

# **PUBLIC ASSISTANCE ELIGIBILITY: THE IMPACT OF NEW BUDGETING RULES**

*By Anne Erickson*

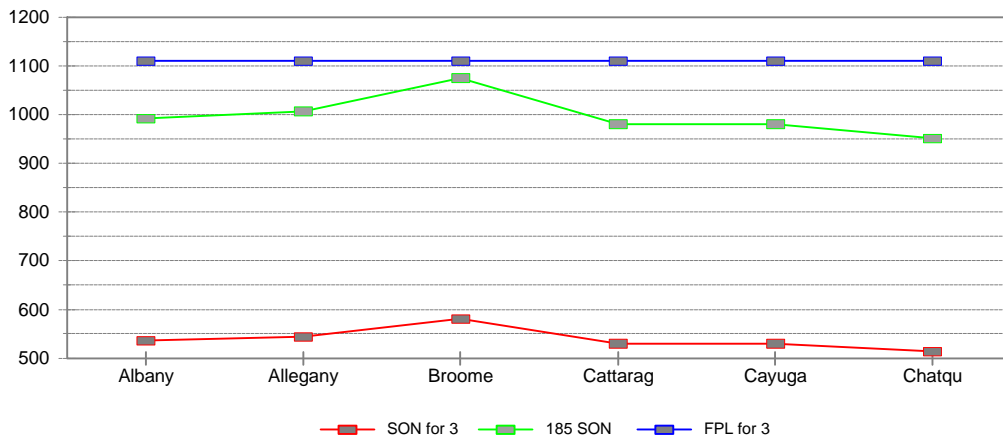
Under state law there are a number of calculations taken against a household's income to determine whether or not they are eligible for public assistance and, if so, in what amount. The first cut is to look at the "gross income" test: does the household have gross earnings below 185% of the Standard of Need? If they pass the gross earnings test, the next set of calculations allows for the deduction of certain income and expenses, including, in certain instances, the new deduction of 42% of earned income. If, after these deductions, the household has income below the Standard of Need (SON), they will be eligible for assistance. The amount of assistance will be based on how far below the standard of need their net or "countable" income falls; this is called the budget deficit.

The recently enacted welfare reform law imposes a new cut-off level: any household with gross earned and unearned income at or above the poverty level will not be eligible for assistance. In those areas where 185% of the SON is higher than the poverty level, households with income above the poverty level will be ineligible, even though they meet the "gross earnings" test. In those areas where 185% of the SON is less than poverty, households will be ineligible for assistance once they reach 185% of the SON, even if their income is still below the poverty level. Households in these districts (50 of the state 57 districts) will never get the full benefit of the 42% disregard.

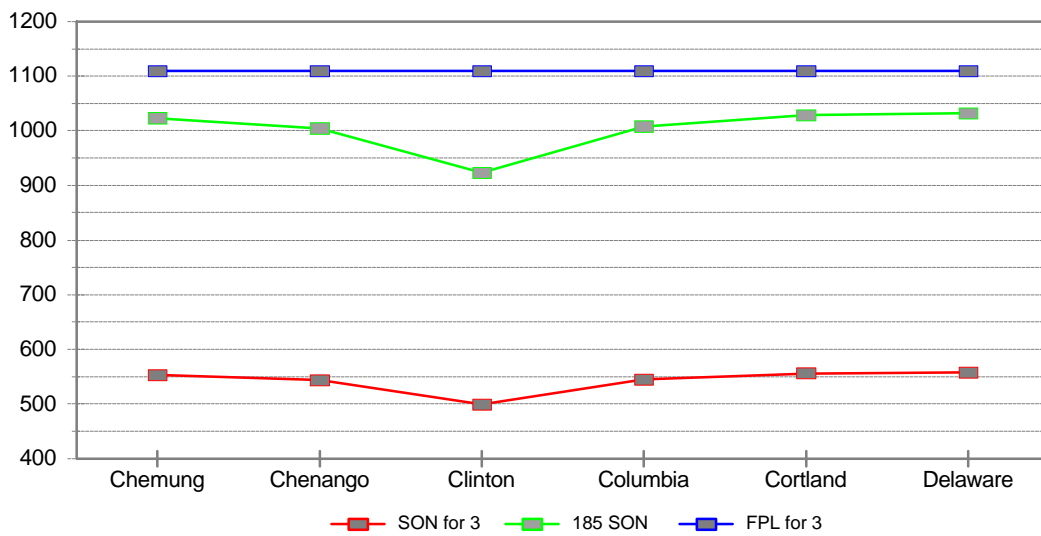
Because poverty is adjusted annually — and public assistance is not — the poverty level will soon rise above 185% of the SON in every district of the state. All households will be ineligible for assistance when their income reaches 185% of the SON, even though it will be below the poverty level.

The following charts reflect the Standard of Need for a household of three renting without heat included. The charts show the various levels of the "gross earnings" test of 185% of the Standard of Need, the Poverty Level and the basic SON. As noted, families will not be able to move above the 185% level, leaving them ineligible for assistance when they are still below the poverty level.

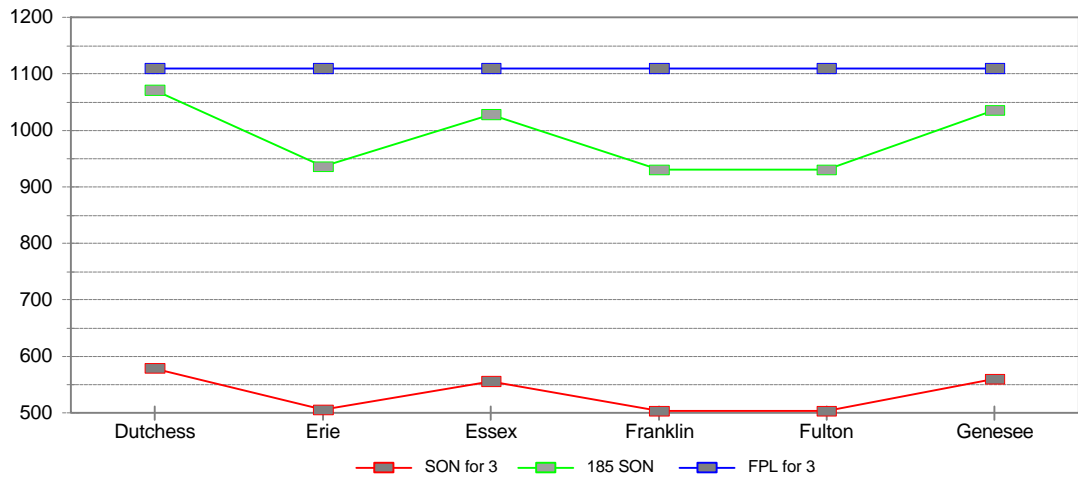
### Standard of Need v. Poverty v. 185 SON Eligibility and Ineligibility for PA



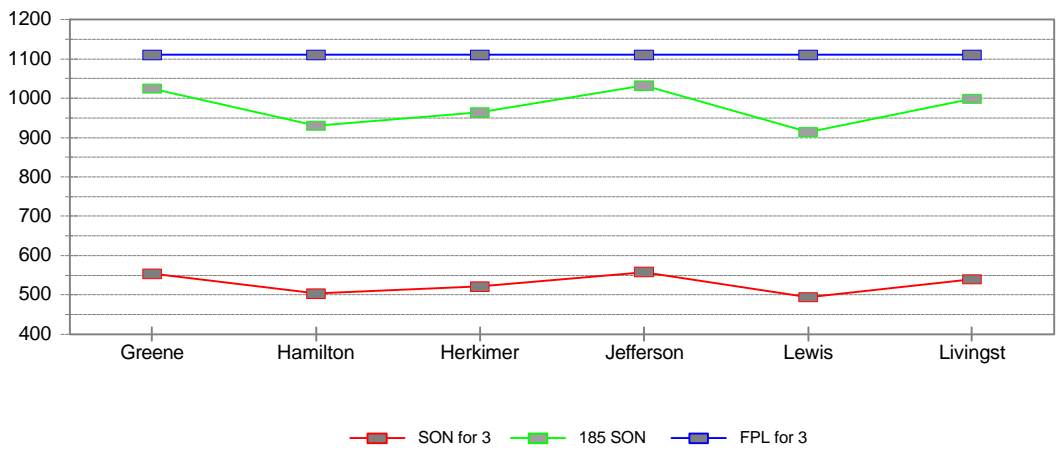
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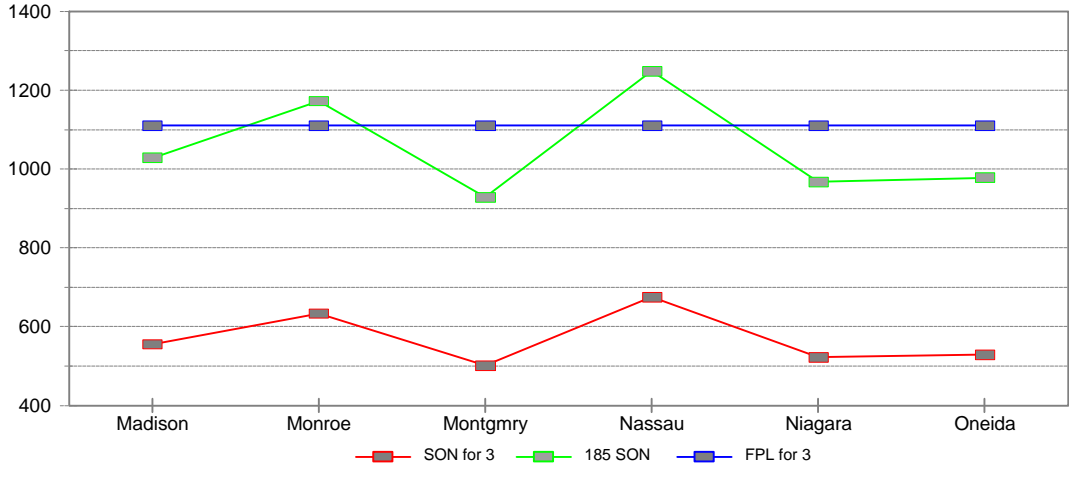
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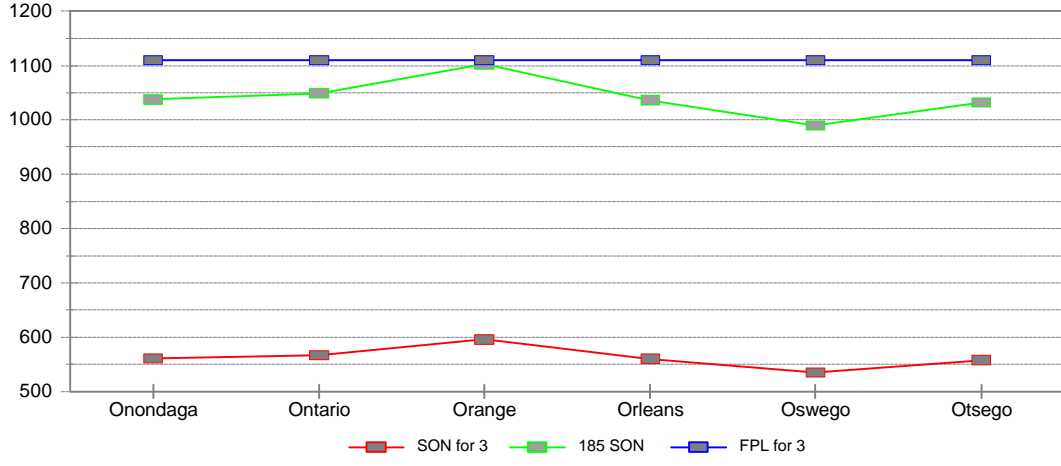


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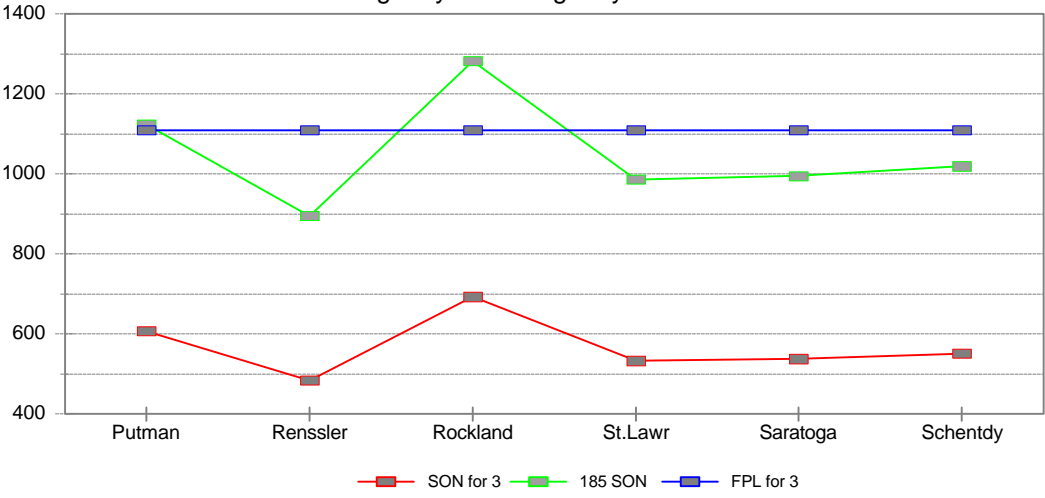
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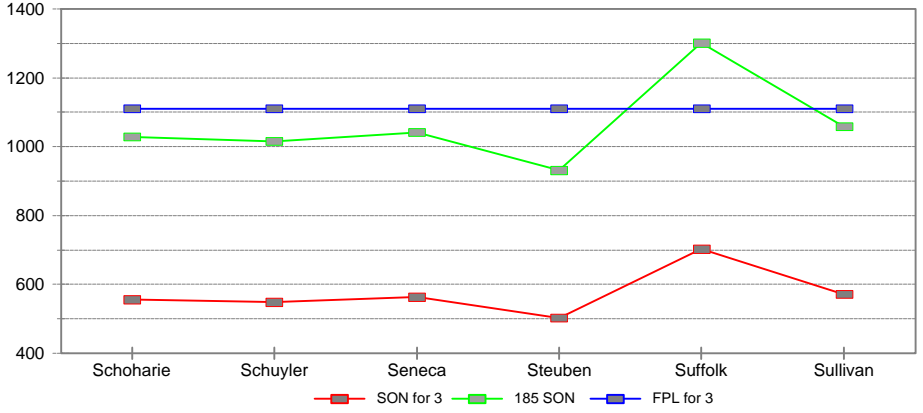
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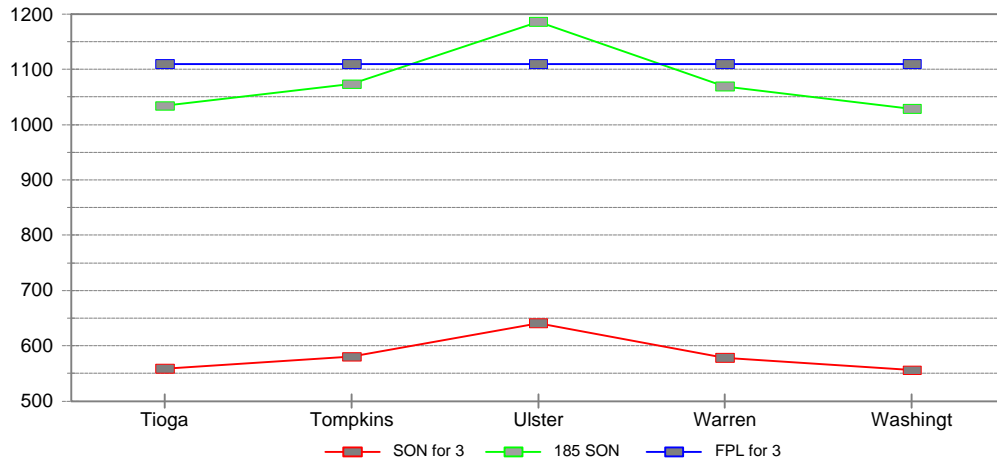


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