAFDC Individual Asset Account. Funds received from the Individual Asset Account upon termination of Full Employment Program employment is countable as provided in 106 CMR 707.180(D).

704.125: Inaccessible Assets

(A) Requirements. An inaccessible asset is one that is not available to the individual and is not counted when determining eligibility for Transitional Cash Assistance. Inaccessible assets include, but are not limited to:

- (1) Property that is the subject of legal proceedings and irrevocable trust funds; and
- (2) Any funds in a trust, and the income produced by that trust, to the extent it is not available to the assistance unit, if all of the following conditions are met:
 - (a) No assistance unit member has the power to revoke the trust or change the name of the beneficiary;
 - (b) The trustee administering the trust is:
 1. a court or an institution, corporation, or organization that is not owned or operated by any assistance unit member;
 2. an individual appointed by the court who has court imposed limitations placed on his or her use of the funds; or
 3. an individual whose responsibilities are governed by the terms of the irrevocable trust and who is not under the direction or control of any assistance unit members; and
 - (c) Trust investments made on behalf of the trust do not directly involve or assist any business or corporation owned or operated by an assistance unit member.

Except as provided in 106 CMR 704.120(B)(3)(a), all assets to which the applicant or client is legally entitled are considered accessible to the applicant or client:

- (3) from the date of application or ownership, whichever is later, if the applicant or client does not meet the conditions provided in 106 CMR 704.125(A)(2); or
- (4) from the period beginning six months after the date of application or ownership, whichever is later, if the applicant or client is incapable of competently representing his or her own interests, has no guardian or conservator capable of representing his or her interests, and the representative of such applicant or client is making a good faith effort to secure the appointment of a competent guardian or conservator.

(B) Verifications. Verification of the inaccessibility of an asset is mandatory at application, eligibility reviews or whenever circumstances regarding the accessibility of the asset have changed. The following documents may be used to verify inaccessibility:

- (1) The document establishing the inaccessibility of the asset;
- (2) Relevant legal or financial statements proving the inaccessibility of the asset, if the above document is not available;
- (3) Documents showing how the holder's name appears on a bank account or security.
 - (a) If the account is titled A and B, neither individual has access to the account without the consent of the co-holder. The applicant or client must submit a written statement from the co-holder denying such consent. If the applicant or client is unable to obtain the written statement of the co-holder, he or she may submit an affidavit stating that he or she does not have the co-holder's consent.
 - (b) If the account is titled A in trust for B, or A for B, A has full access to the account and B has no access to the account; and
- (4) A copy of the trust or other documentation that verifies it is irrevocable and meets all conditions provided in 106 CMR 704.125(A)(2).

If an applicant or client shows lack of ownership, inaccessibility to the asset, or both, the asset is not countable in determining eligibility.

704.130: Joint Ownership of Assets

(A) Definition. Any asset, other than a bank account, owned by two or more persons is considered owned in equal parts unless a different ownership share is verified. If joint ownership exists, only that portion owned by persons included in the filing unit is countable. For treatment of joint bank accounts, *see* 106 CMR 704.120(B).

(B) Verification. Documents that verify other than equal ownership include, but are not limited to, titles, purchase contracts, or other certificates of ownership.

704.135: Transfers of Income and/or Assets(A) Transfers for less than Fair Market Value.

(1) If, within 12 months before applying for Transitional Cash Assistance, a member of the filing unit transfers any income or an asset in whole or in part for less than its fair market value or places the income or asset into an irrevocable trust, it is presumed that the transfer was made to become eligible for Transitional Cash Assistance, unless the presumption is rebutted in accordance with 106 CMR 704.135(A)(2). If the presumption is not rebutted, or if the transfer is prohibited by law, the filing unit will be ineligible for Transitional Cash Assistance for the period of time calculated in accordance with 106 CMR 704.135(C) and (D).

(2) The presumption that a transfer for less than its fair market value or placement into an irrevocable trust was made to receive Transitional Cash Assistance, may be rebutted if the applicant establishes one of the following:

(b) At the time of the transfer, the filing unit member had enough other income and/or assets to pay for 12 months of his or her day-to-day living and medical expenses as defined in 106 CMR 704.135(A)(2)(c) as well as those individuals that the filing unit member was legally obligated to support. This determination is based on the filing unit's average monthly expenses for the six months immediately prior to the date of the transfer;

(c) The transfer of the income or assets was for self-support because the filing unit member's income and assets at the time of the transfer did not meet the filing unit member's day-to-day living and medical expenses. Day-to-day living expenses are limited to expenses for shelter, fuel, utilities, and food and cannot exceed the greater of what the filing unit member was paying for those expenses prior to the date the income and/or assets was transferred or the payment standard provided in 106 CMR 704.420 or 704.425 for the assistance unit. Medical expenses are limited to health insurance premiums or health care treatment or services essential for the treatment of members of the filing unit not covered by any health insurance or MassHealth, and not incurred as the result of cosmetic surgery unrelated to illness, accident or surgery. Expenditures which would not be essential health care treatment include, but are not limited to, those for vacations or recreational activities;

(d) The transfer of the income or asset was made while the filing unit member was legally incompetent or as a result of undue coercion. The applicant must demonstrate that every effort has been made to recover the property by court action or by other such procedures as indicated by the circumstances; or

(e) The transfer of the income or asset was the result of a legal action such as a court order, judgment, foreclosure, or delinquent tax sale.

The applicant must verify that the transfer of income or asset was done exclusively for a purpose other than becoming eligible for Transitional Cash Assistance. A subjective statement of intent or of ignorance of the transfer rules is not sufficient. The applicant must give objective evidence of one or more of the factors provided in 106 CMR 704.135(A)(2).

(B) Transfers for Fair Market Value or More.

(1) If, within 12 months before applying for Transitional Cash Assistance, a member of the filing unit transfers income or asset for fair market value or greater value and the transfer was for an extraordinary expense or a vacation, it will be presumed the transfer was made to receive Transitional Cash Assistance. The presumption that the income or asset was transferred for the purpose of becoming eligible for Transitional Cash Assistance may be rebutted as provided in 106 CMR 704.135(A)(2). If the presumption is not rebutted, the filing unit will be ineligible for TAFDC for the period of time calculated in accordance with 106 CMR 704.135(D).

An item is considered an extraordinary expense if:

(a) the expense is not normally incurred by the filing unit; and

(b) the expense is more than 25% of the filing unit's average monthly gross income, excluding the receipt of any non-recurring lump sum income, for the six months immediately before the date of the transfer.

(2) An item is not considered an extraordinary expense if it is:

(a) for a day-to-day expense as defined in 106 CMR 704.240(B)(4)(a) through (f);

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- (b) necessary for work, employment, education or job training; or
- (c) used to buy a prepaid funeral arrangement, not to exceed \$1,500, and one burial plot for each member of the assistance unit. A prepaid funeral arrangement may include a contract with a funeral director or a separately identifiable trust fund. Use of any portion of this asset for any purpose other than funeral arrangements shall make the balance of the asset countable.

(3) Other than as provided in 106 CMR 704.135(B)(1), a transfer of income or assets for its fair market or greater value will not be considered a transfer for the purpose of becoming eligible for Transitional Cash Assistance as long as the transfer is not prohibited by law.

(C) Value of Transferred Income and/or Asset(s). If the income or assets are considered to have been transferred to become eligible for Transitional Cash Assistance, the value is determined as follows:

- (1) Use the fair market value of the transferred income or assets as of the date of transfer.
- (2) Deduct from the fair market value:
 - (a) any legal encumbrances to the transferred income or assets which were paid on or after the date of transfer; and
 - (b) any compensation received in excess of the paid legal encumbrances. Compensation may be in the form of money, goods or services. The value of goods and services received as compensation is valued at fair market value as of the date services were received. Compensation does not include the value of extraordinary expenses as defined in 106 CMR 704.135(B)(1) or a vacation or any compensation received in a transfer prohibited by law.
- (3) The remainder is the value of the transferred income or assets.

(D) Calculation of Period of Ineligibility. Depending upon the value of the transferred income or asset, all members will be subject to an uninterrupted ineligibility period. The calculation for the period of ineligibility period is as follows:

- (1) Divide the value of the transferred income or assets, as determined in 106 CMR 704.135(C), by the appropriate Payment Standard for the TAFDC assistance unit or the appropriate standard of assistance for the EAEDC assistance unit. The result will be the number of months in the period of ineligibility.
- (2) Any remainder from the above calculation shall be considered unearned income in the first month following the period of ineligibility and deducted from the appropriate Payment Standard for the TAFDC assistance unit or the appropriate standard of assistance for the EAEDC assistance unit, provided there is a reapplication for assistance during that month.
- (3) The period of ineligibility shall begin on the first day of any transfer, in whole or in part, of income or assets within 12 months of application. Any assistance received during the ineligibility period is considered an overpayment in accordance with 106 CMR 706.200: *Overpayments and Underpayments*.

(E) Ineligibility for Transitional Cash Assistance. Any member of the filing unit who is determined to be ineligible for EAEDC due to the transfer of income or assets is concurrently ineligible for TAFDC. Conversely, any member of the filing unit who is determined to be ineligible for TAFDC due to the transfer of income or assets is concurrently ineligible for EAEDC.

704.140: Noncountable Assets

The following are not countable assets for Transitional Cash Assistance purposes. They do not effect eligibility.

- (A) Highway Relocation assistance payments, Urban Renewal Assistance payments, disaster relief payments used for relocation, and payments from private agencies used for relocation;
- (B) The filing unit's principal place of residence and the undivided land on which it rests;
- (C) For TAFDC, the value of one vehicle owned by the filing unit as provided in 106 CMR 704.120(G);

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For EAEDC, the first \$1500 of the equity value of one vehicle as provided in 106 CMR 704.120(G);

(D) Household belongings such as furniture, appliances, household decorations, linens and cookware, personal belongings, such as jewelry, books and toys, even if of more than usual value;

(E) Property to which the filing unit has no ready access, such as property the ownership of which is the subject of legal proceedings (*e.g.*, wills being probated, divorce suits, *etc.*), and irrevocable trust funds placed in trust 12 months or longer before application for Transitional Cash Assistance;

(F) Home produce grown or preserved by the filing unit for its own consumption;

(G) Supplemental Nutrition Assistance Program (SNAP) benefits;

(H) A loan verified by a written document, signed by the borrower and the lender, that states the borrower's intent to repay and the conditions of repayment, the terms of which specify the purpose of the loan and which cannot be used to meet current living costs;

(I) A grant or scholarship to a student, which cannot be used to meet current living costs;

(J) A grant or loan to an undergraduate student for educational purposes made or insured under any program administered by the U.S. Secretary of Education;

(K) Student financial assistance provided under Title IV of the Higher Education Act of 1965 or under the Bureau of Indian Affairs Education Assistance programs, or student financial aid for costs, such as, but not limited to, tuition, fees, equipment or books, under programs developed pursuant to the Perkins Vocational and Applied Technology Education Act;

(L) Assets of any member of the household:

(1) who receives Supplemental Security Income (SSI) payments;

(2) in a TAFDC household, for whom state and/or federal foster-care maintenance payments are made, including the child of the foster child when the foster-care maintenance payment includes the child; or

(3) in a TAFDC household, for whom state and/or federal adoption assistance is provided except when the person is included as a member of the assistance unit in accordance with 106 CMR 704.305(A)(3);

(M) Lands held in trust for Native Americans; property purchased with payments made to Native Americans under Public Laws 92-254, 93-134, 94-540 and 94-114; and funds distributed to, or held in trust for, members of any Indian tribe pursuant to a judgment of the Indian Claims Settlements or the Secretary of the Interior under Public Laws 94-114, 93-134, 96-420, 97-458, 98-64 and 102-71;

(N) For each member of the Assistance Unit:

(1) one burial plot; and

(2) the value of a prepaid funeral arrangement, not to exceed \$1,500.

A prepaid funeral arrangement may include a contract with a funeral director or a separately identifiable trust fund. Use of any portion of this asset for any purpose other than funeral arrangements shall make the balance of the asset countable;

(O) Real Estate that is not the principal residence of the assistance unit, but which the assistance unit is making a good faith effort to sell, as long as:

(1) The owner of the real estate signs an agreement on a form specified by the Department to repay the amount of Transitional Cash Assistance benefits received while the real estate was owned by the assistance unit. The amount of the repayment is the net proceeds from the sale or the amount of Transitional Cash Assistance benefits paid, whichever is less. The net proceeds of the sale, when added to all other countable assets at the time of the sale, must exceed the asset limit of the specific Transitional Cash Assistance program for repayment to be required; and

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(2) The real estate may be excluded for no more than six months from the date of the signing of the agreement.

A good faith effort to sell shall be defined as an offer to sell at or about fair market value.

The good faith offer must be verified. Verification shall be by a copy of a newspaper advertisement, letter from a licensed real estate salesperson, or other appropriate document.

If the assistance unit becomes ineligible during the six-month period for categorical or financial reasons other than ownership of real estate, or if the assistance unit fails to sell the real estate at the end of six months, assistance shall be terminated, and all Transitional Cash Assistance benefits paid shall be considered an overpayment.

A client who does not report receiving or buying a piece of real estate, other than that used as the principal residence, within ten days of getting the title to the real estate, shall be considered to have received an overpayment. The period of overpayment shall begin from the date title was received to the date the ownership of the real estate was reported to the Department, as long as the equity value of the real estate when added to all other countable assets is higher than the program limit of the specific Transitional Cash Assistance program. The Department must pursue recovery in accordance with 106 CMR 706.200: *Overpayments and Underpayments*;

(P) Any portion of a Workers' Compensation, property damage, personal injury, Compensation to Victims of Violent Crimes Act, death settlement or award, except for compensation for lost wages, that is received as a reimbursement for specified items and used to pay for such items. See 106 CMR 704.240(B) for verification;

(Q) Property that is essential to employment or self-employment shall include, but is not limited to, work-related equipment such as a tradesperson's tools, farming machinery, and property such as farm land. Income from the property is countable;

(R) Earned income credits, whether received as an advance payment or as part or all of an income tax refund, in the month of receipt and the following month;

(S) Payments to eligible individuals of Japanese ancestry or their survivors under the Civil Liberties Act of 1988 and payments to eligible Aleuts (who were former residents of the Aleutian and Pribilof Islands) or their survivors under the Aleutian and Pribilof Islands Restitution Act pursuant to Public Law 100-383;

(T) Agent Orange Settlement Fund payments made to Vietnam veterans or their survivors, pursuant to Public Law 101-201, effective January 1, 1989;

(U) The value of Transitional Cash Assistance for the remainder of the cyclical month of issuance. If any or all of the money from these cash benefits is retained beyond the cyclical month of issuance, that amount is a countable asset, except as provided in 106 CMR 706.210: *Correction of Overpayments and Underpayments* regarding the correction of an underpayment or a fair hearing decision;

(V) Payments made under the Radiation Exposure Compensation Act of 1990;

(W) Payments credited to an escrow account under the Family Self-sufficiency Program administered by the Department of Housing and Urban Development (HUD) when the filing unit lacks the legal ability to use the money for its support and maintenance;

(X) Transitional Assistance Cash benefits from a correction of an underpayment or a fair hearing decision, in the month of receipt and the following month;

(Y) For TAFDC clients, the Individual Asset Account maintained for assistance unit members until receipt of such funds upon termination of Full Employment Program employment as provided in 106 CMR 707.180(D); and

(Z) Other Department-approved asset accumulation accounts such as the Economic Independence Accounts as defined in 106 CMR 707.111: *Economic Independence Accounts*.

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Income is considered either countable or non-countable when determining financial eligibility and the grant amount in each cyclical month. Income paid in other than monthly amounts must be converted to monthly amounts.

For TAFDC, this calculation is done for income received by the filing unit.

The most current monthly income information is used as the basis for the Transitional Cash Assistance grant calculation, unless subsequent information is received indicating a change in income or eligibility. If verified income information indicates an underpayment, a grant adjustment must be made.

704.210: Types of Countable Income

The types of countable income generally are as follows:

(A) Earned Income. Earned income is income, in cash or in kind, earned through employment or self-employment. Earned income may be received as wages, salary, tips, commissions, or in kind. For employees, earned income is the total gross amount received.

With respect to self-employment, earned income is the total gross income less total business expenses. See 106 CMR 704.210(E) and (F) for an explanation of income from real estate, roomers and boarders, and business expenses;

(B) Unearned Income. Unearned income is all income that a person does not earn through employment. Unearned income includes, but is not limited to:

- (1) Dividends;
- (2) Interest;
- (3) Unemployment Compensation payments;
- (4) Pensions;
- (5) Social Security (RSDI) benefits;
- (6) Veterans' benefits, except as provided in 106 CMR 702.720: *Veterans' Services Benefits* for EAEDC;
- (7) Contributions, except as provided in 106 CMR 704.120 and 704.250; and
- (8) Certain income from real estate as provided in 106 CMR 704.210(E);

(C) Contribution From a Non-legally Responsible Person(s). Contributions from non-legally responsible persons that meet the entire cost of one or more of the needs below is considered countable income for calculation of the grant amount only and is deducted using the standard values below.

RENT OR MORTGAGE	Unheated Facility	\$102.00
	Heated Facility	126.30
FUEL		27.90
UTILITIES		18.60
FOOD (Individual)		41.80

(D) Deemed Income.

(1) The income, excluding the types of noncountable income provided in 106 CMR 704.250, of the following persons, who live in the same household with the TAFDC assistance unit, is deemed to the filing unit to determine eligibility and the grant amount in accordance with 106 CMR 704.235(A) through (C):

(a) stepparents living with the natural or adoptive parent of the dependent child;

The income of a stepparent living with the parent of a minor parent as defined in 106 CMR 704.236 is excluded when determining the eligibility of the minor parent unless the TAFDC assistance unit includes the minor parent as a dependent child;

(b) parent(s) of minor parents as defined in 106 CMR 704.236; and

(c) persons who have a legal obligation of support as defined in 106 CMR 704.330(B)(1) with the exception of the spouse of a pregnant woman as specified in 106 CMR 704.210(D)(2) and (3).

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(2) The income, excluding the types of non-countable income provided in 106 CMR 704.250, of the spouse of the EAEDC applicant or client, who lives in the same household with the EAEDC applicant or client, is deemed to the filing unit to determine eligibility and the grant amount in accordance with 106 CMR 704.335. [Note: formerly found at 106 CMR 204.210(D)(2)].

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(3) The income and assets, excluding the types of noncountable income provided in 106 CMR 704.250 and the noncountable assets provided in 106 CMR 704.140, of the spouse of the otherwise eligible TAFDC pregnant woman, who lives in the same household, are deemed to the filing unit unit to determine eligibility in accordance with 106 CMR 704.235 for income and in accordance with 106 CMR 704.110 for assets.

(E) Real Estate Income.

(1) When an applicant or client receives income from rental or commercial property, he or she is considered self-employed. This income can be earned or unearned.

The income is unearned if the property is managed by a rental agency for the applicant or client who has no responsibility for the income-producing property. This unearned income, less business expenses only, is considered to determine eligibility and the grant amount.

The income is earned if the client collects rents and provides services to maintain the property.

Deductions from unearned and earned income are allowed as provided in 106 CMR 704.210(E)(2) through (6).

(2) Business expenses include carrying charges, the cost of fuel and utilities provided to tenants, maintenance and repair costs.

(a) Carrying Charges. Carrying charges consist of current taxes less any abatements, betterment taxes, interest and principal payments on the mortgage, water bills, and fire insurance premiums. Carrying charges must be used in grant calculations as monthly amounts and verified.

(b) Fuel and Utilities. The cost of fuel and utilities provided to tenants is based on either actual costs averaged on a yearly basis and used in grant calculations as a monthly amount or on projected monthly costs. If actual costs are used, they must be verified. If projected amounts are used, verification shall be by a written statement of the projected costs from the applicant or client.

(c) Maintenance and Repair Costs. Maintenance and repair costs of \$20 per month per rented unit may be routinely allowed as a business expense. If the client verifies that maintenance or repair costs exceed \$20 per month per rented unit, the excess amount is allowed in calculating the amount of available income.

(3) If the applicant or client lives in an apartment in the same house from which he or she receives rental income, the business expenses are partially deducted to determine rental income in the following ways:

(a) For a two-family house, $\frac{1}{2}$ of the carrying charges will be allowed as a business expense, for a three-family house, $\frac{2}{3}$ will be allowed, and so forth; and

(b) When the applicant or client provides his or her own heat and/or utilities and that of the tenants from a single heating unit/meter, the expenses are prorated as in 106 CMR 704.210(E)(3)(a).

(4) If the applicant or client lives in an apartment in the same house from which he or she receives rental income and provides heat to the tenants from separate heating units or utilities from separate meters, these expenses are fully deducted to determine rental income.

(5) If the applicant or client receives rental income from property in which he or she does not live in, the business expenses are fully deducted from the total rental income.

(6) If the rental income is earned income as defined by 106 CMR 704.210(E)(1), the applicant or client is allowed the work-related-expense deductions from the rental income in accordance with 106 CMR 704.270, and the TAFDC Earned Income Disregards for Grant Calculation in accordance with 106 CMR 704.281, if applicable; and

(F) Roomer and Boarder Income. When an applicant or client provides a room or room and board in his or her home or rental unit to a person not included in the assistance unit, he or she is considered self-employed. The amount received from the roomer or boarder, less the applicable business expenses provided in 106 CMR 704.210(F)(1), (2), or (3), is available gross earned income. The applicant or client may either use the standard or actual business expenses in the grant calculation. However, if the applicant or client chooses actual business expenses, he or she must verify that the business expenses exceed the standard business expense.

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- (1) The allowed standard business expenses are:
 - (a) 25% of income from roomers; and
 - (b) 75% of income from boarders.
- (2) The following nonstandard business expenses are allowed for those who own their own home and can verify that these business expenses are more than the standard business expenses.
 - (a) The business expenses include carrying charges, the cost of fuel and utilities, maintenance and repair costs, the cost of laundry or cleaning or both, and the cost of meals for boarders:
 1. Carrying charges include current taxes less any abatement, betterment taxes, interest and principal payments on the mortgage, water bills, and fire insurance premiums. Carrying charges must be verified and used in grant calculations in monthly amounts;
 2. The cost of fuel and utilities provided to the tenants may be based on actual costs averaged on a yearly basis and used in grant calculations in monthly amounts or on projected monthly costs. If actual costs are used, they must be verified. If projected costs are used, verification shall be by a written statement from the applicant or client;
 3. Maintenance and repair costs of \$20 per month per roomer or boarder may be routinely allowed. If the applicant or client verifies that the maintenance or repair costs exceed \$20 per month per roomer or boarder, the excess amount is allowed;
 4. The monthly cost of any laundry and cleaning provided to the roomer or boarder as part of the room or board arrangement shall be verified by a written statement from the applicant or client; and
 5. The monthly cost of meals provided to a boarder shall be verified by a written statement from the applicant or client.
 - (b) The business expenses provided in 106 CMR 704.120(F)(2)(a)1., 2., and 3. are prorated in the following manner and deducted to determine the countable income from a roomer or a boarder.
 1. If there is one roomer or boarder, $\frac{1}{2}$ the carrying charges are allowed as a business expense; if there are two roomers or boarders, $\frac{2}{3}$ are allowed, and so forth.
 2. The heat and utility expenses are prorated in the same manner as the carrying charges.
 3. The maintenance and repair costs are only prorated as provided in 106 CMR 704.120(F)(2)(b)1. if the applicant or client documents that the costs exceeds the \$20 per-month allowance.
- (3) Certain actual business expenses are allowed for those residing in a rented dwelling who can verify that these expenses exceed the standard business expense.
 - (a) Allowable business expenses include the rental charge, the cost of fuel and/or utilities, if paid separately from the rental charge, the cost of laundry and/or cleaning, and the cost of meals for boarders as explained in 106 CMR 704.210(F)(3)(a)1. through 4.
 1. The monthly rental charge for the rented apartment or home is allowable. The rental charge must be verified and used in grant calculations in monthly amounts.
 2. The costs for fuel and/or utilities are allowable and must be verified if either or both these costs are the responsibility of the applicant or client as a separate charge in addition to the rental charge. The costs may be based on actual costs averaged on a yearly basis and used in grant calculations in monthly amounts or on projected costs. If actual costs are used, they must be verified. If projected amounts are used, verification shall be by a written statement of the projected costs from the applicant or client.
 3. The monthly cost of laundry or cleaning or both provided to the roomer or boarder as part of the room or board arrangement is allowable and shall be verified by a written statement from the applicant or client.

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4. The monthly cost of providing meals to a boarder is allowable and shall be verified by a written statement from the applicant or client.
- (b) These business expenses shall be prorated in the following manner and deducted to determine the countable income from a roomer or a boarder.
 1. If there is one roomer or boarder, $\frac{1}{2}$ the rental charge is allowed as a business expense; if there are two roomers or boarders, $\frac{2}{3}$ is allowed, and so forth.
 2. Heat and utility expenses, if the applicant or client is responsible these costs, is prorated in the same manner as the rental charge.
- (4) The applicant or client who receives income from a roomer or boarder is allowed the work-related-expense deduction in accordance with 106 CMR 704.270 and the TAFDC Earned Income Disregards for Grant Calculation disregard in accordance with 106 CMR 704.281, if applicable.

704.220: Rules for Counting Income

Generally, all income of a member of the filing unit, except as provided in 106 CMR 704.250, is considered in determining need and assistance payments for the entire assistance unit. The following are exceptions to the "all income" rule:

- (A) Income from an absent parent that is received directly by the applicant or client, or paid directly to the Department except for the first \$50 received in any month, is countable for eligibility calculation but not for grant amount calculation as provided in 106 CMR 704.230. Income from a person who has a legal obligation to support an EAEDC applicant or client is counted in accordance with 106 CMR 704.335;
- (B) A payment that represents accumulated recurring income, such as a retroactive Social Security check, is countable as monthly income in accordance with 106 CMR 704.240 for TAFDC and 106 CMR 704.245 for EAEDC. Other kinds of one-time lump sum payments are counted as assets rather than as income;
- (C) 106 CMR 704.280 describes the circumstances when certain portions of earned income are not countable either in eligibility calculation or in grant calculation; and
- (D) The Department shall exclude from a family's countable resources any earned income of dependent children who are working while attending school full time.

704.230: Income from a TAFDC Absent Parent

- (A) Income from an absent parent for a child included in the TAFDC assistance unit:
 - (1) will continue to be paid to the applicant until the child receives TAFDC benefits; and
 - (2) must be paid directly to the Department of Revenue (DOR) when the child begins receiving TAFDC benefits.
- (B) Income from an absent parent: for a child included in the assistance unit received directly by the applicant or client or paid directly to DOR, except for the first \$50 received in any month, is countable in the test of eligibility and in determining whether the monthly income of a filing unit exceeds the Need Standard for the assistance unit in accordance with 106 CMR 704.260.

704.235: Income Deemed to the TAFDC Filing Unit

- (A) Income Available to the Filing Unit. Earned and unearned monthly income of a person living in the same household as the dependent child, that exceeds the sum of the following, is deemed to be available as unearned income to the filing unit on a monthly basis:

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- (1) An amount equal to the person's monthly work-related-expense deduction that would be applied to the person's monthly earned income in accordance with 106 CMR 704.270;
- (2) An amount equal to the Need Standard for a family composed of: the person and those individuals living in the same household who are or could be claimed as dependents for federal tax purposes, and who are not required to be included in the TAFDC filing unit;
- (3) The monthly amounts actually paid by the person to individuals not living in the same household, if the person claimed, or could have claimed such individuals as dependents for federal tax purposes; and
- (4) Actual monthly payments by the person of alimony or child support, to individuals not living in the same household, when these payments do not duplicate those payments in 106 CMR 704.235(A)(3).

(B) Verification.

- (1) Earned and Unearned Income. The monthly earned and unearned income of the person defined in 106 CMR 704.210(D)(1) is verified in accordance with 106 CMR 704.290, with the exception that a person, shall also be required to verify earned income from wages and unearned income at eligibility reviews. Earned Income Credits that the person receives are also treated in accordance with 106 CMR 704.290. Changes in the person's income must be reported to the Department within ten days.
- (2) Living Arrangement. The living arrangement of the person's household shall be verified in accordance with 106 CMR 703.330: *TAFDC Living Arrangement.*
- (3) Work-related-expenses. The work-related-expense deduction shall be calculated in accordance with 106 CMR 704.270.
- (4) Individuals Claimed as Dependents. The number of individuals claimed as dependents for federal tax purposes is verified by one of the following:
 - (a) A copy of the most recent federal income tax return; or
 - (b) A copy of the most current federal income tax withholding form, if the person is not self-employed.
- (5) Individuals Living in the Applicant's or Client's Household Who Could Have Been Claimed as Dependents. If certain individuals living in an applicant's or client's household as dependents for federal tax purposes could have been claimed, but were not, the person shall submit the following verifications:
 - (a) A signed and dated statement listing the additional individuals claimed to be dependents, but who are not listed on his or her most current tax return or federal income tax withholding form; and
 - (b) An affidavit signed and dated by the applicant or client that he or she is providing over 50% of the support for each dependent listed in 106 CMR 704.235(B)(5)(a).
- (6) Individuals Not Living in the Applicant's or Client's Household Who Could Have Been Claimed as Dependents. If certain individuals not living in an applicant's or client's household as dependents for federal tax purposes could have been claimed but were not, the person shall submit the following verifications:
 - (a) A signed and dated statement listing the names, social security numbers and addresses of those individuals living outside the person's household, who could have been claimed as dependents for federal tax purposes; and
 - (b) An affidavit signed by the person that he or she is providing over 50% of the support for each dependent listed in the signed and dated statement; and
 - (c) Canceled personal or bank checks or money orders signed by the person and made payable to the dependent, or to the dependent's natural or adoptive parent or legal guardian, or made payable to a party who signs a dated statement that the check or money order was in payment for goods or services provided to the dependent; or
 - (d) If the items specified in 106 CMR 704.235(B)(6)(c) are unavailable, an affidavit signed by the dependent or by the dependent's natural or adoptive parent or legal guardian verifying the amount of the cash payment.
- (7) Amount of Alimony or Child Support. Monthly alimony or child support paid immediately prior to an application or an eligibility review shall be verified in accordance with 106 CMR 704.235(B)(6), or if appropriate, by online Child Support Enforcement Division (CSED) data.

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(C) Income Deemed to a Pregnant Woman. The spouse, if any, living with an otherwise eligible pregnant woman must be included in the determination of the eligibility of the pregnant woman.

The income of the spouse must be included in the 185% Test of Eligibility and the Second Test of Eligibility. The grant amount is determined using an assistance unit of one and only the income of the pregnant woman.

704.236: Income from the Parent(s) of a Teen Parent Younger than 18 Years Old for TAFDC

(A) Requirements.

(1) The income from any parent of a teen parent younger than 18 years old living with them is considered available to the teen parent's TAFDC filing unit as follows:

- (a) The amount of the gross earned and unearned monthly income of the parents of the teen parent that is over 200% of the federal poverty level for a family composed of the parents and those individuals living in the same household who are, or could be, claimed as dependents of the parents for federal tax purposes, excluding the teen parent and his or her dependent child, is deemed to the teen parent's filing unit on a monthly basis; and
- (b) The gross monthly eligibility standards are posted at www.mass.gov/dta and can be viewed by selecting the Program Eligibility Charts and Tables link. Paper copies are available upon request.

(2) If the income of the parents of the teen parent younger than 18 years old cannot be determined because of the failure or refusal of the parent of the teen parent to cooperate in providing the required verifications, the teen parent's assistance unit is ineligible, and assistance is denied or terminated.

(3) The income of a stepparent living with the parent of a teen parent younger than 18 years old is excluded when determining the eligibility and grant amount of the teen parent and his or her dependent child.

(B) Verifications.

(1) The gross earned and unearned income of the parents of the teen parent younger than 18 years old shall be verified in accordance with 106 CMR 704.290.

(2) The number of individuals claimed as dependents for federal tax purposes is verified by one of the following:

- (a) a copy of the most recent federal income tax return; or
- (b) a copy of the most current federal income tax withholding form, if the person is not self-employed.

(3) If parents could have claimed certain individuals living in a parent's household as dependents for federal tax purposes but were not, the person must submit the following verifications:

- (a) a signed and dated statement listing the additional individuals claimed to be dependents, but not listed on his or her most current tax return or federal income tax withholding form; and
- (b) an affidavit signed by the parent(s) that he or she is providing over 50% of the support for each dependent listed in 106 CMR 704.236(B)(3)(a).

704.240: Lump Sum Income

(A) Definition.

(1) Income is considered to be lump sum when it is received as a one-time, nonrecurring payment. Exclusions from the lump sum income calculation are provided in 106 CMR 704.240(B).

(2) Lump sum income may be either earned or unearned income. It does not include contractual salaries.

(3) Lump sum income includes, but is not limited to, the following types of income:

- (a) Accumulation of retroactive income such as Railroad Retirement, Federal Veterans' Benefits, Workers' Compensation that represents loss of income, retroactive Social Security payments, Unemployment Compensation, child support, retroactive wages, and compensation for lost wages received under the Compensation to Victims of Violent Crimes Act; and

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(b) Other payments in the nature of a windfall, such as lottery winnings, inheritances, settlements and awards that are not totally or partially received as a reimbursement for a specified items and used to pay for them. Whatever portion of the lump sum income that is received as a reimbursement for a specified items and used to pay for them is considered a noncountable asset.

- (4) Verification of lump sum income is by an appropriate document, such as:
- (a) a copy of the benefit or award letter;
 - (b) a copy of the check or payment document;
 - (c) a written statement from the agency or person making the payment; and
 - (d) if applicable, a written statement from the agency, person making the payment, or attorney representing the client, that states what specific items are being reimbursed as part of the lump sum payment and receipts that verify the payment for the specific items.

(B) Exclusions from Lump Sum Income. The following types of lump sum income are excluded:

- (1) Lump sum income received by a stepparent who is not a member of the assistance unit;
- (2) Lump sum income that is noncountable as provided in 106 CMR 704.250;
- (3) Any portion of a Workers' Compensation, property damage, personal injury, Compensation to Victims of Violent Crimes Act, or death settlement or award, except for compensation for lost wages, that is received as a reimbursement for specified items and used to pay for such items is excluded as an asset in accordance with 106 CMR 704.140, or as income in accordance with 106 CMR 704.250.

This is verified by a written statement from the agency, person making the payment, or attorney representing the client, that states what specific items are being reimbursed as part of the lump sum payment and receipts from the assistance unit that verify the payment for the specific items;

- (4) Any portion of the lump sum income verified as being used to pay for back bills, day-to-day living expenses and obligations incurred while waiting for the lump sum income. For purposes of 106 CMR 704.240(B)(4), day-to-day living expenses and obligations of the assistance unit shall be limited to the cost for:

(a) health insurance premiums, or health care treatment or services essential for the treatment of members of the assistance unit to the extent that such costs were not covered by any health insurance or MassHealth. Expenses incurred as the result of cosmetic surgery unrelated to illness, accident or surgery are not allowable. Expenditures which would not constitute essential health care treatment include those for vacations, recreational equipment such as swimming pools or athletic equipment, extravagant items, and leisure activities.

These costs must be verified by copies of paid medical bills, health insurance premium payments, or both;

(b) actual transportation costs or \$150 per month, whichever is less, not covered by any other source.

These costs must be verified by copies of paid bills or receipts for transportation expenses;

(c) replacement or repair of existing household furniture or the purchase of household furniture when the family did not previously own such items, or the replacement or repair of an existing defective refrigerator, home heater, stove, oven, washer, and/or dryer, or the purchase of said appliances where the family did not previously own such items, for the total actual costs or \$2500, whichever is less.

These costs must be verified by copies of paid bills or receipts;

(d) basic repairs of a home owned and lived in by the assistance unit, exclusive of remodeling, for the total actual costs or \$2500, whichever is less.

These costs must be verified by a copy of the deed to the property and copies of paid bills or receipts;

(e) payments for court-ordered judgments including alimony and/or child support.

These costs must be verified by copies of the court orders and copies of the canceled checks or receipts showing the amount and date of payment and to whom paid; and

(f) payments for obligations to local, state and federal governments.

These costs must be verified by a copy of a canceled check or receipt showing the amount and date of payment and to whom paid;

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(5) up to \$150,000 of lump sum income from a personal injury settlement that is immediately placed into an irrevocable trust that meets the requirements of 106 CMR 704.125 and is for the benefit of an injured person who is legally incompetent.

(a) Distributions from the trust are not counted if the terms of the trust restrict distributions to those needed to meet the injured person's special needs which result from the injury. Special needs include, but are not limited to, medical care such as rehabilitative therapies, pain management and personal care attendants, education-related expenses, vocational training or rehabilitation, transportation-related needs, such as the purchase and/or retrofitting of a van, and special equipment, clothing or services for the disabled. All other distributions are countable. Distributions made to the trustee for the reasonable costs of administering the trust will not be counted.

Distributions which would not be considered for a person's special needs include vacations, recreational equipment such as swimming pools, extravagant items, and leisure activities.

Verification of an injured person's legal incompetence shall be by:

(b) a document as provided in 106 CMR 703.220(B): *Verification* verifying that the injured person is younger than 18 years old, if applicable; and

(c) a document from the court that appoints a guardian or conservator for the injured person or otherwise declares that the injured person is incompetent.

Verification of the amount and terms of the trust shall be by a copy of the trust document.

Verification that distributions were used to meet special needs shall be by copies of paid bills or receipts showing the amount and date of payment, and to whom paid, and medical documentation, if appropriate.

(7) The first \$600 of lump sum income is noncountable income in the month of receipt. Any portion that exceeds the \$600 amount is countable in the month of receipt.

(C) Availability for Needs. Lump sum income, that is not excluded as provided in 106 CMR 704.240(B), received by a member of the filing unit is considered available income to meet the needs of all members of the assistance unit at the time of its receipt resulting in a specified period of ineligibility in accordance with 106 CMR 704.240(D).

(D) Calculation of Period of Ineligibility.

(1) To calculate whether the assistance unit is ineligible due to lump sum income:

(a) Add the filing unit's earned lump sum income to any other earned income received by the filing unit or deemed to the filing unit and deduct applicable disregards in accordance with 106 CMR 704.270, 704.275, 704.280 and 704.281. Add the result of this calculation to the filing unit's unearned lump sum income and any other countable unearned income received by the filing unit or deemed to the filing unit;

(b) If the total of 106 CMR 704.240(D)(1)(a) is less than or equal to the appropriate Need Standard for the TAFDC assistance unit or standard of assistance for the EAEDC assistance unit, the assistance unit remains eligible and the income is deducted from the Need Standard for TAFDC or the standard of assistance for EAEDC; and

(c) If the total of 106 CMR 704.240(D)(1)(a) is greater than the appropriate Need Standard for the TAFDC assistance unit or standard of assistance for the EAEDC assistance unit, the assistance unit is ineligible.

(2) Any period of ineligibility is determined as follows:

(a) Divide the total income in 106 CMR 704.240(D)(1)(a) by the appropriate Need Standard for the TAFDC assistance unit or standard of assistance for the EAEDC assistance unit. The result will be the number of months in the period of ineligibility;

(b) Any remainder in 106 CMR 704.240(D)(2)(a) is considered unearned income in the first month following the period of ineligibility and is deducted from the appropriate Need Standard for the TAFDC assistance unit or standard of assistance for the EAEDC assistance unit, provided there is a reapplication for assistance during that month; and

(c) The period of ineligibility begins on the first day of the cyclical month of receipt of the lump sum income. Any assistance received during the ineligibility period is considered an overpayment in accordance with 106 CMR 706.200: *Overpayments and Underpayments*.

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(E) Change in Circumstances. Once a determination of the period of ineligibility is made, it remains in effect for all members of the filing unit except in situations resulting in recalculation as provided in 106 CMR 704.240(F). Changes in income for members of the filing unit shall not alter the period of ineligibility for any of the members of the ineligible assistance unit.

A new member to the assistance unit during the period of ineligibility, if otherwise eligible, shall receive a grant amount equal to the appropriate Need Standard for TAFDC or standard of assistance for EAEDC, less any countable deductible income during the remainder of the period of ineligibility.

(F) Situations Resulting in Recalculation. The period of ineligibility cannot be altered or recalculated for any member of the ineligible assistance unit, except in the situations stated below. Recalculation can only be retroactive to the month in which the event that caused the recalculation occurred. The ineligibility period may only be eliminated or shortened for the remaining months when:

(1) The Standard of Need for TAFDC or the standard of assistance for EAEDC is increased or changed for the ineligible assistance unit in accordance with 106 CMR 704.410 for TAFDC and 704.440 for EAEDC;

(2) The lump sum income was used to pay for day-to-day living expenses and obligations in accordance with 106 CMR 704.240(B)(4),

Verification shall be in accordance with 106 CMR 704.240(B)(4);

(3) As a direct result of a natural disaster, the ineligible assistance unit was required to spend all or a portion of the lump sum income on day-to-day living expenses as defined in 106 CMR 704.240(B)(4), and/or shelter, fuel, utilities, food and/or clothing costs above those amounts paid by the ineligible assistance unit for such costs the month immediately preceding the month the disaster occurred; provided, however, that the additional costs are limited to the actual costs or \$2500, whichever is less.

Verification of the natural disaster is a copy of a written report from the local fire or police department or Red Cross;

(4) The ineligible assistance unit can no longer access the lump sum income because of a natural disaster and cannot pay for the day-to-day living expenses as defined in 106 CMR 704.240(B)(4) and/or shelter, fuel, utilities, food and/or clothing costs equal to or less than those paid by the ineligible assistance unit for the month immediately preceding the month the disaster occurred.

Verification of the natural disaster shall be by a copy of a written report from the local fire or police department or Red Cross.

Verification of the day-to-day living expenses shall be in accordance with 106 CMR 704.240(B)(4);

(5) The ineligible assistance unit was required to spend the lump sum income because of an abusive relationship on day-to-day living expenses as defined in 106 CMR 704.240(B)(4), and/or shelter, fuel, utilities, food and/or clothing; or the assistance unit can no longer access the lump sum income and cannot pay for day-to-day living expenses as defined in 106 CMR 704.240(B)(4), and/or shelter, fuel, utilities, food and/or clothing;

Verification of an abusive relationship shall be by a copy of court, medical, criminal, child protective services, battered victims' services, or law enforcement records that indicate the parent or absent parent might inflict physical or emotional harm on the child or relative if the ineligible assistance unit tried to access the lump sum income; and

(6) The lump sum income was used to pay for food, not to exceed the maximum SNAP allotment for a family of that size, provided the assistance unit is not otherwise eligible for SNAP.

(G) Ineligibility for TAFDC. Any member of the filing unit who is ineligible for EAEDC due to lump sum income is concurrently ineligible for TAFDC.

(H) Ineligibility for EAEDC. Any member of the filing unit who is ineligible for TAFDC due to lump sum income is concurrently ineligible for EAEDC.

704.245: Retroactive Social Security Benefits for EAEDC

A retroactive Social Security benefit is a payment made to a client for the period of time from the application date of said benefit to the approval date. The retroactive Social Security payment received is considered available unearned income to determine the needs of all members of the assistance unit until such time as the funds are no longer available to the assistance unit.

Retroactive Social Security income is unavailable to the assistance unit when the income has been used as an expenditure for the assistance unit as provided in 106 CMR 704.240(B)(4) or 704.240(F)(2) and (3).

Verification of the retroactive Social Security benefit is by:

- (A) a copy of the benefit or award letter;
- (B) a copy of the check or payment document; or
- (C) written statement from the agency or person making the payment.

704.250: Noncountable Income

106 CMR 704.250 lists income that is not counted in either the test of financial eligibility or the grant amount calculation. Income that may or may not be countable under certain circumstances is treated as provided at 106 CMR 704.260. The following types of income are never countable:

- (A) All income of any member of the household:
 - (1) who receives Supplemental Security Income (SSI);
 - (2) who receives State Supplement Program (SSP) benefits;
 - (3) who receives an SSI emergency advance payment or one-time payment made pending an SSI eligibility determination;
 - (4) who receives TAFDC and for whom state or federal foster care maintenance payments are being provided, including the child of the foster child when the foster care maintenance payment includes the child; or
 - (5) who receives TAFDC and for whom state or federal adoption assistance is provided except when the household member is included as a member of the assistance unit;
- (B) The first \$600 of lump sum income as defined in 106 CMR 704.240(A)(3) is noncountable in the month of receipt;
- (C) SNAP benefits;
- (D) USDA-donated SNAP benefits or surplus commodities;
- (E) Payments under the Nutrition Program for the Elderly pursuant to Title VII of the Older Americans Act of 1965;
- (F) Assistance received pursuant to the Child Nutrition Act of 1966 and the National School Lunch Act;
- (G) Home produce for consumption by members of the filing unit and their families;
- (H) The first \$130 per month of training stipends including, but not limited to, payments from the Department of Career Services (DCS) or the Massachusetts Rehabilitation Commission (MRC). The balance of the stipend is treated as unearned income, which is countable unless specified as noncountable;
- (I) Reimbursement payments for education and/or training-related expenses received from participation in the Employment Services Program (ESP), or from other agencies and organizations that are nonduplicative of Transitional Cash Assistance payments and are provided for specific goods or services. Such payments include, but are not limited to, those provided for transportation allowances, child care costs, and the costs of books, supplies or uniforms;

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- (J) Any grant or scholarship to a student, the terms of which preclude its use to meet current living costs;
- (K) Any grant or loan to an undergraduate student for educational purposes made or insured under any program administered by the U.S. Secretary of Education;
- (L) Student financial assistance pursuant to Title IV of the Higher Education Act of 1965 or under the Bureau of Indian Affairs Education Assistance programs;
- (M) Student financial assistance such as, but not limited to, tuition, fees, equipment or books, under programs developed pursuant to the Career and Technical Education Improvement Act of 2006;
- (N) Irregular or infrequent income, such as gifts, that cannot be reasonably projected over a period of time and that is less than \$30 per client in any quarter;
- (O) Earnings received from the United States Census Bureau for temporary employment during the decennial census;
- (P) Payments to, or reimbursement given to, volunteers serving as foster grandparents, senior health aides or senior companions, or serving in the Service Corps of Retired Executives, or in VISTA, or in any other program established pursuant to the Domestic Service Act of 1973;
- (Q) The tax-exempt portions of payments made pursuant to the Alaska Native Claims Settlement Act;
- (R) Funds distributed to, or held in trust for, members of any Indian tribe pursuant to a judgment of the Indian Claims Settlements or the Secretary of the Interior;
- (S) Payments to Native Americans pursuant to Public Laws 92-254, 93-134, 94-114, 94-540, 96-420, 97- 458, 98-64 and 102-71, including interest income from these payments;
- (T) Relocation benefits as provided in 106 CMR 705.350: *Relocation Benefit*;
- (U) Housing subsidies received under any Massachusetts or Federal housing program, including utility allowances paid under such programs;
- (V) A loan verified by a written document, signed by the borrower and lender, that expresses the borrower's intent to repay and the conditions of repayment as well as the terms of which specify the purpose of the loan and preclude its use to meet current living costs;
- (W) Work study income of undergraduate students under a federally-assisted work study program;
- (X) All earned income of a dependent child:
 - (1) younger than 16 years old; and
 - (2) 16 years of age or older who is a full-time student, and a part-time employee;
- (Y) Foster parent payments made by any public or licensed private nonprofit Child Welfare Agency for a child who is not required to be in the filing unit;
- (AA) Cash contributions from a non-legally responsible person that:
 - (1) are for a specific purpose; and
 - (2) are used to pay for any of the needs provided in 106 CMR 704.510;
- (BB) Payments from the Home Energy Assistance Program;
- (CC) Assistance from other social service agencies or organizations that does not duplicate assistance received under Transitional Cash Assistance;

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(DD) Transitional Cash Assistance benefits resulting from a correction of an underpayment or a fair hearing decision, in the month of receipt and the following month;

(EE) Refunds from a utility company, landlord or other vendor that were originally paid for by Transitional Cash Assistance benefits, fuel assistance, or other noncountable income funds;

(FF) Any portion of a Workers' Compensation, property damage, personal injury, Compensation to Victims of Violent Crimes Act, or death settlement or award that is spent for the purpose for which it was originally earmarked and is not compensation for lost wages;

(GG) Up to the first \$50 in current child support for a child included in the assistance unit or alimony received on the family's behalf and paid to the family in any month;

(II) Earned income credits whether received as advance payments or as part, or all, of an income tax refund;

(JJ) Payments to eligible individuals of Japanese ancestry or their survivors pursuant to the Civil Liberties Act of 1988 and payments to eligible Aleuts (who were former residents of the Aleutian and Pribilof Islands) or their survivors pursuant to the Aleutian and Pribilof Islands Restitution Act, Public Law 100-383;

(KK) Agent Orange Settlement Fund payments made to Vietnam veterans or their survivors, pursuant to Public Law 101-201, effective January 1, 1989;

(LL) Money received from a loan secured by the equity in the home of an individual who is 60 years of age or older (also known as a "reverse mortgage");

(MM) Payments made pursuant to the Radiation Exposure Compensation Act of 1990;

(NN) Payments credited to an escrow account pursuant to the Family Self-sufficiency Program administered by the Department of Housing and Urban Development (HUD) when the filing unit lacks the legal ability to use the money for its support and maintenance or when the filing unit lacks the legal ability to use the money for its support and maintenance;

(OO) Payments made to individuals because of their status as victims of Nazi persecution pursuant to Public Law 103-286;

(PP) Youthbuild or Americorps allowances, earnings or payments to individuals participating in those programs; and

(QQ) Veterans Benefits Payments to a female Vietnam veteran made on behalf of a child with birth defects or spina bifida.

704.260: TAFDC Income Test of Eligibility

(A) Financial eligibility for TAFDC is determined at application, eligibility reviews and when a change in income is reported. Filing units whose total countable income as defined in 106 CMR 704.210 does not exceed the applicable Need Standard for the exempt or nonexempt assistance unit found at 106 CMR 704.400 and 106 CMR 704.405, respectively, are eligible.

(B) Test of Financial Eligibility.

(1) The total income of the filing unit, excluding:

(a) the types of noncountable income as provided in 106 CMR 704.250;

(b) the wages received from the Full Employment Program; and

(c) the disregarded income as provided in 106 CMR 704.260(A) may not exceed the applicable Need Standard in any month.

(2) The disregard of earned income of dependent children shall apply to those children who are full-time students.

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(5) If the filing unit's income is over the appropriate Need Standard, the assistance unit is ineligible. If the filing unit's income is equal to or is less than the appropriate Need Standard, the assistance unit is eligible.

704.270: Work-related-expense Deduction

(A) Requirements. An employed applicant is entitled to a \$200 monthly work-related-expense deduction from gross wages in determining eligibility.

An employed client is entitled to a \$200 monthly work-related-expense deduction from gross wages in determining the grant amount, unless eligible for the 100% Earned Income Disregard pursuant to 106 CMR 704.281.

A person who meets the provisions of 106 CMR 704.335 for EAEDC or 106 CMR 704.210(D) for TAFDC, whose income is deemed to the filing unit, is also entitled to a \$200 monthly deduction from gross wages for a work-related-expense deduction.

(B) Restrictions.

(1) An applicant or client who meets the provisions of 106 CMR 704.280(A) or (B) or 106 CMR 704.281(A) or (B) for TAFDC or 106 CMR 704.286(C) for EAEDC shall not be eligible for the work-related-expense deduction.

(2) An applicant or client who is required to be in the filing unit, but is not included in the assistance unit, shall not be eligible for the work-related-expense deduction.

704.275: Dependent Care Deduction

(A) Requirements. An employed applicant or client may receive a deduction from income equal to the expenditure for the care of a dependent child, as provided in 106 CMR 701.600: *Definition of Terms*, including an incapacitated individual requiring care.

If the applicant or client is eligible for a 50% TAFDC disregard (*see* 106 CMR 704.280 or 106 CMR 704.281), the dependent care deduction is made after the 50% disregard has been deducted. The dependent child or incapacitated individual must be a member of the assistance unit. For an applicant or client who is employed full-time, the amount allowed as a deduction is the actual cost of dependent care, including the cost of transporting dependents to and from dependent care, but shall not exceed \$175 per dependent child, age two or older, or incapacitated individual per month. For children under the age of two, the monthly maximum allowable deduction shall not exceed \$200.

An applicant or client who is employed less than full-time may receive a proportionate share of the maximum allowable deduction. The following standards are used to determine the maximum deduction, per child, or incapacitated individual. In all situations, the amount allowed for dependent care is the actual expenditure for dependent care, including the cost of transporting dependents to and from dependent care, or the maximum allowable deduction, whichever is less.

WEEKLY HOURS	MONTHLY HOURS	MAXIMUM DEDUCTIONS DEPENDENT CHILD	
		TWO OR OLDER	YOUNGER THAN TWO
1 - 10	1 - 43	\$44	\$50
11 - 20	44 - 87	\$88	\$100
21 - 30	88 - 130	\$132	150
31 - above	131 - above	\$175	\$200

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(B) Restrictions.

- (1) An applicant or client who meets the applicable provisions of 106 CMR 704.280(A) or (B) or 106 CMR 704.281(A) or (B) for TAFDC and 106 CMR 704.285(C) for EAEDC shall not be eligible for the dependent care deduction.
- (2) An applicant or client who must be in the filing unit, but is not included in the assistance unit, is not eligible for the dependent care deduction.
- (3) The dependent care deduction is not applied to income from a renter, roomer, or boarder.

(C) Verification.

- (1) The acceptable verifications for dependent care expenses are:
 - (a) a signed and dated statement from the dependent care provider; and/or
 - (b) a canceled check or money order payable to the dependent care provider.If neither document is available, verification shall be by a signed and dated statement from the employed individual of the actual cost of dependent care.
- (2) The verification of the cost of transporting dependents to and from dependent care shall be a signed and dated statement from the employed individual of the actual cost of such transportation.
- (3) The incapacity of an individual in the assistance unit other than a dependent child for whom dependent care costs are being claimed must be verified. Incapacity is verified in accordance with 106 CMR 703.190: *TAFDC Disability Exemption Process* by a statement from a competent medical authority as defined in 106 CMR 701.600: *Definition of Terms*.

704.280: TAFDC Earned Income Disregard at Application

For eligibility determination purposes, an applicant who has received TAFDC within the last four calendar months is eligible to have 50% of the remaining gross earned income disregarded, after work-related-expenses, but before dependent care deductions, unless:

- (A) he or she reduced his or her income or terminated his or her employment without good cause before the month the grant amount is calculated or refused a *bona fide* job offer without good cause in the same period. See 106 CMR 701.380: *Good Cause Criteria* for good cause criteria;
- (B) he or she failed without good cause to make a timely report of income received. Good cause for failure to do so is limited to demonstrated serious illness on the part of the applicant or client, or a dependent child. See 106 CMR 701.420: *Responsibility for Notification of Changes* for the definition of a timely report;
- (C) he or she is employed in the Full Employment Program (FEP); or
- (D) he or she is not included in the case but is legally liable to support his or her dependent child.

If one or more of these conditions exists, the disregard does not apply in the month in which the condition exists.

704.281: TAFDC Earned Income Disregards For Grant Calculation

(A) For purposes of the grant calculation, a TAFDC client shall have 100% of his or her earned income disregarded for up to six consecutive months immediately following the start of employment, or if already employed the date on which the recipient began receiving TAFDC, whichever is later, provided the total household countable income does not exceed 200% of the Federal Poverty Limit for the client's household size. The household size is determined under the rules of 106 CMR 704.305(B) Composition of the Filing Unit.

Except where 704.281(C)(1) applies, if a client stops working before receiving the full six months of the 100% disregard, he or she will be eligible to receive the balance of the months when employed again and all other eligibility conditions are met.

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If, after the client received the 100% disregard, a TAFDC case is closed for at least 30 days and subsequently reopened, the client will be eligible for another six months of the 100% disregard if the client has a different employer from the one for whom the earnings were previously disregarded. All other eligibility conditions must be met.

(B) After the six month period has ended, a working client shall be eligible for the \$200 work-related expense and a 50% earned income disregard.

(C) Clients shall not be eligible for either earned income disregard when the following situations apply:

- (1) he or she reduced his or her income or terminated his or her employment without good cause within the 30 days before the month the grant amount is calculated or refused a *bona fide* job offer without good cause in the same period. *See* 106 CMR 701.380: *Good Cause Criteria* for good cause criteria;
- (2) he or she failed without good cause to make a timely report of income received. Good cause for failure to do so is limited to demonstrated serious illness on the part of the applicant or client, or a dependent child as provided in 106 CMR 701.420;
- (3) he or she is employed in FEP; or
- (4) he or she is not included in the case but is legally liable to support his or her dependent child.

704.285: EAEDC Income Test of Eligibility

Financial eligibility is determined at application, redeterminations, and when a change in income is reported. For filing units whose income does not exceed the applicable Standard of Assistance provided in 106 CMR 704.440, a grant calculation is performed as provided in 106 CMR 704.500(B).

704.286: EAEDC Earned Income Disregards

An applicant or client is eligible for the following disregards of the remaining gross earned income disregarded, after work-related-expenses, but before dependent-care deductions:

(A) For the first four consecutive calendar months of benefit receipt, the client is eligible for the \$30 and $\frac{1}{3}$ disregard. Once the \$30 and $\frac{1}{3}$ disregard has been used for four consecutive calendar months, the client is ineligible for it as long as he or she continues to receive EAEDC. If the \$30 and $\frac{1}{3}$ disregard has been used for four consecutive calendar months and the client stops receiving EAEDC, the client shall be ineligible to receive this disregard again until a year has passed without receiving EAEDC.

(B) For the following eight consecutive calendar months of benefit receipt, the client is eligible for the \$30 disregard.

(C) These disregards do not apply to the earned income of a member of the assistance unit for the month in which:

- (1) the applicant or client reduced his or her income or terminated his or her employment without good cause within the 30 days before the month the grant amount is calculated or who refused a *bona fide* job offer without good cause in the same period. *See* 106 CMR 701.380: *Good Cause Criteria* for acceptable good cause reasons; or
- (2) the applicant or client failed without good cause to timely report income received. Good cause for failure to make a timely report shall be limited to demonstrated serious illness on the part of the applicant or client, or a dependent child. *See* 106 CMR 701.420: *Responsibility for Notification of Changes* for the definition of a timely report.

704.290: Verification and Determination of Income

(A) Verification and Determination of Monthly Wages. Eligibility and grant amount are based on the filing unit's projected income at the time of application or when a change is reported. Projected income must be based on the best estimate of income that actually will be received in the cyclical month in which action will be taken on the application or the change.

Earned income from wages shall be verified at application, redeterminations, at any time a member of the filing unit reports he or she has started receiving income and when a change in income that is required to be reported under 106 CMR 701.420: *Responsibility for Notification of Changes* has occurred.

Earned income shall be verified by pay stubs, pay envelopes, or a written statement signed by an employer. The verification must show the gross wages (including tips, if applicable) and the number of hours worked.

(1) If the employee is paid weekly, the average of the four consecutive weeks' pay received before the application date will be multiplied by 4.333 to get an average monthly wage.

(2) If the employee is paid bi-weekly, an average of the last two consecutive pay periods will be multiplied by 2.167 to obtain a monthly figure. If the employee is paid twice a month, the last two consecutive pay periods will be added to obtain a monthly figure.

(3) If the employee is paid monthly, the monthly figure will be used.

(4) If the employee receives a contractual annual salary, the amount to be used is the contractual annual salary divided by 12. Verification of the annual salary shall be a signed copy of the contract or a signed letter stating the annual salary to be received.

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(5) Pay stubs and pay envelopes that contain the employer's federal employment identification number, or a written statement signed by an employer showing wages paid and the number of hours worked in the year to date may be used to determine an anticipated monthly wage as long as the number of weeks' pay is shown or can be calculated.

(B) Verification and Determination of Self-employment Income. Self-employment income shall be verified by means of business records and tax returns that show the total amount of income and the total business expenses associated with the gross income earned. The three most current months' records must be used.

Business expenses shall be verified by records of bank deposits, records of wages paid to employees, including Social Security and other taxes paid, and withheld from those wages, rent receipts, utility payments receipts, bills of lading, receipts for stock purchases and Workers' Compensation payment records.

(C) Unearned Income. Unearned income shall be verified at application, at eligibility reviews, at the time of a change in income, and for TAFDC through income reporting as provided in 106 CMR 702.900: *TAFDC Monthly Reporting and Retrospective Budgeting Overview (MRRB)*. Income that is received on other than a monthly basis shall be converted to a monthly amount in accordance with 106 CMR 704.290(A).

Unearned income shall be verified by a copy of the benefit payment check, a benefit or award letter, retirement fund documents, social security benefit statements, a written statement from the agency or person making the payment that indicates the amount and frequency of the payment, or information received by the Department through a computer match from agencies such as the Social Security Administration (SSA) or the Department of Revenue (DOR) that indicates the current amount and frequency of the payment.

704.300: Membership in the Assistance Unit and Filing Unit

An assistance unit is made up of those persons whose needs are used to determine eligibility and the grant amount, and who are eligible to receive benefits under TAFDC or EAEDC. All persons in the assistance unit must be included in the filing unit.

A filing unit is made up of those persons whose income and assets are used to determine the eligibility and grant amount for the assistance unit, regardless of whether they are included in the assistance unit.

A household is the total group of persons who live together. The household may include persons who are not in the filing unit. In order for the assistance unit to be eligible for TAFDC or EAEDC, the filing unit may not have:

(A) assets greater than the asset limitation as defined in 106 CMR 704.110; or

(B) income, including income deemed to it, greater than the allowable limits for income defined in 106 CMR 704.210.

704.305: Composition of the TAFDC Assistance Unit and Filing Unit

(A) Composition of the Assistance Unit.

(1) Whenever a TAFDC application is made for a dependent child, the following persons must be included in the assistance unit:

- (a) the dependent child as defined in 106 CMR 701.600: *Definition of Terms*;
- (b) the parent of the dependent child living in the same household as the dependent child; and
- (c) all siblings of the dependent child who are related by blood or adoption and living in the same household as the dependent child and who are themselves dependent children. Stepbrothers and stepsisters are not required to be in the assistance unit.

(2) Whenever an application is made for a dependent child by a grantee who is not the parent, except for the dependent child as described in 106 CMR 704.305(A)(3), this child must be included in the same assistance unit unless to do so would cause the child to become homeless or to endure undue hardship. In this instance the Department may waive 106 CMR 704.305(A)(2).

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- (3) Whenever an application is made for a dependent child living in the same household as his or her teen parent younger than 18 years old and the parents of the teen parent, the assistance unit must be composed in accordance with 106 CMR 704.320(B). *See* 106 CMR 704.236 for determining the financial eligibility of teen parents younger than 18 years old.
- (4) Whenever an application is made for a pregnant woman, as defined in 106 CMR 703.210: *TAFDC Dependent Child: Pregnancy*, the assistance unit must include the pregnant woman only. *See* 106 CMR 704.235(C) for determining the financial eligibility of pregnant women.
- (5) Certain persons are not included in the assistance unit because they are ineligible for TAFDC. Ineligible persons include, but are not limited to, the following:
- (a) any person receiving SSI. However, if the only dependent child is receiving SSI, the parent or other relative as provided in 106 CMR 703.310: *TAFDC Relationship* may constitute an assistance unit;
 - (b) a child getting state and/or federal foster-care maintenance payments, including the child of the foster child when the foster-care maintenance payment includes the child. However, if the only dependent child is getting foster-care maintenance payments, the foster parent, may constitute an assistance unit.
 - (c) a child getting state and/or federal adoption assistance. However, if the only dependent child is receiving adoption assistance, the adoptive parents may constitute an assistance unit;
 - (d) an assistance unit made ineligible as a result of the lump sum income provision;
 - (e) an applicant categorically ineligible due to his or her noncitizen status. However, income from an individual who has a legal obligation to support and who lives in the same household as the dependent child shall be deemed to the assistance unit in accordance with 106 CMR 704.330(B)(1);
 - (f) a noncitizen who is ineligible because the noncitizen indicated an inability or unwillingness to provide information about, or acceptable verification of, an eligible noncitizen status or to provide, or apply for, a Social Security Number due to immigration status in accordance with 106 CMR 703.400: *Citizens, Noncitizen, and Canadian-born Indians*. However, income from an individual who has a legal obligation to support and lives in the same household as the dependent child shall be deemed to the assistance unit in accordance with 106 CMR 704.330(B)(1); and

These persons listed in 106 CMR 704.305(A)(5)(a) through (g) are also excluded from the filing unit.

(B) Composition of the Filing Unit. The following individuals must be included in the filing unit, (their income and assets must be included in determining the assistance unit's eligibility and the grant amount):

- (1) All individuals in the assistance unit as defined in 106 CMR 704.305(A); and
- (2) Individuals required to be in the assistance unit, but who have failed to fulfill an eligibility requirement, been sanctioned, or have failed to cooperate. This includes, but is not limited to, the following:
 - (a) an individual sanctioned for failure to comply with child support requirements as provided in 106 CMR 703.500: *TAFDC Cooperation with Child Support Requirements*;
 - (b) an individual sanctioned for failure to comply with the Department's employment and training program requirements as provided in 106 CMR 707.000: *ESP Overview/Participation Requirements*;
 - (c) an individual sanctioned for failure to comply with the Work Program as provided in 106 CMR 703.150: *TAFDC Work Program*;
 - (d) an individual sanctioned for failure to comply with the immunization requirements as provided in 106 CMR 703.160: *TAFDC Immunizations*;
 - (e) an individual sanctioned for failure to comply with the Learnfare requirements as provided in 106 CMR 703.170: *TAFDC Learnfare*;
 - (f) an individual who fails to meet the requirement to provide a social security number;
 - (g) an individual sanctioned for failure to cooperate in identifying and providing information that would help the Department pursue any third-party liability for medical services, as provided in 106 CMR 703.540: *TAFDC Cooperation in Obtaining Third-party Liability Coverage for Medical Services*;

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- (h) a teen parent sanctioned for the first instance of noncompliance with the school attendance requirements as provided in 106 CMR 703.181: *TAFDC Teen Parent Eligibility*; and
- (i) an individual sanctioned for a court conviction for fraud as provided in 106 CMR 706.305: *Intentional Program Violations (IPV) Disqualification Penalties*

704.310: Composition of the EAEDC Assistance Unit and Filing Unit

(A) Composition of the EAEDC Assistance Unit.

- (1) When an application is made by an elderly person, the assistance unit shall include the elderly person;
- (2) When an application is made by a disabled person, the assistance unit shall include the disabled person;
- (3) When an application is made by a person participating in MRC, the assistance unit shall include the person participating in MRC;
- (4) When an application is made by a person caring for a disabled person, the assistance unit shall include the person caring for the disabled person;
- (5) When an application is made by a caretaker for dependent children, the following persons must be included in the assistance unit unless one or more of these persons meets one of the exceptions provided in 106 CMR 703.700(C):
 - (a) the dependent child as defined in 106 CMR 701.600: *Definition of Terms*; and
 - (b) the siblings and half-siblings of the dependent child.

The caretaker may include or exclude himself or herself only from the assistance unit, but the caretaker may not be an assistance unit of one when the dependent children and the siblings and half-siblings in the home are foster children.

(B) Composition of the Filing Unit. The following persons must be included in the filing unit and their income and assets must be used to determine the assistance unit's eligibility and the amount of the grant:

- (1) persons in the assistance unit as defined in 106 CMR 704.305(A);
- (2) the spouse living in the home of a person in the assistance unit who is applying for or receiving EAEDC as provided in 106 CMR 703.191: *EAEDC Disability Process*, 703.600: *EAEDC Elderly - 65 Years of Age or Older*, 703.610: *EAEDC Participant in a Massachusetts Rehabilitation Commission Program*, 703.620: *EAEDC Caring for the Disabled*; and
- (3) the disabled person who is being cared for as provided by 106 CMR 703.700: *EAEDC Caretaker Family*. The income and assets of this person must be used to determine eligibility of the person providing the care in accordance with 106 CMR 704.340.

704.315: Failure to Cooperate TAFDC

(A) If TAFDC financial eligibility cannot be determined because of the failure or refusal of any member of the filing unit to provide verification, the entire assistance unit shall be ineligible.

(B) If any person required to be in the TAFDC filing unit does not meet a nonfinancial eligibility requirement but financial eligibility for the assistance unit can be determined, the assistance unit's eligibility and grant amount is determined by including that person's income and assets but excluding him or her from the assistance unit.

704.320: Optional Membership in a TAFDC Assistance Unit

A person may only be an eligible member of one assistance unit. The following persons may, at their option, be included in an assistance unit, if otherwise eligible:

- (A) a grantee who is not the parent of the dependent child, provided the grantee is related to the dependent child as provided in 106 CMR 703.310: *TAFDC Relationship*;
- (B) a minor parent, living with his or her dependent child and his or her parents. He or she may either:
 - (1) have his or her own assistance unit with his or her child; or
 - (2) be included with his or her child in the assistance unit of the parents.

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However, the minor parent must be included in the assistance unit of the parents with whom he or she lives if that parent's assistance unit includes a dependent child who is a sibling or half sibling of the minor parent.

The applicant or client must be informed of the advantages and disadvantages of being included in the assistance unit, where an option exists. Although being included in the assistance unit confers automatic eligibility for MassHealth, the income and assets of any individual who chooses to be included in the assistance unit must be considered to determine eligibility and the grant amount.

704.325: Eligibility of the Spouse of the TAFDC Grantee

A grantee's spouse may be included in the assistance unit only when he or she is the parent of the dependent child.

704.330: Circumstances Governed by Legal Support Obligations for TAFDC

(A) Circumstances in which legal support obligations exist include the following circumstances:

(1) Natural or Adoptive Parents.

(a) Natural or adoptive parents have a legal obligation to support their minor children.

(b) A natural or adoptive parent living in the same household as the child, must have his or her income and assets used to determine eligibility of the dependent child even if the parent is not eligible to be included in the assistance unit or required to be in the filing unit.

(2) Spouses. Spouses have a legal obligation to support their spouses and, at the same time, have a right to receive support from them.

(a) If the grantee's spouse is living in the same household, his or her income and assets must be used to determine the grantee's eligibility;

(b) If the grantee's spouse living in the same household is a stepparent, *see* 106 CMR 704.235 to determine the amount of the stepparent's income that is deemed to the assistance unit. If the spouse is a stepparent, his or her assets are not used to determine the grantee's eligibility nor the dependent children's eligibility unless the assets are owned jointly in accordance with 106 CMR 704.120 and 704.130.

(B) Income, excluding noncountable income as provided in 106 CMR 704.250, of those persons who have a legal obligation to support and who live in the same household as the dependent child shall be treated as follows:

(1) Persons who are not required to be in the filing unit and are not applying for or receiving TAFDC for themselves shall have their income deemed to the filing unit in accordance with 106 CMR 704.235; and

(2) Persons who must be in the filing unit but are excluded from the assistance unit because they failed to cooperate and/or have been sanctioned unit in accordance with 106 CMR 703.150: *TAFDC Work Program*, 703.181: *TAFDC Teen Parent School Attendance*, 703.500: *TAFDC Cooperation with Child Support Requirements*, 703.525: *TAFDC Result of Sanction for Failure to Cooperate Without Good Cause*, 703.160: *TAFDC Immunizations*, 706.305: *Intentional Program Violations (IPV) Disqualification Penalties*, 706.410: *Direct Deposit* or 707.200: *Failure to Meet Employment Development Plan (EDP) Requirements or the Work Program Requirements*, shall have their income made available to the filing unit in accordance with 106 CMR 704.310.

704.335: Circumstances Governed by Legal Support Obligations for EAEDC

(A) Spouses. Spouses have a legal obligation to support their spouses and at the same time have a right to receive support from them. If the applicant's or client's spouse is living in the same household, his or her income and assets must be used to determine the applicant's or client's eligibility. The requirements for of the treatment of the income and assets of the spouse are provided in 106 CMR 704.335(B) and (C).

704.335: continued

(B) Income.

(1) Excluding the types of noncountable income as provided in 106 CMR 704.250, the income of the applicant's or client's spouse who lives in the same household but who is not an EAEDC or TAFDC applicant or client, shall be deemed to the applicant or client as follows:

(a) If there is only earned income, the amount of income deemed to the assistance unit is:

1. the monthly gross earned income less the work-related-expense deduction as provided in 106 CMR 704.270; and
2. less an amount equal to the appropriate standard as provided in 106 CMR 704.440(H);

(b) If there is only unearned income, the amount deemed to the assistance unit shall be the result of subtracting an amount equal to the appropriate standard as provided in 106 CMR 704.440(H) from monthly gross unearned income; or

(c) If there is both earned and unearned income, the amount deemed to the assistance unit is:

1. the gross monthly earned income less the work-related-expense deduction;
2. plus the gross monthly unearned income; and
3. less the appropriate standard.

(2) The countable income of the spouse shall not be deemed as specified in 106 CMR 704.335(B)(1)(c)1. through 3. when the only income of the spouse is from a cash assistance program administered by the Department.

(C) Assets. Excluding the types of noncountable assets as provided in 106 CMR 704.140, the assets of the spouse living in the same household as the EAEDC applicant or client but who is not an applicant or client of a cash assistance program administered by the Department, shall be counted in determining the current eligibility of the EAEDC applicant or client. *See* 106 CMR 704.110, 704.120, 704.300 and 704.310 for asset rules.

704.340: Eligibility Test for an EAEDC Person Caring for a Disabled Person

The income and assets of a disabled person being cared for by an EAEDC applicant or client as provided in 106 CMR 703.620: *EAEDC Caring for the Disabled* must not exceed the following limits:

(A) the disabled person's countable income cannot exceed \$1500 monthly; and

(B) the disabled person's countable assets cannot exceed \$2000.

The rules for counting this income and assets are the same as for an EAEDC applicant or client.

704.410: TAFDC Table of Need Standards - Assistance Units

The figures in the Need Standards columns are posted at <https://www.mass.gov/service-details/check-tafdc-eligibility-and-how-to-apply>. Paper copies are available upon request.

704.420: TAFDC Table of Payment Standards - Assistance Units

The figures in the Payment Standards columns are posted at <http://www.mass.gov/services-details/check-tafdc-eligibility-and-how-to-apply>. Paper copies are available upon request.

704.430: EAEDC Living Arrangement and Grant Calculation

The EAEDC grant for applicants or clients is based on the living arrangement of the assistance unit.

704.435: EAEDC Living Arrangement

(A) Definition. In order to be eligible for EAEDC, the living arrangement of EAEDC applicants or clients must be one of the following:

- (1) Living Arrangement A: an EAEDC individual or EAEDC family who is responsible for a shelter cost, including, but not limited to, rent, mortgage, real estate taxes, insurance, fuel or utility expenses or room or board expenses from a licensed lodging house, and who:
 - (a) Lives alone; or
 - (b) Lives with others (including another assistance unit, applying for or receiving TAFDC where there is no legal obligation to support), except as provided in 106 CMR 704.435(A)(2) or (3);
- (2) Living Arrangement B: an EAEDC individual or EAEDC family who lives with another assistance unit who is applying for, or receiving TAFDC, including spouses, and a legal obligation to support exists between a member of the TAFDC assistance unit and a member of the EAEDC assistance unit, except as provided in 106 CMR 704.435(A)(3)(b);
- (3) Living Arrangement H: the EAEDC individual or EAEDC family, who is responsible for a shelter cost as specified in 106 CMR 704.435(A)(1), and is in one of the following circumstances:
 - (a) Lives with a spouse who is applying for or receiving EAEDC; or
 - (b) Lives with a spouse and a child who is not the natural or adoptive child of the spouse and the spouse is applying for or receiving TAFDC only or for himself or herself and the child;
- (4) Living Arrangement C: an EAEDC individual who resides in a halfway house, licensed chronic hospital, licensed nursing home, approved public medical institution, licensed intermediate care facility, residential treatment center or public psychiatric institution;
- (5) Living Arrangement D: an EAEDC individual in one or more of the following circumstances:
 - (a) An individual, including an individual with no established place of abode, who pays no shelter costs; or
 - (b) An individual in a temporary emergency shelter;
- (6) Living Arrangement E: an EAEDC individual who resides in an assisted living community or a licensed rest home, also known as a residential care facility; and
- (7) Living Arrangement F: an EAEDC individual who resides in a therapeutic community center.

(B) Verification. The verification of living arrangement is mandatory and shall be proven by a written, dated, and signed statement from the applicant or client and any other appropriate individual based on Living Arrangement type.

<u>Living Arrangement</u>	<u>Verification Required</u>
A	a rent or mortgage statement; and/or proof of responsibility for any other shelter cost; and/or a room and/or board receipt; and/or a written statement from the individual or family with whom the individual or family shares the shelter expenses that specifies how the shelter expenses are shared.
B	a written statement from the spouse.
H	a written statement from the individual with whom the applicant or client shares shelter costs that specifies what shelter costs are shared.
C	a statement from an authorized person at the halfway house, licensed chronic hospital, approved public medical institution, licensed intermediate care facility, public psychiatric institution or residential treatment center.
D	a statement from an authorized person at the shelter if a resident of an emergency shelter; or a signed and dated statement from the applicant or client that he or she has no shelter costs.

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<u>Living Arrangement</u>	<u>Verification Required</u> (continued)
E	a written statement from an authorized person at the assisted living community or the rest home.
F	a written statement from an authorized person at the therapeutic community center.

704.440: EAEDC Table of Standards of Assistance

The figures in the following Standards of Assistance Tables are posted at www.mass.gov/dta. Paper copies are available upon request.

704.500: Calculation of Grant Amount

(A) The TAFDC grant amount calculation :

- Step 1: Identify the earned income of each member of the filing unit, excluding any earned income specified in 106 CMR 704.250 and: (a) the income, from the Full Employment Program as specified in 106 CMR 707.180; and (b) the earned income of dependent children who are full-time students, used in the Test of Financial Eligibility as provided in 106 CMR 704.260(A);
- Step 2: Subtract 100% of the remaining gross earnings of each member of the assistance unit who is eligible for the 100% Earned Income Disregard. For members who are not eligible for the 100% Earned Income Disregard but who are eligible for the 50% disregard, subtract, in this order, from the remaining gross earnings of each member of the assistance unit an amount of income equal to: (a) the work-related expense deduction (*see* 106 CMR 704.270); and (b) if appropriate, from the remaining income of each member of the exempt or nonexempt assistance unit 50% of the remainder as provided in 106 CMR 704.280 or 106 CMR 704.281;
- Step 3: Subtract the appropriate dependent-care deduction as provided in 106 CMR 704.275;
- Step 4: Total the countable earned income of all members of the filing unit;
- Step 5: Total all gross unearned and other income not excluded as provided in 106 CMR 704.250. This total includes deemed income in accordance with 106 CMR 704.235 plus the gross income for those members of the filing unit that are excluded from the assistance unit;
- Step 6: Add the results of Step 4 and Step 5;
- Step 7: Subtract the result of Step 6 from the applicable Need Standard as provided in 106 CMR 704.410 and 704.415 for the number of persons in the assistance unit. Round this amount down to the next whole dollar. The result, if \$10 or greater, but less than the applicable Payment Standard as provided in 106 CMR 704.420 and 704.425, is the amount to be paid monthly. If the result is less than or equal to the applicable Need Standard, but greater than the applicable Payment Standard, the amount to be paid monthly shall equal the applicable Payment Standard. If the result is zero or greater but less than \$10, the assistance unit is considered to be receiving assistance, but will not receive a monthly grant. If the result is less than zero, the assistance unit is financially ineligible.

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704.500: continued

(B) The EAEDC grant amount calculation:

Step 1: Identify the countable income of the members of the assistance unit as provided in 106 CMR 704.200 through 704.250;

Step 2: Subtract work-related-expenses, as defined in 106 CMR 704.270, and, if applicable, the \$30 and $\frac{1}{3}$ disregard or \$30 disregard, as provided in 106 CMR 704.285, and, if applicable, the dependent care deduction, as provided in 106 CMR 704.275, from earned income, and add the result to the gross unearned income; then

Step 3: Subtract the result of Step 2 from the standard of assistance appropriate to the assistance unit. If the result is less than zero, then the assistance unit is financially ineligible. If the result is greater than or equal to zero, the assistance unit is financially eligible.

REGULATORY AUTHORITY

106 CMR 704.000: M.G.L. c. 18, § 10.

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