

Policy Rules Database

Technical Manual

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1. Overview

1.1 Purpose of the Policy Rules Database

The public assistance programs that support workforce participation in the United States are made up of a patchwork of policies implemented and administered at the federal, state, and local levels and subject to a diverse array of policy rules. These programs are designed separately from each other, and each has a unique structure and terminology. Public assistance program rules and tax policies are often buried in legislative documents or government websites and are frequently exceedingly difficult to interpret.

The key purpose of the Policy Rules Database (PRD) is to simplify the interpretation of all programs by creating a *common structure* and a *common terminology*. The PRD culls eligibility information into one simple-to-use database that describes policy rules in plain English and boils the complex program design down to a common set of logical or numeric fields. Importantly, the PRD is a resource for individuals trying to understand the general structure of how each public assistance program works and for programmers wanting to estimate the value of a particular program. The PRD enables the calculation of public assistance and tax amounts for any individual—subject to some limitations—without requiring specialized knowledge. Online tools such as the National Center for Children in Poverty (NCCP) Family Resource Simulator and the Federal Reserve Bank of Atlanta’s Career Ladder Identifier and Financial Forecaster (CLIFF) tool can be directly linked to the PRD parameters.

The PRD can be used in the following ways:

- Assess the general structure of any public assistance program or tax policy.
- Compare and contrast rules across public assistance programs and tax policies.
- Read in PRD parameters and determine the eligibility for a particular program and estimate the value of this program using provided formulas.

Several publicly available data sets exist that model some of these policies, but in some cases these sources are incomplete. In others, they are not up to date. In still other cases, these sources do not provide easily quantifiable data. For example, the Office of Planning, Research, and Evaluation in the US Department of Health and Human Services releases annual data sets of Childcare and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) policies, but because the data undergo a process of verification with state information, there is a lag of one to two years between the most recently available data and the data of the current year. These data sets also make extensive use of footnotes, which means these data can’t be easily used in software algorithms. Another example is the federally administered Low-Income Home Energy Assistance Program (LIHEAP) Clearinghouse, which includes a

comprehensive listing of LIHEAP state plans that describe policy data but do so primarily in text boxes. When pulling data from these state plans, researchers need to translate the information in these text boxes into usable numbers and formulas. Thus, the PRD provides significant value added over what already exists in other databases by (1) collating public assistance program rules and tax policies, (2) making policy rules easier to interpret, and (3) allowing for policy rule parameters to be incorporated into any programming language.

See Appendix A for an alphabetical list of abbreviations used in the PRD.

1.2 The PRD as a Collaborative Effort

The PRD is a collaboration between the National Center for Children in Poverty and the Federal Reserve Bank of Atlanta. These organizations engage with the community of trusted experts and state administrators to ensure that rules are accurately captured. This collaboration speeds the delivery of program updates, so that the PRD parameters are always up to date. It also allows for the output of research and online tools to provide consistent information that can inform policy debates and individual decision-making on the part of families seeking to achieve improved financial stability.

The PRD currently supports the following online tools:

- The NCCP's Family Resource Simulator and Basic Needs Budget Calculator
- The Atlanta Fed's PRD Dashboard, Guaranteed Income Dashboard, CLIFF Dashboard, CLIFF Planner, and CLIFF Snapshot

The PRD and the tools it supports are used by a community of researchers, think tanks, policymakers, nonprofits, and government program administrators. Further, the PRD is designed so that tax policies and public assistance programs rules can be easily added, and existing program rules can be easily modified. This enables the broader community of collaborators working with NCCP and the Atlanta Fed to conduct policy experiments or build customized client case management tools.

1.3 Public Assistance Programs and Tax Policies Included in the PRD

1.3.1 List of Public Assistance Programs

Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), School Breakfast Program (SBP), National School Lunch Program (NSLP), Summer Food Service Program, Housing Choice Voucher Program

(Section 8), Childcare and Development Fund (CCDF) subsidies, Head Start and Early Head Start, State Funded Pre-Kindergarten, the Medicaid/Children's Health Insurance Program (CHIP), Health Insurance Marketplace Subsidies, Low-Income Home Energy Assistance Program (LIHEAP), Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI).

1.3.2 List of Taxes and Tax Credits

Federal personal income tax, state personal income tax, Federal Insurance Contribution Act (FICA) tax, state sales tax, Federal Earned Income Tax Credit (EITC), State Earned Income Tax Credit (EITC), Federal Child Tax Credit (CTC), State Child Tax Credit (CTC), Federal Child and Dependent Care Tax Credit (CDCTC), and State CDCTC

1.4 Information Requirements for Benefit Calculations

The PRD requires users to have the following information to calculate eligibility and the value of all the government programs contained within the database for a particular family. This is an exhaustive list. Most programs require only a subset of the family attributes and expenses listed below. Default values are provided for all parameters listed below except for those under "family attributes." This information has specific coding requirements, such as the range of values they can take on.

Family Attributes (No Default Values)

- Age of each family member
- Total employment income of family
- Family assets
- County or town and state of residency
- Housing status (homeowner or renter)

Attributes of Individual Applying for Benefits

- Marital status

Basic Monthly Expenses

Default values can be obtained using the Cost-of-Living Database (CLD) described below.

- Rent or mortgage
- Utilities
- Food/Grocery expenses

- Childcare expenses
- Health insurance premium for all family members
- Costs of meals at school
- Child support payments

Childcare and School-Related Variables

- Number of school days
- Amount of childcare during the school year and during summer
- Community Eligibility Provision (CEP) school (0 is default)
- Pre-K start age (5 is default)

1.5 Relationship to the Cost-of-Living Database

Public assistance programs are often targeted to subsidize a specific family's expenses by providing certain products and services at a reduced cost or for free. The PRD uses a combination of household-specific expenses, as specified above, and information from the CLD to estimate the full market cost of products and services. The CLD provides county-level estimates of the cost of living for different family types using a basic set of expenses. This set includes housing, utilities, childcare, health insurance, food, transportation, and other miscellaneous expenses. The CLD is based on the methodology used in the University of Washington's Self-Sufficiency Standard.¹

If household-specific expenses are unavailable for a researcher, the CLD can supply default values of expenses depending on the family attributes and county and state of residence. The CLD is also used for applying the PRD to hypothetical situations—such as when calculating the effective marginal tax rates and modeling the size of the benefits cliffs for an individual who currently is on Medicaid but, with income gains, becomes ineligible and must purchase health insurance on the private market or obtain it through an employer—or to estimate expenses from the list of household-specific expenses required for PRD use.

Calculations of values of public assistance programs often require knowledge of specific expenses faced by the household. For example, SNAP allows for childcare costs, housing costs, and utility costs to be deducted when determining eligibility and benefit amount. The total value of the Section 8 Housing Voucher depends on the household's rent, while the program allows to deduct childcare expenses when determining eligibility and benefit amount. The value of the Marketplace subsidy is a function of the total health insurance premium, which varies by the person's age and location.

¹ See <http://www.selfsufficiencystandard.org/>.

The data in the CLD vary by family composition as well as state and county of residency for most expenses. See the [CLD Technical Manual](#) for more information.

1.6 Limitations of the PRD

The PRD does not contain all details outlined in every program. Instead, it is specifically designed to estimate eligibility and the value of benefit programs for nondisabled adults and their children. The following limitations apply:

- The PRD specifies rules for households with up to six adults and six children, for a maximum family size of twelve.
- The PRD does not include information on the work requirements.
- Program rules vary only by the family characteristics specified above. Each program's guide lists information about what populations the PRD excludes. Some populations frequently excluded are:
 - Adopted and foster children. The PRD does not distinguish among biological, adopted, and foster children. All children are considered biological children for the purposes of benefit calculations.
 - Individuals experiencing homelessness
 - Formerly incarcerated individuals
 - Individuals living on Native lands
 - Individuals whose immigration status prevents them from being eligible to receive benefits
 - Individuals aged 65 or above
 - Self-employed individuals
 - Military personnel and veterans

1.7 Getting Started

To use the PRD, start with collecting the information specified in the Information Requirements section (1.4) of this technical manual. When creating the data set, use the variable names specified in the List of Inputs section of this guide for each program. These inputs are referred to in formulas with "{" and "}" on each side (e.g. {agePerson1} corresponds to the age of the first person in the family).

Next, assign PRD Eligibility Parameters and Value of Benefits Parameters to a family by matching the family characteristics with the variables indicated in the guide to each program.

The parameters are referred to in equations with “[“ and “]” on either side (e.g. [Income Eligibility]).

Last, apply the steps and formulas specified in the Calculations section of this guide to each program to determine eligibility and estimate the value of the program. All formulas have similar structure for determining eligibility and calculating the estimated value of the program.

To determine income eligibility, start by adding all sources of income listed in the corresponding field of the PRD, subtracting all deductions (or portions of these deductions) listed in the corresponding field of PRD, and compare the resulting net income amount with the eligibility threshold(s) specified.

Note: Eligibility thresholds are specified in the PRD for each program, so they do not need to be calculated by users of the PRD. Eligibility thresholds vary by program, with most determined by the federal poverty level (FPL), state median income (SMI), or area median income (AMI). The precise value of the threshold and how it is calculated is provided in the PRD.

2. A Review of Public Assistance Programs and Tax Policies and PRD User Guides

This section contains a review of each public assistance program and tax policy included in the PRD and instructions (called user guides) for how to use the PRD to estimate the value of each program. These user guides are intended to be used with the PRD Excel file, which contains exact values of parameters for each location and family type.

2.1 Public Assistance Programs

2.1.1 Child Nutrition Programs (School Breakfast Program, National School Lunch Programs, and Summer Food Service Program)

Overview

The School Breakfast Program (SBP) and National School Lunch Program (NSLP) are federally assisted meal programs operating in public and nonprofit private schools and residential childcare institutions. They provide low-cost or no-cost breakfasts and lunches to children every school day. The PRD combines these two programs because they have the same eligibility and value-of-benefits determination structure. The PRD also incorporates the Summer Food Service Program (SFSP), which provides free meals in low-income areas to all children, regardless of income.

Eligibility Determination

The eligibility rules for the SBP and NSLP are set nationally and based on the FPL. Thus, the income limit to determine eligibility will depend on the size of the family and which state the family lives in, as Alaska and Hawaii have a different FPL. The maximum income for eligibility is 185 percent of the FPL. Copays vary by two income levels. See the PRD for a complete description.

Children also gain *categorical eligibility* for free (completely reduced) school lunch and school breakfast if they are in a family that receives SNAP benefits or TANF cash assistance. Foster, homeless, migrant, and runaway children can get free school meals without reporting household income. There are no special provisions for children with disabilities in school meal programs. Children also receive free school meals if they attend a school or live in a school district that has opted into the Community Eligibility Provision (CEP), which allows high-poverty schools to provide to all students US Department of Agriculture (USDA) school meals at no charge. The PRD does not currently incorporate CEP data about which schools or school

districts participate in CEP since the associated tools do not ask users about geographical location beyond the county level.²

The SFSP is specific to the location and does not depend on the income of a household. Jurisdictions with more than 40 percent of children eligible to receive free or reduced-price school meals can apply to become an SFSP site and provide free meals during the summer. (This criterion is like that for schools eligible for CEP participation.) Once an SFSP site is set up, the site operator must provide free meals to all children who seek them, as well as to people 18 or over with disabilities who are enrolled in school. No household-level income tests are required.³

Countable Income, Net Income, and Asset Tests

Countable Income

For the purposes of determining eligibility, we use a limited definition of countable income. The full list of countable income can be found in the Limitations section below.

The list of countable income used by the PRD includes:

- Annual employment income
- Income from SSDI
- Income from SSI
- Income from Social Security
- Child support income

Net income and Deductions

No deductions, and therefore no calculation of net income.

Asset Tests

No asset tests.

² See https://frac.org/community-eligibility-database/#about_the_database for the complete database of schools that participate in CEP.

³ See <https://www.fns.usda.gov/cacfp/about-area-eligibility>, <https://www.fns.usda.gov/sfsp/how-become-sponsor>, <https://www.fns.usda.gov/sfsp/frequently-asked-questions>, and <https://www.benefits.gov/benefit/1451>.

Value of Benefits Determination

The value of benefits is the annual value of both the NSLP and the SBP programs. The daily value is obtained by subtracting the daily copay of breakfast and lunch from the daily cost of breakfast and lunch. To annualize, multiply this amount by the number of days in the school year and the number of school-age children. See the PRD for a complete description.

Special Rules and Provisions

American Rescue Plan Rules

Under the pandemic EBT expansion from the Families First Coronavirus Relief Act (FFCRA), which subsequent legislation extended, states provide with a SNAP-like benefit card the value of breakfasts and lunches, missed due to the pandemic-related school closures, directly to families receiving free or reduced-price school meals. For families to participate, schools must be closed or partially closed. The daily rate per student is \$6.82 as of January 21, 2021. Eligibility is based on SBP or NSLP eligibility for free or reduced-price meals. Under the latest amendment to the FFCRA, the USDA considers all children under the age of six to be enrolled in a covered childcare facility. This means that all schoolchildren eligible for NSLP and SBP are eligible for these additional payments for missed school meals, as are all children under six years old, effectively expanding school lunches to include children younger than school age

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- The size of the family - **{famsize}**. {famsize} can take on values between 1 and 12.
- Whether or not the family resides in Alaska or Hawaii - **{AKorHI}**; {AKorHI}=1 if the family lives in AK or HI and 0 otherwise
- County of residency - **{countyortownName}** (required for the determination of SFSP eligibility)
- The age of each member of the household (up to 12) - **{age_i}**
- Determination of school age. As noted below, the Atlanta Fed assumes children with access to free pre-K - **{freePreKstate==1}** are school age if they are between 4 and 17. Otherwise **{freePreKstate==0}** children are considered school age if between 5 and 17.
- Annual countable income of the family - **{income}**- see *Countable Income* section above
- Number of school days - **{numberofSchooldays}**

Calculations: School Breakfast Program (SBP) and National School Lunch Program (NSLP)

Copay is based on income, as specified in [IncomeBin] and [IncomeBinDescription] in the PRD. Follow the steps below to determine the eligibility and calculate copay amount and benefit amount.

Step 1: Calculate annual total countable income.

{annual countable income} = sum([ListOfCountableIncome])

Step 2: Determine eligibility and daily copay amount for one school-age child.

Categorically Eligible=1 if [ListofCategoricalEligibility]

If {annual countable income} <= [IncomeBin1Max] OR *Categorically Eligible*=1 then *Copay* = [CopayBin1]

If {annual countable income} > [IncomeBin1Max] & {annual countable income} < [IncomeBin2Max] then *Copay* = [CopayBin2]

Step 3: Determine the daily benefit value.

Daily Benefit Value = {exp.schoollunches} - *Copay*

Step 4: Calculate the number of school-age children.

- 1) Set pre-K start age.

pre-Kstartage=4 if freePre-KState==1

pre-Kstartage=5 if freePre-KState==0

- 2) Determine number of school age children.

For persons i=1:8 {

schoolage_`i`=1 if *age_`i`* == (*pre-Kstartage*,17)

}

numschoolagekids=

sum(schoolage1,schoolage2,schoolage3,schoolage4,schoolage5,schoolage6,schoolage7,schoolage8)

Step 5: Annualize total benefit value and multiply by the number of school-age children.

Value.schooMeals = *Daily Benefit Value**{number of school days}**Number of School Age Children*

Calculations: Summer Food Service Program (SFSP)

Step 1: Check if county matches a county that includes an SFSP site.

Check the PRD database [SFSP table](#) for whether [sfsp_site] for {countyortownName} is 1 or 0.

Step 2: Reduce food costs by one meal per day during summer.

Note: The SFSP is offered on all days in the summer when school is not in session, even on weekends.

If [sfsp_site] = 1,

Value.summerMeals = {exp.schoollunches} * {number of summer days} * {number of children or people 18 or over with disabilities who are enrolled in school}

Implementation-Specific Assumptions

- The age at which children can access free pre-K varies by state
- The PRD sets a default *numberOfSchooldays* to be 180.

Limitations

For the purposes of determining eligibility, we use a limited definition of countable income (see the Countable Income section above).

The full list of income counted for eligibility determination is: (1) monetary compensation for services, including wages, salary, commissions or fees; (2) net income from nonfarm self-employment; (3) net income from farm self-employment; (4) Social Security; (5) dividends or interest on savings or bonds or income from estates or trusts; (6) net rental income; (7) public assistance or welfare payments; (8) unemployment compensation; (9) government civilian employee or military retirement, or pensions or veterans payments; (10) private pensions or annuities; (11) alimony or child support payments; (12) regular contributions from persons not living in the household; (13) net royalties; and (14) other cash income. Other cash income would include cash amounts received or withdrawn from any source including savings, investments, trust accounts, and other resources that would be available to pay the price of a child's meal. 'Income, as the term is used in this notice, does not include any income or benefits received under any federal programs that are excluded from consideration as income by any statutory prohibition. Furthermore, the value of meals or milk to children shall not be considered as income to their households for other benefit programs in accordance with the prohibitions in section 12(e) of the Richard B. Russell National School Lunch Act and section 11(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1760(e) and 1780(b)). [source 2, "Definition of Income"].

We use only (1), (2), (3), (4), (7), and (11). All other income sources are assumed to be 0.

2.1.2 Supplemental Nutrition Assistance Program (SNAP)

Overview

SNAP is the largest federal nutrition assistance program. SNAP provides nutrition benefits to supplement the food budget of needy families so they can purchase healthy food and move toward self-sufficiency. SNAP provides benefits to eligible low-income individuals and families through an Electronic Benefits Transfer card. This card can be used like a debit card to purchase eligible food in authorized retail food stores. The SNAP Fiscal year begins in October of the prior year (e.g. Fiscal Year 2023 begins October 1, 2022)

Eligibility Determination

While eligibility rules for SNAP are set nationally, states may override some of these rules under the broad-based categorical eligibility (BBCE) provisions.

Federal rules

To be eligible for SNAP, families must satisfy the gross income test, asset test, and net income test. As of fiscal year 2023, the federal gross income eligibility threshold is set at 130 percent of the FPL, and the asset limit is set at \$2,750. For households with an elderly or disabled household member, the federal asset limit is \$4,250. SNAP rules define “elderly” as being over 60 years old or older, and define “disabled” as someone who receives at least one of several federally-run benefit programs, including SSI, SSDI, or RSDI, or permanently or totally disabled veterans and their families. The federal *net income limit* for SNAP is 100 percent of the FPL. *Net income* is defined as total gross countable income minus certain deductions. See the Countable Income section for details. Households that include an elderly or disabled household member do not need to pass the gross income test, but are still subject to the net income test.

Categorical eligibility rules exempt households from the gross income test, asset test, and net income test when all household members receive TANF cash assistance or SSI cash assistance.

Two types of work requirements are imposed on SNAP recipients: general work requirements and the Able-Bodied Adult without Dependents (ABAWD) work requirements. See the Limitations section below for a discussion of work requirements.

State’s ability to Adjust SNAP Rules

The federal program rules do not apply in all states as states have some discretion to change net income tests, gross income tests, asset tests, and for adjustments to utility and medical expense deductions.

Broad Based Categorical Eligibility (BBCE) is a policy that allows states to consider cost of living, wages, and other local economic conditions when setting gross income eligibility limits and asset eligibility limits.⁴ BBCE laws can reduce the administrative cost of SNAP by removing the need to verify assets, costs which States are partially responsible for. Under BBCE, states set higher gross income limits, remove net income tests, and increase, modify, or remove asset limits for some or all households (we call these states “BBCE states”).⁵ The impact of BBCE rules also vary by whether the household has elderly or disabled members (“ED HH”) or not (“non-ED HH”) and among ED HH, whether their income is under 200% of the FPL or not.

The specific of how states adjust asset tests and deductions are described below.

Countable Income, Net Income, and Asset Tests

Countable Income

A family’s SNAP net income eligibility, gross income eligibility, and benefits amount are based on the countable income. *Countable income* can be earned income and unearned income. *Earned income* includes wages, salaries, commissions, profits, and investment income. *Unearned income* includes some means-tested programs, education assistance, receipt of child support or alimony payments, and gift income.

⁴ Households are made categorically eligible through receiving or being authorized to receive a minimal TANF-or MOE-funded benefit or service, which has typically included such services as being given a brochure or being referred to a social services “800” telephone number. Recalling the USDA regulation, the brochure or telephone number must be funded with TANF or MOE dollars and thus must be directed at a TANF purpose.

⁵ See 7 CFR 273.9(a), “Households which are categorically eligible as defined in § 273.2(j)(2) or 273.2(j)(4) do not have to meet either the gross or net income eligibility standards.” The referenced sections of federal law – 7 CFR 273.2(j)(2) and 7 CFR 273.2(j)(4) – describe the conditions for which broad-based categorical eligibility can be established by states, including that the pathway to these programs can only be through TANF MOE-funded programs (e.g. state-funded brochure distribution) limited to households with gross income below 200 percent of the federal poverty level, or lower based on state discretion, based on income definitions within the section of this law that describes SNAP benefits. Combined, what this means is that households can achieve categorical eligibility for SNAP as long as they are eligible for state-funded (TANF Maintenance of Effort, or MOE) program that is bound by a gross income limit no higher than 200 percent FPL. Households qualify through a state-funded TANF program, but with income definitions based on SNAP rules. Each state’s de jure gross income limit is therefore tied to the TANF MOE program, not the SNAP program, even though, in effect, this raises the SNAP gross income limit to a state-established limit between 130% and 200% FPL for nearly all SNAP applicants. (The gross income limit cannot be below the limit for non-categorical eligibility, which is 130% FPL.) As broad-based categorical eligibility (BBCE) thus removes the de jure net income limit, the de facto limit in BBCE states remain 3½ times the maximum SNAP benefits per family size, as 30% of net income is subtracted from these maximums to determine SNAP benefits. Several sources such as https://www.mathematica.org/~media/publications/pdfs/nutrition/snap_categorical_eligibility.pdf and <https://www.snapscreener.com/?p=table> describe “net income limits” as therefore tied to the maximum SNAP benefit amounts. Several states have also retained the SNAP net income limit at 100% FPL as part of their TANF MOE programs, as indicated in the Mathematica document. In 2014, ten BBCE states retained this limit, according to this source. As of 2022 it appears that of those 10 states, no more than seven have retained this practice. The rationale for limiting gross income limits for TANF MOE programs that are pathways to SNAP broad-based categorical eligibility was first documented at <https://www.govinfo.gov/content/pkg/FR-2000-11-21/pdf/00-29355.pdf#page=28>.

The list of countable income used by the PRD includes:

Countable Earned Income

- Annual employment income

Unearned income

- Investment income (such as interest)Income from child support
- Unemployment Insurance (UI) payments
- SSI
- SSDI
- TANF
- Scholarships and education grants
- Gift income

Net Income and Deductions

Deductions that are used to calculate the net income of the family are standard deductions, earned income deductions, out-of-pocket child care expenses, excess shelter costs, and excess medical costs. Households that either incur heating or cooling costs separate from rent or are regularly billed for heating or cooling costs can claim Heating and Cooling Standard Utility Allowances (HCSUA). In some states, households have an option to choose between claiming either the HCSUA or their actual utility bills as a deduction for SNAP.⁶ Further, some states participate in the Heat and Eat program, which gives households that don't already participate in LIHEAP a nominal \$21 LIHEAP benefit so that they can be automatically eligible to use the HCSUAs. Households that include at least one person who is at least 60 years old or who receives disability benefits (such as SSI or SSDI) can also claim an "excess medical expenses deduction" equal to the amount that their medical expenses exceed a certain amount (in FY 2023 the amount was \$35 per month).

NEW>> NEED TO ADD TO THE CALCULATIONS:

States can secure a special waiver that allows SNAP households to self-declare their medical expenses. Under the special waiver, households can self-declare expenses that exceed \$35/month, which allows them to get a "standard medical deduction" of \$155/month in the SNAP math. However, if a household claims more than \$190/month in health care costs (that's the \$35 threshold plus \$155 standard deduction), the household must provide proofs of all expenses claimed.

⁶ Households that either incur heating or cooling costs separate from rent or are regularly billed for heating or cooling costs can claim Heating and Cooling Standard Utility Allowances (HCSUA).

Medical expenses include most medical and health insurance costs that an individual might incur, including premiums and out-of-pocket costs like copays, coinsurance, and prescription costs.⁷ See the Calculations section for details.

Asset Tests

The federal rules specify two separate asset limits for regular families and for those families who have elderly and disabled members. Under BBCE rules, some states eliminated or increased regular asset limits. Additionally, under BBCE rules, states sometimes impose different asset limits for elderly and disabled households. Further, states sometimes have different asset tests for only for disabled or elderly households under 200% of the FPL, and then revert to the federal asset limit for households with income greater than 200 of the FPL.

In states that did not eliminate asset limits, families must have assets below a certain amount. Countable assets include cash and money in checking and savings accounts. Some states additionally count the value of vehicles towards asset tests.

See the PRD for details.

Value of Benefits Determination

The annual value of SNAP benefits is calculated as an annual maximum SNAP benefits minus 30 percent of a family's net income. The annual SNAP amount is bounded from above and below by minimum and maximum payments. Minimum benefits are only applicable for family sizes of one and two. See the Calculations section for details.

Special Rules and Provisions⁸

New York

In the state of New York, households with dependent care expenses have a higher gross income eligibility limit. For households without dependent care expenses, the gross income eligibility limit is 150 percent of the FPL (this is the number in the PRD excel spreadsheet). For households with dependent care expenses, the gross income eligibility limit is 200 percent of the FPL (this special rule is listed in the calculation steps).

Virginia

⁷ <https://www.fns.usda.gov/snap/eligibility/elderly-disabled-special-rules#Who%20is%20disabled>

⁸ For an overview of state specific rules see <https://www.fns.usda.gov/snap/waivers/state-options-report>

The state of Virginia imposes a net income test on households that are categorically eligible for SNAP but are not eligible under broad-based categorical eligibility (BBCE) rules. The below SNAP formulas could be adjusted for Virginia to identify categorically eligible households that are not BBCE-eligible, and therefore face a net income test under these rules. However, Virginia's latest SNAP rules provide broad-based eligibility for all households with countable (gross) incomes below 200% FPL. With this expansion, the possibility that a household qualifies for categorical eligibility (via TANF or SSI receipt) but that does not qualify for SNAP under BBCE rules is unlikely to be applied to populations currently covered by the PRD.

American Rescue Plan Act of 2021 and Related Acts

- The American Rescue Plan of 2021 extended the increase in SNAP benefits of 15 percent through September 2021. The increase in SNAP benefits was first established by the FFCRA.
- Separate from the increased SNAP maximum benefit, the FFCRA also established an emergency fund for states to use to provide the maximum SNAP benefit to all individuals qualifying for SNAP during the emergency period brought on by the pandemic. The additional dollars that state agencies provide to households eligible for SNAP through this emergency funding are called "Emergency Allotments." In January 2021, the federal government extended this emergency period, indicating it will likely last through 2021. All states, the District of Columbia, the U.S. Virgin Islands, and Guam applied and were approved for emergency allotments as of January 2021, but has gradually declined since, to 42 of these jurisdictions in April 2022 and 37 in June 2022. See <https://www.fns.usda.gov/snap/covid-19-emergency-allotments-guidance> for an updated list of states that continue to provide these emergency allotments.
- Under April 2021 guidance, the emergency allotment provided for all families receiving SNAP in states opting for use of Emergency Allotment funds is defined as the maximum of (1) \$95 and (2) the difference between the maximum SNAP benefit (115 percent of the USDA Thrifty Food Plan amount) and a family's base SNAP benefit, determined by subtracting 30 percent of net income from this maximum SNAP benefit.
- SNAP work requirements have been waived at the national level (prior to the American Rescue Plan) as long as the federal government has declared a public health emergency. The federal government has issued a memorandum indicating the expectation that the current public health emergency will remain in place until at least the end of the calendar year (December 2021).

- H.R.8337 (Continuing Appropriations Act, 2021 and Other Extensions Act) also afforded states the option to waive recertification requirements for families receiving SNAP benefits. This effectively allows families who were once qualifying for SNAP due to low income to remain on SNAP even if their new income would have -- absent this exemption -- pushed them above the income limit for receiving SNAP benefits. Many but not all states have applied and received approval for waiving recertifications. See <https://www.fns.usda.gov/snap/cr-state-options>.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers - **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- Whether the family is located in Alaska or Hawaii or not - **{AKorHI}**. {AKorHI}=1 if the family lives in AK or HI and 0 otherwise.
- The size of the family - **{famsize}**. {famsize} can take on values between 1 and 8.
- Annual utility spending of the family - **{netexp.utilities}**, after any subsidies. (See the CLD for default values of exp.utilities.)
- Annual rent of the family - **{netexp.rent}**, after any subsidies. (See the CLD for default values.)
- Annual out-of-pocket childcare costs after subsidies - **{netexp.childcare}**. (See the CLD for default values.)
- Annual countable income of the family - **{income}** - see *Countable Income* section above
- Total countable assets of the family - **{assets}** - see [ListofCountableAssets] specified in the PRD
- Gift income - **{giftincomevar}**
- Year of fiscal rules - **{ruleYear}**

Calculations

Step 1: Calculate annual total countable income.

{countableIncome} = sum([ListOfCountableIncome])

{countableEarnedIncome} = sum([ListOfCountableEarnedIncome])

Step 2: Calculate total countable assets.

$\{countableAssets\} = \text{sum}([ListOfCountableAssets])$

Step 3: Calculate earned income deduction.

$EarnedIncomeDeduction = 0.2 * \{countableEarnedIncome\}$

Step 4: Calculate adjusted income.

$AdjustedIncome = \max(0, (\{countableIncome\} - EarnedIncomeDeduction - 12 * [StandardDeduction] - \{netexp.childcare\}))$

Step 5: Calculate utility deduction.

If $[netexp.utilities] > 0$ OR $([LIHEAP\ received] > 0$ OR $[HeatAndEatState] = 1)$, then {
 if $[HCSUA] == \text{Mandatory}$, then $UtilityDeduction = [HCSUAValue] * 12$
 if $[HCSUA] == \text{Optional}$, then $UtilityDeduction = \max([HCSUAValue], [netexp.utilities])$
} else {
 $UtilityDeduction = 0$
}

Step 5a: Calculate medical expenses deduction.

Snap policy defines disability as the receipt of disability benefits (e.g. SSI and SSDI).⁹

If $[ssi_recd] + [ssdi_recd] > 0$ OR $age_i \geq 60$ for some i) {
 For each household member {i}:
 If $[ssi_recd_i] == 1$ OR $[ssdi_pia_amount_m_i] > 0$ OR $[age_i] \geq 60$
 $disabled_members_med_expenses += [health_expenses_i]$
 $med_expenses_deduction = \max(0, disabled_members_med_expenses - [fs_med_expenses_floor])$

Step 6: Calculate net income.

$NetIncome = AdjustedIncome - \min(([\text{netexp.rent}] + UtilityDeduction) + med_expenses_deduction - 0.5 * AdjustedIncome), 12 * [MaxShelterDeduction])$

Step 7: Adjust Gross Income Eligibility test for households with dependent care expenses.

If state=NY and $\{net.exp.childcare\} > 0$ then $[GrossIncomeEligibility] = 200\%$ of FPL

Step 8: Determine eligibility, according to three criteria.

- a) $grossEligibilityTest = \text{TRUE}$ if
 $\{countableIncome\} < [GrossIncomeEligibility]$ OR
 $((\text{tanf_recd} > 0 \parallel \text{ssi_recd_count} == \text{snap_eligible_family_size}) \text{ AND } \{annual\ countable\ income\} < 2 * [fpl])$ OR

⁹ <https://www.fns.usda.gov/snap/eligibility/elderly-disabled-special-rules#Who%20is%20disabled?>

- ssi_recd > 0
- b) *netEligibilityTest* = TRUE if Net Income < [NetIncomeEligibility]
- c) *assetTest* = TRUE if
- {countableAssets} < [AssetTest] OR
- ({ssi_recd} > 0 AND
- ({countableIncome} <= 2 * [fpl] AND
- {countableAssets} < [AssetTest_disability_upto2xFPG])
- OR
- ({countableIncome} > 2 * [fpl] AND
- {countableAssets} < [AssetTest_disability_above2xFPG]))

Step 9: Determine annual benefit amount.

if (*grossEligibilityTest*=TRUE & *netEligibilityTest*=TRUE & *assetTest*=TRUE) then {

Benefit Value = min(max(12*[MaxBenefit]-*NetIncome**0.3, 12*[MinBenefit]), 12*[MaxBenefit])

}

Implementation-Specific Assumptions

- The PRD assumes that the individual who is applying for SNAP and all family members meet work requirements (when applicable) for ABAWDs.
- The PRD assumes that utility expenses other than heating and cooling costs have no tangible effect on the total amount of SNAP benefits received (that is, we are not incorporating the limited or basic standard utility allowances, or SUAs).

Limitations

- The PRD assumes that everyone in the household is a part of the same SNAP assistance unit. However, per federal rules, “[i]f a person is 60 years of age or older and unable to purchase and prepare meals separately because of a permanent disability, the person and the person's spouse may be a separate SNAP household if the others they live with do not have very much income (no more than 165 percent of the poverty level).” As the CLIFF tool (for now) assumes that each adult household member contributes equally to basic family expenses, we are not including this rule in the current iteration of the tool.
- Every possible type of countable income is not listed in the PRD due to limitations on the amount of information is possible to collect and include in calculations. See <https://www.law.cornell.edu/cfr/text/7/273.9>, section b) for a precise definition of what income is countable and what is not.
- The PRD does not incorporate SNAP work requirements and time limits. *General* work requirements apply to SNAP recipients ages 16–59 and include “registering for work,

participating in SNAP Employment and Training (E&T) or workfare if assigned by state SNAP agency, taking a suitable job if offered, and not voluntarily quitting a job or reducing your work hours below 30 a week without a good reason.”¹⁰ In addition to these general SNAP work requirements, many states have more stringent work requirements for ABAWDs ages 18-59. These additional work requirements can be met if ABAWDs satisfy one of the following:

- In school or training at least half-time
- Work part-time (80 hours a month)
- Engaged in a workfare program

ABAWDs who do not meet these additional requirements can receive SNAP only for three months within three years.

SNAP has some exceptions to these ABAWD-specific requirements, including for those who:

- are unable to work due to a physical or mental limitation
- are pregnant
- live in a household with someone who is under 18
- are excused from the SNAP general work requirements
- live in a geographic area with a waiver on ABAWD work requirements¹¹

ABAWDs who meet the work requirements have no time limits on their SNAP benefits. In addition, adults ages 16–59 with dependents, adults ages 16–17 without dependents, and adults ages 50–59 without dependents have no limits.

- Students enrolled at least half-time in a regular curriculum at a college or university degree program or in a business, technical, trade, or vocational school that normally requires a high school diploma or equivalent (GED) to attend are not eligible for SNAP unless they meet one of the federal exemptions barring this group of students from receiving SNAP. (The definition of “half-time” is determined by these institutions.)

When any of the following conditions are met, students enrolled in these institutions half-time or more can receive SNAP if they satisfy other criteria for SNAP receipt.¹² The PRD and the CLIFF tool, as of November 2021, assume that at least one of the following conditions are met:

¹⁰ See <https://www.fns.usda.gov/snap/work-requirements>.

¹¹ A periodically updated source with the latest info on which states have waivers—and whether the waivers cover the whole state or just parts of the state—is available here: <https://www.fns.usda.gov/snap/ABAWD/waivers>.

¹² <https://www.fns.usda.gov/snap/students>

- They are under age 18 or older than age 50.
- They have a physical or mental disability.
- They work at least 20 hours a week in paid employment.
- They participate in a state or federally financed work study program or an on-the-job training program.
- They care for a child under the age of six, are a single parent enrolled full-time in college and taking care of a child under 12, or both (a) care for a child age six to 11 and (b) lack the necessary childcare enabling them to attend school and work 20 hours a week or participate in work study.
- They receive TANF cash assistance.
- They are enrolled in a TANF Job Opportunities and Basic Skills (JOBS) program.
- Their assignment, placement, or self-placement in college was made through one of the following government programs supporting education and workforce advancement:
 - SNAP Employment & Training (E&T) programs
 - State or federally funded programs that have a component equivalent to SNAP E&T programs
 - WIOA programs
 - Trade Adjustment Assistance Programs under Section 236 of the Trade Act of 1974
- COVID-19 temporary adjustments are in effect and they either (a) are eligible to participate in state or federally financed work study during the regular school year, as determined by the institution they attend, or (b) have applied for financial aid and have been determined to have an Expected Family Contribution (EFC) of 0 in the current academic year. This temporary expansion will be in effect up through 30 days after the public health emergency is lifted.¹³
- Alaska and New York State have geographical variations in the heating and cooling standard utility allowances (HCSUA) values. Our calculations of HCSUA values in Alaska are the average of the Central, Northern, South-Central, and Southeast regions. When computing the average, we exclude the Northwest and Southwest areas because the HCSUA in these areas is double the values in other areas and very few people live there.
- Alaska has regional variation in the SNAP maximum monthly allotment. We use the median value, which corresponds with the “Rural 1” area.

¹³<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-02-23/snap-benefits-eligible-students-during-covid-19-pandemic-ea-id-general-21-11-updated-april-5-2021>

- The calculation of utility deductions assumes that the family is paying for heating and cooling separately from rent. Therefore, the calculations do not account for basic/limited utility allowances that can be granted to households who pay at least some of their utilities separately from rent. Examples of the variety of state approaches to additional SUAs beyond heating and cooling include those listed here: http://services.dpw.state.pa.us/oimpolicymanuals/snap/560_Income_Deductions/560_8_Shelter_Utility_Deduction.htm, [https://dhs.maryland.gov/documents/Manuals/FSP%20\(Food%20Supplement%20Program\)%20Manual/214%20Utility%20Allowances/214-Utility-Allowances-rev-JULY-2020.pdf](https://dhs.maryland.gov/documents/Manuals/FSP%20(Food%20Supplement%20Program)%20Manual/214%20Utility%20Allowances/214-Utility-Allowances-rev-JULY-2020.pdf) (which allows additional SUAs beyond heating and cooling), <https://www.dss.virginia.gov/files/division/bp/fs/manual/P10.pdf> (which allows no SUAs beyond heating and cooling), and https://eohhs.ehs.state.ma.us/DTA/PolicyOnline/BEACON5/ISSL/!WebHelp/SNAP/Expenses_and_Deductions/Household_Expenses/Standard_Utility_Expenses/Standard_Utility-Allowance_Expense_Introduction.htm (which allows SUAs beyond heating and cooling but does not allow SNAP recipients to claim more than one SUA).
- Some cars are excluded from the asset test (for example, if they are used primarily for income-producing purposes) and some cars are subject to an equity test. We do not include these custom logics. See http://help.workworldapp.com/wwwwebhelp/vehicles_food_stamps.htm for details.
- As described on the USDA website, the SNAP program’s *general* work requirements that can apply to SNAP recipients ages 16–59 include “registering for work, participating in SNAP Employment and Training (E&T) or workfare if assigned by your state SNAP agency, taking a suitable job if offered, and not voluntarily quitting a job or reducing your work hours below 30 a week without a good reason.”¹⁴ Several populations included in the PRD, including caretakers of children under six years old, are excluded from these general work requirements. Regardless, because these general SNAP work requirements do not require a set amount of work hours on the part of recipients but rather require engagement in services and not quitting a job or reducing hours—and there appears to be no state that mandates SNAP Employment and Training Program participation among non-ABAWD recipients—the PRD does not incorporate these general work requirements in SNAP.

¹⁴ See <https://www.fns.usda.gov/snap/work-requirements>.

2.1.3 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Overview

The Special Supplemental Nutrition Program for Women, Infants, and Children provides supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk.¹⁵ WIC is federally funded through the annual appropriations process; states are not required to contribute funds. In 2017, 8 million people were served and the program cost \$6 billion.¹⁶ WIC provides vouchers for specific types of foods—such as whole-grain bread, baby food, infant formula, and milk—as well as separate “cash value vouchers” that participants can use to buy fruits and vegetables. WIC also provides infant formula to mothers who do not breastfeed. WIC provided an average value of \$61.24 in food per participant per month in fiscal year 2016. WIC also provides other services. See the limitations section for details.

Eligibility Determination

Pregnant, postpartum (up to six months), and breastfeeding women (up to 1 year) as well as infants and children under age five who meet the requirements described below are eligible.¹⁷ In addition to meeting these requirements, a health professional or a trained health official must determine that the applicants are at “nutrition risk,” such as being anemic or underweight or having a history of difficult pregnancies. For the purposes of determining eligibility in the PRD, we assume that applicants meet these requirements, as in practice “very few income eligible people fail to meet at least one of the nutritional risk criteria.”¹⁸

Income Test/Categorical Eligibility

To pass the income tests, applicants must either have gross household income at or below 185 percent of the FPL or be categorically eligible. An applicant who already receives SNAP (formerly food stamps), Medicaid, or Temporary Assistance for Needy Families cash assistance is categorically eligible for WIC, even if the program’s income limit is above 185 percent of poverty. There appear to be no special federal rules in WIC for former foster youth, homeless families, or veterans.¹⁹

¹⁵ <https://www.fns.usda.gov/wic>

¹⁶ <https://www.cbpp.org/sites/default/files/atoms/files/2-9-15PolicyBasics-WIC.pdf>

¹⁷ PRD calculations do not currently include the rules for pregnant populations.

¹⁸ <https://www.ncbi.nlm.nih.gov/books/NBK223563/>

¹⁹

[https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-A/part-246/subpart-C/section-246.7#p-246.7\(c\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-A/part-246/subpart-C/section-246.7#p-246.7(c))

Child Age Test and Time Limits

- Pregnant women throughout pregnancy and up to six weeks after the birth of the infant or end of the pregnancy
- Postpartum women up to six months after childbirth
- Women who continue to breastfeed their infants beyond six months are eligible for WIC benefits for up to a year after childbirth.
- Children may be eligible up to their fifth birthday.²⁰

Countable Income, Net Income, and Asset Tests

Countable Income

In determining what sources of income to count, states can adopt either the income guidelines for the Free and Reduced Price School Lunch Program or the income guidelines for free or reduced-price health care programs.

In general, the following income sources are counted under both guidelines: earnings, unemployment compensation, workers' compensation, Social Security benefits, Supplemental Security Income, SSDI, public assistance, veterans' payments, survivor benefits, disability benefits, pensions or retirement income, interest, dividends, rents, royalties and estates and trusts, education assistance, alimony, child support, financial aid from outside the household, military retirement/pensions, veterans' payments, and other income.²¹

The list of countable income used by the PRD includes:

- Employment income
- Income from child support
- SSI
- SSDI
- TANF
- SNAP
- Medicaid
- Gifts

If the free and reduced price health care definition is used, the following sources of income are excluded for determining eligibility: the value of in-kind housing and other in-kind benefits and payments or benefits provided under certain federal programs (for example, some of the smaller social assistance programs such the Low Income Home Energy Assistance Program,

²⁰ <https://www.benefits.gov/news/article/412>

²¹ <https://fns-prod.azureedge.us/sites/default/files/2013-3-IncomeEligibilityGuidance.pdf>

benefits from the Free and Reduced Price School Lunch Program; and payments to members of various Indian tribes) (see Food and Nutrition Service Instruction 803–3, 1988).

Net Income and Deductions

WIC calculations do not feature deductions.

Asset Tests

WIC has no asset test.

Value of Benefit Determination

The value of the benefit varies for infants under age one, children ages one to four, and women. WIC provides vouchers for specific foods, not EBT cards with money loaded on them. Thus, the value of WIC is estimated using the average pre-rebate food package costs in 2018, as calculated by the USDA.²²

Using Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- The age of each member of the household - **{age_i}**
- The size of the family - **{famsize}**. {famsize} can take on values between 1 and 12
- Values of other government assistance programs - **{value.SNAP}**, **{value.TANF}**, **{value.Medicaid}**, **{value.SSI}**, **{value.SSDI}**
- Gift income - **{giftincomevar}**
- Current year - **{currentyear}**

Calculations

Step 1: Calculate number of eligible infants, children, and women.

numinfants = count of number of eligible children under age 1 using {age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}

numkidsage1to4 = count of number of eligible children aged 1-4 using {age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}

²² For women we combine the average costs for breastfeeding, postpartum women, and pregnant women due to similarity in costs.

<https://www.fns.usda.gov/wic/participant-program-characteristics-2018-food-packages-costs-report>

mother = 1 if 1 or more children under age 1 is in household using {age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}

Step 2: Determine categorical eligibility.

If {value.SNAP}>0 | {value.TANF}>0 | {value.Medicaid.adult}>0 | {value.Medicaid.child}>0 then
categorically.eligible==TRUE

Step 3: Determine income eligibility.

If *categorically.eligible* == TRUE | [countable.income] < 185% of FPL then
income.eligible==TRUE

Step 4: Calculate WIC value.

value.WIC= *numinfants* * [value.infant] + *numkidsage1to4* * [value.kidsage1to4] + *mother*
[value.women]

Step 5: Inflate costs.

value.WIC=(*value.WIC* *12) 1.02^{currentyear}-[yearofdata])

Limitations

- WIC benefits are not limited only to food. Participants have access to a number of resources, including health screening, nutrition and breastfeeding counseling, immunization screening and referral, substance abuse referral, and more. Due to difficulty estimating value, these benefits are not included in PRD calculations.
- WIC provides vouchers for specific food packages for each population. The specific food packages provided are at www.fns.usda.gov/wic/wic-food-packages-maximum-monthly-allowances. The estimated costs of each food package is available at [fns-prod.azureedge.net/sites/default/files/resource-files/WICPC2018FoodPackage_0.pdf](https://prod.azureedge.net/sites/default/files/resource-files/WICPC2018FoodPackage_0.pdf). While there are no specific provisions for children or adults with disabilities in the WIC program, one of the eligibility requirements for WIC receipt is that a health professional or trained official must determine the applicant to be at “nutritional risk.” That determination influences the value of the WIC food package.²³ Due to difficulty with estimating which specific package participants would receive, however, the PRD includes the average value of food for children ages one to four, infants ages birth to one, and pregnant and postpartum women.

²³ <https://www.fns.usda.gov/wic/wic-fact-sheet>;
https://wicworks.fns.usda.gov/sites/default/files/media/document/WIC%20Food%20Package%20Policy%20Guidance%20Mar2018_508c.pdf

- In calculating the estimated value of WIC and duration of benefit, the PRD assumes postpartum women are breastfeeding.

Sources

1. National Research Council (US) Panel to Evaluate the USDA's Methodology for Estimating Eligibility and Participation for the WIC Program; Ver Ploeg M, Betson DM, editors. Estimating Eligibility and Participation for the WIC Program: Phase I Report. Washington (DC): National Academies Press (US); 2001. 2, Program Eligibility. Available from: www.ncbi.nlm.nih.gov/books/NBK223563/.
2. USDA Food and Nutritional Service. Department of Agriculture. WIC Participant and Program Characteristics 2018 Food Packages and Costs Report. Available from: www.fns.usda.gov/wic/participant-program-characteristics-2018-food-packages-costs-report.

2.1.4 Medicaid and Children’s Health Insurance Program

Overview

Medicaid is a federal and state program that helps with medical costs for some people with limited income and resources. Medicaid also offers benefits that Medicare does not normally cover, including nursing home care and personal care services. CHIP provides health coverage to eligible children, through both Medicaid and separate CHIP programs. CHIP is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.

Eligibility Determination

Eligibility for Medicaid and CHIP is generally based on household income. Income-eligibility thresholds vary by state and depend on whether adults have dependents. Individuals who receive SSI, a means-tested program for people who have disabling medical conditions that prevent full-time work, are also eligible for Medicaid. Additionally, former SSI recipients whose disability made them eligible for SSI but who make too much earned income to receive SSI cash assistance can be eligible for 1619(b) Medicaid, commonly called “Medicaid While Working,” if their earnings remain below state-level thresholds published annually by the federal government and if they can reasonably expect to use Medicaid coverage to pay for medical expenses in the coming year.²⁴ These thresholds are based on SSI thresholds, income deductions allowable to SSI recipients, state-level SSI supplement programs, and average Medicaid expenditures by state.²⁵ Former foster children under age 26 who have aged out of their state’s foster care system also qualify for Medicaid, in all states.²⁶ See the PRD for details.

Adults and children can get insurance through Medicaid and CHIP even if they have access to employer-sponsored health insurance.²⁷

²⁴ The “Medical Use Test” for determining 1619(b) Medicaid eligibility is described at <https://secure.ssa.gov/poms.nsf/lnx/0502302040>. The PRD assumes that a person with a disability that would qualify them for SSI except for earnings would require medical expenses covered by Medicaid, thereby enabling them to pass this test.

²⁵ See <https://www.ssa.gov/disabilityresearch/wi/1619b.htm> for an explanation of this Medicaid component. Thresholds are derived at <https://secure.ssa.gov/poms.nsf/lnx/0502302200>. Policy details are provided at <https://secure.ssa.gov/poms.nsf/lnx/0502302045>. Statutes describing this policy are available at https://www.ssa.gov/OP_Home/ssact/title16b/1612.htm.

²⁶

<https://www.medicaid.gov/state-resource-center/downloads/medicaid-and-chip-faqs-coverage-of-former-foster-care-children.pdf>

²⁷ This is our current conclusion based on the available information. See <https://khn.org/news/many-parents-with-job-based-coverage-still-turn-to-medicicaid-chip-to-insure-kids/> as an example.

Currently, there are no work requirements for Medicaid.^{28, 29}

Adults

- In those states that expand Medicaid, eligibility is 138 percent of the FPL (133 percent plus 5 percentage points income disregard).
- In states that did not expand Medicaid, adults without dependents are not covered by Medicaid.
- Under Section 1931 of the Social Security Act, low-income individuals with children are eligible for Medicaid if their income is below a certain threshold.³⁰ The threshold varies by state. See the PRD for details.
- Some states have special Medicaid programs that extend Medicaid to adults to higher-income thresholds.

Children

- Eligibility limits may be different for infants under 1 and children ages 1–5 and 6–18, depending on the state.
- All states have Medicaid-funded coverage available for all children.
- Some states have CHIP-funded coverage for uninsured children with a higher eligibility threshold.
- Some states have a separate CHIP for uninsured children ages 0–18 with the highest eligibility limit.

Premium Determination

For families with incomes above 150 percent of the FPL, the amount states can charge for premiums and other cost sharing, such as copays, is capped at 5 percent of family income, due to federal rules. No state can charge premiums for Medicaid coverage for families whose income (as determined by Medicaid rules) falls below 150 percent of the FPL, and no state charges CHIP premiums for families making less than 133 percent of the FPL. States set the premium rates based on various income levels and other characteristics. Logics for

²⁸ Some states have attained or submitted waivers to implement Medicaid work requirements, which would disallow certain populations (primarily ABAWDs) from retaining Medicaid coverage without working or being in approved training/educational programs for a minimum number of hours. However, as of October 2020, all these Medicaid work requirements have (1) been blocked by a court ruling, (2) been put on hold or halted by state governments themselves, (3) not yet been implemented, or (4) been submitted to the federal government but not yet approved.

²⁹ Currently, there are no states that have an active work requirement. Monitor status updates on state work requirements at

<https://www.commonwealthfund.org/publications/maps-and-interactives/status-medicaid-expansion-and-work-requirement-waivers>.

³⁰ https://www.ssa.gov/OP_Home/ssact/title19/1931.htm.

copayments and costs-sharing determination are excluded from the PRD. See the Limitations section for details.

Countable Income, Net Income, and Asset Tests

Countable Income

Eligibility is based on the modified adjusted gross income (MAGI).³¹ MAGI is calculated as gross income less certain tax-deductible expenses plus certain deductions.

The list of countable income used by the PRD includes:

- Modified adjusted gross income (MAGI)

Net Income and Deductions

See above.

Asset Tests

According to the Affordable Care Act (ACA) rules, no state can impose an asset or resource test on Medicaid applicants or recipients beginning in 2014.³² Some states require asset tests for other programs adjacent to Medicaid programs, such as “spend-down” or “buy-in” programs, which primarily benefit families that include people with disabilities or long-term health conditions.

Value of Benefits Determination

To estimate the value of Medicaid, we use data on spending per enrollee that include both state and federal payments to Medicaid minus the premium. See the CLD for details on spending-per-enrollee data. The value of the Medicaid benefit for adults and children varies by state.

³¹ See <https://www.investopedia.com/terms/m/magi.asp>. *Gross income* includes alimony, business gains, capital gains, dividends, interest, farm income, rental and royalty income, retirement income, tips and wages. *Tax-deductible expenses* include certain business expenses for performing artists, reservists, and fee-basis government officials (educator expenses, half of any self-employment taxes, health insurance premiums (if you’re self-employed), health savings account contributions, moving expenses for members of the Armed Forces moving due to active duty, penalties on early withdrawal of savings, retirement plan contributions (including IRAs and self-employed retirement plan contributions), student loan interest, tuition, and fees). *Deductions* include any deductions you took for IRA contributions and taxable Social Security payments, excluded foreign income, interest from series EE savings bonds used to pay for higher education expenses, losses from a partnership, passive income or loss, rental losses, and the exclusion for adoption expenses. Also see <https://www.healthcare.gov/income-and-household-information/income/> for a list of MAGI.

³² See <https://www.medicaidplanningassistance.org/medicaid-eligibility/>.

The premium amount depends on state, family size, and income. States have per-month, per-quarter, or per-year premiums.³³ In the PRD, we convert all premiums to annual amounts.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers - **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- Whether or not the family resides in Alaska or Hawaii - **{AKorHI}**. {AKorHI}=1 if the family lives in AK or HI and 0 otherwise.
- The size of the family - **{famsize}**. {famsize} in the PRD can take on values between 1 and 12.
- Modified adjusted gross income - **{MAGI}**
- Age of the individual applying - **{age}**
- Whether an individual applying has dependents (tax dependent) or not - **{hasdependent}**
- The estimated per-person cost of the Medicaid program - **{exp.health care.medicaid}**
(See the CLD for default values.)

Calculations

Step 1: Calculate annual total countable income.

$\{\text{countableIncome}\} = \text{sum}([\text{ListOfCountableIncome}])$

Step 2: Calculate earned income deduction.

$\text{EarnedIncomeDeduction} = 0.2 * \{\text{annual countable income}\}$

Step 3: Determine what income eligibility limit is applied.

Start with:

Benefit = 0

Then calculate benefit amount iteratively:

For each household member {p}:

- a) If state = Minnesota and age =2 or age=1 then age =0

³³ See <http://files.kff.org/attachment/Table-14-Medicaid-and-CHIP-Eligibility-as-of-Jan-2020.pdf>.

- b) if $\text{age}_{\{p\}} \geq 0 \ \& \ \text{age}_{\{p\}} < 1$ then *IncomeEligibility* = *incomelimit.childAge0*
- c) if $\text{age}_{\{p\}} \geq 1 \ \& \ \text{age}_{\{p\}} < 5$ then *IncomeEligibility* = *incomelimit.childAge1to5*
- d) if $\text{age}_{\{p\}} \geq 5 \ \& \ \text{age}_{\{p\}} < 19$ then *IncomeEligibility* = *incomelimit.childAge6to18*
- e) if $\text{age}_{\{p\}} \geq 19 \ \& \ \text{hasdependent}_{\{p\}} == 1$ then *IncomeEligibility* = *[incomelimit.Adult.withDependent]*
- f) if $\text{age}_{\{p\}} \geq 19 \ \& \ \text{hasdependent}_{\{p\}} == 0$ then *IncomeEligibility* = *[incomelimit.Adult.noDependent]*

Step 4: Determine eligibility.

- a) *grossEligibilityTest* = TRUE if $\{\text{countableIncome}\} < \text{IncomeEligibility}$

Step 5: Calculate CHIP premiums for children.

- a) If $\{\text{countableIncome}\} \leq [\text{IncomeBin1Max}]$ then *Premium.Child* = *[Premium.Child.Bin1]*
- b) If $\{\text{countableIncome}\} > [\text{IncomeBin1Max}] \ \& \ \{\text{income}\} \leq [\text{IncomeBin2Max}]$ then *Premium.Child* = *[Premium.Child.Bin2]*
- c) If $\{\text{countableIncome}\} > [\text{IncomeBin2Max}] \ \& \ \{\text{income}\} \leq [\text{IncomeBin3Max}]$ then *Premium.Child* = *[Premium.Child.Bin3]*
- d) If $\{\text{countableIncome}\} > [\text{IncomeBin3Max}] \ \& \ \{\text{income}\} \leq [\text{IncomeBin4Max}]$ then *Premium.Child* = *[Premium.Child.Bin4]*
- e) If $\{\text{countableIncome}\} > [\text{IncomeBin4Max}] \ \& \ \{\text{income}\} \leq [\text{IncomeBin5Max}]$ then *Premium.Child* = *[Premium.Child.Bin5]*

Step 6: Assign premium for adults and children.

- a) If $\{\text{age}_{\{p\}}\} < 19 \ \& \ \text{grossEligibilityTest} = \text{TRUE}$ then *Premium* = *Premium.Child*
- b) If $\{\text{age}_{\{p\}}\} \geq 19 \ \& \ \text{grossEligibilityTest} = \text{TRUE}$ then *Premium* = *[Premium.Adult]*

Step 7: Assess eligibility and determine the Medicaid/CHIP benefit amount.

Test the household against the applicable Medicaid income limit to determine MAGI Medicaid eligibility, but also test to see if individuals receive SSI (resulting in SSI Medicaid eligibility) or if they are eligible for 1619b Medicaid (Medicaid While Working) using variables generated by running the SSI module. This step incorporates these three Medicaid pathways. The variables below referring to *potential_1619b_eligible_{p}* and *potential_1619b_earned_income_{p}* are generated in the SSI module at the end of Step 7 and are based on the combination of medical eligibility for SSI, lack of receipt of SSI-related cash assistance, and unearned income falling below allowable limits. Its presence below indicates that, for a program modeling both SSI and Medicaid, SSI estimates should be run first, so that values for these variables can be calculated, followed by Medicaid estimates. If SSI is not being modeled, these variables should equal 0 for all household members.

IF *grossEligibilityTest* = TRUE
OR (disability = TRUE AND (ssi_recd_{p} > 0
OR (potential_1619b_eligible_{p} = 1 AND potential_1619b_earned_income_{p} <
state_1619b_threshold))) then
Benefit = Benefit + {exp.health care.medicaid_{p}} - Premium

Special Rules and Provisions

Special State-Level Rules

Not all state-specific rules are included in the PRD. See the Limitations section for details.

Connecticut

As of July 1, 2021, Connecticut residents may be eligible for no-cost health coverage through Access Health CT as a result of the Covered Connecticut program. The program also covers cost-sharing payments, including deductibles, copays, coinsurance, and maximum out-of-pocket costs. Income limits for parents and caretakers are expanded up to 175 percent of the FPL. See https://help.accesshealthct.com/en_US/covered-connecticut-program.

Minnesota

In Minnesota, the infant category under Title XIX-funded Medicaid includes insured and uninsured children up to age two whose family's income is below 275 percent of the FPL, and insured children up to age two from 275-288 percent of the FPL. PRD accommodates this state-specific logic by adjusting the age of one- and two-year-olds down to 0 in the function.

Minnesota has implemented Basic Health Programs established by the ACA for adults with incomes between 138–200 percent of the FPL. Minnesotans not covered under Medicaid but covered under the Basic Health Plan pay a sliding scale premium payment up to \$80 per person per month.

See <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4139A-ENG> and

<https://mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/minnesotacare-premium.jsp>.

New York

New York has implemented Basic Health Programs established by the ACA for adults with incomes between 138–200 percent of the FPL. See https://www.health.ny.gov/health_care/managed_care/essential/2015-dec_annual_rpt.htm.

Texas

In Texas, the income limit for parents and other caretaker relatives is based on monthly dollar amounts that differ depending on family size and whether there are one or two parents in the family.³⁴

The PRD includes Texas’s eligibility thresholds for a single parent only. Eligibility limits might be different for two-parent households. The error range is between -\$420 per year (for the family of two) and +\$252 per year (for the family of five-plus).

2.1.4.1 Medically Needy Medicaid Program

This program is also known as the Medicaid “buy-in” or “spend-down” program. A Medicaid spend down is a financial strategy used when an individual's income is too high to qualify for Medicaid. To be accepted into the program, some of an individual's income must be spent down to ensure that his or her income is low enough to qualify for Medicaid.³⁵ Currently, the PRD does not include this provision.

Implementation-Specific Assumptions

- For purposes of calculating MAGI, PRD assumes the household has no tax-deductible expenses or deductions.

³⁴ See

<https://hhs.texas.gov/services/health/medicaid-chip/programs-services/children-families/medicaid-parents-caretakers>.

³⁵ See an example of Florida’s program:

<https://www.myflfamilies.com/programs/access/docs/medneedybrochure.pdf>. For more information on spending down, see this Kaiser Family Foundation report:

<https://www.kff.org/report-section/medicaid-financial-eligibility-for-seniors-and-people-with-disabilities-findings-from-a-50-state-survey-issue-brief/>. See Appendix table 3 of the Kaiser Foundation report for states’ eligibility requirements:

<https://www.kff.org/report-section/medicaid-financial-eligibility-for-seniors-and-people-with-disabilities-findings-from-a-50-state-survey-appendix-tables/>.

Limitations

- Medicaid and CHIP logic for copayments and cost-sharing determination is excluded from the PRD. No state charges copayments for Medicaid or CHIP for families that have incomes under 150 percent FPL except Tennessee, which has a long-standing federal waiver that includes charges for Medicaid copayments among families with less than 133 percent of the FPL. The copayment schedules and what copayments cover vary by state. For details, see this Kaiser Family Foundation report: <https://www.kff.org/report-section/medicaid-and-chip-eligibility-enrollment-and-cost-sharing-policies-as-of-january-2020-findings-from-a-50-state-survey-premiums-and-cost-sharing/>.
- Currently, the PRD does not include the Medically Needy Medicaid program (also known as the “Medicaid buy-in” or “Medicaid spend-down” program).
- Currently, the PRD does not include state policies of excluding individuals who receive SSI or SSDI and their income from the Medicaid assistance unit.
- The 1619(b), or “Medicaid While Working,” calculations in the PRD use “charted thresholds” that the federal government has determined by using a generalized formula.³⁶ The formula includes average Medicaid expenditures by state of residence. Individuals who do not qualify for 1619(b) coverage based on these charted thresholds may nevertheless be eligible for “Medicaid While Working,” through separately determined individual thresholds. Some individuals can qualify for this coverage when their actual medical expenditures exceed average Medicaid costs in their state, when individuals require attendant care, or when individuals are able to exempt a portion of their earnings through an individualized Plan to Achieve Self-Support (PASS) account.³⁷ As the methodologies included in the PRD incorporate total Medicaid costs based on methodologies described in the associated Cost-of-Living Database (CLD), and those total costs are also based on average individual Medicaid spending by state, we are assuming for the current iteration of the PRD that total medical costs would fall under these thresholds. We have also not yet built in the costs of attendant care or PASS accounts, although we may build these into later versions of the PRD.
- The PRD does not include the following state-specific rules:

³⁶ <https://secure.ssa.gov/poms.nsf/lnx/0502302200>

³⁷ <https://secure.ssa.gov/poms.nsf/lnx/0502302050>

Connecticut

To be eligible for the Covered Connecticut Program, families must be enrolled in a Silver Level health insurance plan, and they must use 100 percent of the Advance Premium Tax Credits (APTC) and Cost Sharing Reductions (CSR) available to them.

Massachusetts

Massachusetts provides subsidies for Marketplace coverage for parents and childless adults with incomes up to 300 percent through its ConnectorCare program.

The state's Section 1115 waiver also authorizes MassHealth coverage for HIV-positive individuals with incomes up to 200 percent of the FPL, uninsured individuals with breast or cervical cancer with incomes up to 250 percent of the FPL, and individuals with incomes up to 300 percent of the FPL who work for a small employer and purchase employer-sponsored insurance. The waiver also authorizes coverage through MassHealth CommonHealth for adults with disabilities with no income limit, provided they have either met a one-time deductible or are working disabled adults.

Oklahoma

Oklahoma offers a premium assistance program to children ages 0 through 18 whose families have incomes up to 222 percent of the FPL and have access to employer-sponsored insurance through the state's Insure Oklahoma program.

Individuals without a qualifying employer who have incomes up to 100 percent of the FPL are eligible for more limited subsidized insurance through the Insure Oklahoma Section 1115 waiver program. Individuals working for certain qualified employers with incomes at or below 222 percent of the FPL are eligible for premium assistance for employer-sponsored insurance.

Virginia

In Virginia, eligibility levels for Section 1931 parents vary by region. PRD values are based on the eligibility level for region 2, the most populous region.

Wisconsin

In Wisconsin, children are not eligible for its separate CHIP program if they have access to health insurance coverage or employer-sponsored insurance that covers at least 80 percent of the cost.

2.1.5 Health Insurance Marketplace Subsidies

Overview

Health insurance marketplace subsidies provide subsidies for health insurance for those with incomes between 100 percent and 400 percent of the FPL. People pay a portion of their income toward health insurance. The amount of the individual responsibility portion varies by income level, age, and family size. The difference between the individual responsibility portion and the full cost of health insurance purchased on the health exchange is the estimated value of the program.

Eligibility Determination

Eligibility rules are set nationally and based on the FPL. Thus, the income limit to determine eligibility depends on the size of the family and which state the family lives in, as Alaska and Hawaii have a different FPL. Individual health contributions vary by six income levels. The share of income an individual pays depends on which income bin they are in and the location of their income within the income bin. Determining the share of income a person pays requires a linear extrapolation of the minimum and maximum shares possible within the income bin. See the PRD for a complete description.

Individuals are not eligible for Marketplace subsidies if they are able to access an affordable employer-sponsored health insurance plan. The affordability test only applies to coverage of the employee; the cost to add dependents to the plan is not counted. If the employee's coverage is considered affordable, dependents are not eligible for premium subsidies. This situation is known as the *family glitch*. For example, in 2021, employer plans are considered affordable if the premium paid for a self-only plan is less than 9.835 percent of income. The affordability benchmark is updated every fiscal year.

Countable Income, Net Income, and Asset Tests

Countable Income

Eligibility is based on MAGI.³⁸ MAGI is calculated as gross income less certain tax-deductible expenses plus certain deductions.

The list of countable income used by the PRD includes:

- Modified adjusted gross income (MAGI)

Net Income and Deductions

See above.

Asset Tests

No asset tests.

Value of Benefits Determination

The value of the Marketplace subsidy is the portion of the unsubsidized costs of health insurance on the health exchange covered by the government. The family is paying a fixed portion of its income towards health insurance and the government covers the rest. An individual's contribution varies with income. The monthly value is obtained by subtracting the individual contribution from the cost of health insurance on the exchange. The marketplace allows for a certain amount of premium discrimination based on age ("age curves"). States can set their own age curves or use the federal age curve. See the Calculations section for details.

Special Rules and Provisions

American Rescue Plan Act of 2021

The American Rescue Plan of 2021 adjusted the premium tax credit in several ways:

³⁸ See <https://www.investopedia.com/terms/m/magi.asp>. *Gross income* includes alimony, business gains, capital gains, dividends, interest, farm income, rental and royalty income, retirement income, and tips and wages. *Tax-deductible expenses* include certain business expenses for performing artists, reservists, and fee-basis government officials (educator expenses, half of any self-employment taxes, health insurance premiums [if you're self-employed], health savings account contributions, moving expenses for members of the Armed Forces moving due to active duty, penalties on early withdrawal of savings, retirement plan contributions [including IRAs and self-employed retirement plan contributions], student loan interest, and tuition and fees). *Deductions* include any deductions taken for IRA contributions and taxable Social Security payments, excluding foreign income, interest from series EE savings bonds used to pay for higher education expenses, losses from a partnership, passive income or loss, rental losses, and the exclusion for adoption expenses.

- It removed the threshold at 400 percent for access to subsidies, establishing a ceiling of 8.5 percent of income to be spent on premiums for the benchmark second-lowest cost silver plan for people whose income exceeds 400 percent of the FPL.
- It lowered the maximum percentage of family's income paid towards a benchmark plan:
 - from 2.07 percent to 0 percent for individuals making between 100 and 138 percent of the FPL
 - from between 3.10 and 4.14 percent to 0 percent for individuals making between 139 and 150 percent of the FPL
 - from between 4.14 and 6.52 percent to between 0 and 2.0 percent for individuals making between 151 and 200 percent of the FPL
 - from between 6.52 and 8.33 percent to between 2.0 and 4.0 percent for individuals making between 201 percent and 250 percent of the FPL
 - from between 8.33 and 9.83 percent to between 4.0 and 6.0 percent for individuals making between 251 and 300 percent of the FPL
 - from 9.83 percent to between 6.0 and 8.0 percent for individuals making between 301 and 400 percent of the FPL
- Unemployment Insurance payments can be exempted from income when claiming a higher premium tax credit. It can also be included in income when claiming the premium tax credit when tax filers are otherwise ineligible for it.

Special State-Level Rules

Vermont

Vermont also provides a 1.5 percent reduction in the federal applicable percentage of the share of premium costs for individuals who qualify for advance premium tax credits to purchase Marketplace coverage with income up to 300 percent of the FPL.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- The size of the family - **{famsize}**. {famsize} can take on values between 1 and 12.

- Whether the family is in Alaska or Hawaii or not - **{AKorHI}**. {AKorHI}=AK if the family lives in AK, {AKorHI}=HI if the family lives in HI and 0 otherwise.
- The age of each member of the household - **{age_i}**
- Modified adjusted gross income - **{MAGI}**
- The cost of health insurance if purchased on the health exchange - **{exp.healthexchange}** (See the CLD for default values.)
- The cost of an individual plan if purchased through an employer - **{premium.health care.individual}** (See the CLD for default values.)
- Year of fiscal rules - **{ruleYear}**

Calculations

An individual's contribution is a proportion of his or her income. This proportion varies by [IncomeBin]. Follow the steps below to determine eligibility and to calculate the premium and value of the ACA benefit.

Step 1: Determine ineligibility.

If {MAGI} < [IncomeLowerBound] OR {MAGI} > [IncomeBin6Max]
 OR {premium.health care.individual} < [Affordability]*{MAGI}* then
ACAEligible =NO

Step 2: Determine the individual's contribution (indpremium).

a) Federal rules

If *ACAEligible* != NO then

If {MAGI} >= [IncomeLowerBound] & {MAGI} <= [IncomeBin1Max] then

IndPremium =

{MAGI}*([ShareOfIncomesBin1.Initial]+({MAGI}-[IncomeLowerBound])*([ShareOfIncomesBin1.Final]-[ShareOfIncomesBin1.Initial])/([IncomeBin1Max]-[IncomeLowerBound]))

If {MAGI} > [IncomeBin1Max] & {MAGI} <= [IncomeBin2Max] then

IndPremium =

{MAGI}*([ShareOfIncomesBin2.Initial]+({MAGI}-[IncomeBin1Max])*([ShareOfIncomesBin2.Final]-[ShareOfIncomesBin2.Initial])/([IncomeBin2Max]-[IncomeBin1Max]))

If {MAGI} > [IncomeBin2Max] & {MAGI} <= [IncomeBin3Max] then

IndPremium =

{MAGI}*([ShareOfIncomesBin3.Initial]+({MAGI}-[IncomeBin2Max])*([ShareOfIncomesBin3.Final]-[ShareOfIncomesBin3.Initial])/([IncomeBin3Max]-[IncomeBin2Max]))

If {MAGI} > [IncomeBin3Max] & {MAGI} <= [IncomeBin4Max] then

IndPremium =

{MAGI}*([ShareOfIncomesBin4.Initial]+({MAGI}-[IncomeBin3Max])*([ShareOfIncomesBin4.Final]-[ShareOfIncomesBin4.Initial])/([IncomeBin4Max]-[IncomeBin3Max]))

If {MAGI} > [IncomeBin4Max] & {MAGI} <= [IncomeBin5Max] then

IndPremium = {MAGI}*

([ShareOfIncomesBin5.Initial]+

({MAGI}-[IncomeBin4Max])*

([ShareOfIncomesBin5.Final]-[ShareOfIncomesBin5.Initial])/([IncomeBin5Max]-[IncomeBin4Max]))

If {MAGI} > [IncomeBin5Max] & {MAGI} <= [IncomeBin6Max] then

IndPremium =

{MAGI}*([ShareOfIncomesBin6.Initial]+({MAGI}-[IncomeBin5Max])*([ShareOfIncomesBin6.Final]-[ShareOfIncomesBin6.Initial])/([IncomeBin6Max]-[IncomeBin5Max]))

b) Adjust for state-specific logics.

If state = Vermont (stateFIPS=5) & {MAGI} > [IncomeLowerBound] & {MAGI} <= [IncomeBin5Max] then

IndPremium = *IndPremium* - {MAGI}*0.015

Step 3: Determine the (annual) benefit value.

Annual Benefit Value = 12*{exp.healthexchange} - *IndPremium*

Implementation-Specific Assumptions/Limitations

- For purposes of calculating MAGI, the PRD assumes the household has no tax-deductible expenses or deductions.

Limitations

- New York and Vermont have state-specific family tier ratios for the costs of the Second Lowest Cost Silver Plan. The PRD and CLD do not include this logic. See <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/state-rating#age> for details.

2.1.6 The Housing Choice Voucher Program (Section 8)

Overview

The housing choice voucher program (*housing voucher*) is one of the major federal programs that assists very low-income families, the elderly, and the disabled in affording decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants can find their own housing, including single-family homes, townhouses, and apartments. Participants are free to choose any housing that meets the requirements of the program and are not limited to units in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies (PHA). The PHAs receive federal funds from the US Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Eligibility Determination

Eligibility for admission into the housing voucher program is determined by HUD and based on total annual gross income and family size. To be eligible for the Housing Voucher, a family must be income-eligible in accordance with the federal law.³⁹ To be income-eligible, a family must be (1) a “very-low-income-limit” family, with income below 50 percent of the median income for the county or metropolitan area in which the family chooses to live, or (2) a “low-income-limit” family, with income below 80 percent of the median income for the county or metropolitan area where the family live. The family is “continuously assisted” under the 1937 Housing Act, meaning the family is already receiving assistance under any 1937 Housing Act program—for example, public housing—when the family is admitted to the voucher program. Once admitted to the program, the family does not undergo any further income eligibility tests. HUD publishes median income levels (to determine VLIL and LIL), which vary by location. See the PRD for details.

There are additional criteria applied in certain cases to determine the eligibility of the family at admission. See the Limitations section for details.

Countable Income, Net Income, and Asset Tests

Countable Income

Eligibility for a housing voucher is based on the total annual gross income of the members of the family residing or intending to reside in the dwelling unit. For the purposes of determining

³⁹ <https://www.law.cornell.edu/cfr/text/24/982.201>

eligibility, the PRD uses a limited definition of gross income. You can find the full list of countable income at <https://www.law.cornell.edu/cfr/text/24/5.609>.

The list of countable income used by the PRD includes:

- Annual employment income
- SSDI
- SSI
- TANF
- Child support income
- Investment income
- Gift income

Net Income and Deductions

Eligibility for and value of a subsidy is based on the adjusted income. Adjusted income means annual gross income after the following deductions: (1) dependent deduction, (2) elderly/disabled deduction, (3) any reasonable childcare expenses necessary to enable a member of the family to work or to further their education, (4) a flat \$400 annual deduction for a disabled family (any household in which the head, the cohead, a spouse, or a sole member has a disability),⁴⁰ (5) unreimbursed expenses that allow a disabled adult family member to be employed, and (6) unreimbursed medical expenses of all members in a disabled or elderly household. The latter two deductions are added together, and the amount of this sum exceeding 3 percent of annual income is deducted.

Asset Tests

No asset tests.

Value of Benefits Determination

The value of a housing voucher is based on Total Tenant Payment (TTP) and gross rent. TTP is the minimum amount the family will pay toward rent and utilities. The TTP is either 30 percent of the monthly adjusted income or 10 percent of the monthly gross income, whichever is greater. The maximum housing assistance is the lesser of the payment standard TTP or the gross rent (rent plus utilities) for the unit minus TTP. Gross rent includes utilities.

⁴⁰ <https://www.law.cornell.edu/cfr/text/24/5.403>

Each PHA sets a payment standard that determines the maximum amount of the rent subsidy. For each family size (number of adults and number of kids) and each area PRD proxies the payment standard with the Fair Market Rent (FMR) for a given family type in a given area.⁴¹

To assign the FMRs to the family types, the PRD uses the following mapping. Adults and children must occupy separate rooms, a maximum of two adults can live in one room, and a maximum of two children can live in one room.

The amount of a subsidy is calculated as a minimum of gross rent or a payment standard minus TTP. See the Calculations section for details.

Special State-Level Rules

Not all state-specific rules are included in the PRD. See the Limitations section for details.

District of Columbia

Washington, DC, sets the payment standard at 187 percent of the Fair Market Rent. (See <http://www.dchousing.org/docs/oqk03xjd731.pdf>.)

Using the Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers - **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- County identifiers - **{countyortownName}** - name of the state or **{countyFIPS}** - FIPS code of the county
- Number of adults in the household - **{numadults}**
- Number of kids in the household - **{numkids}**
- Childcare costs net of all subsidies - **{netexp.childcare}**
- Annual utility spending of the family - **{exp.utilities}** (See the CLD for default values.)
- Annual rent of the family - **{exp.rent}** (See the CLD for default values.)
- Total countable income of the household - **{income.countable}** (See the Countable Income section above.)
- The family is currently on Section 8 Housing Voucher - **{CurrentlyonSection8}**
- Disability status of family members - **{disability_i}**

⁴¹ Average utility expenses for a specific family type are calculated using data from the Consumer Expenditure Survey. See the CLD for details.

Calculations

Step 1: Calculate annual total countable income.

$\{income.countable\} = \text{sum}([ListOfCountableIncome])$

Step 2: Calculate adjusted income.

Scenario 1: None of the household members are disabled.

Calculate Adjusted Income in a standard way.

IF $\{disability_1\} + \{disability_2\} + \{disability_3\} + \{disability_4\} + \{disability_5\} + \{disability_6\} + \{disability_7\} + \{disability_8\} + \{disability_9\} + \{disability_10\} + \{disability_11\} + \{disability_12\} = 0$

$AdjustedIncome = \max(0, (\{income.countable\} - \{netexp.childcare\} - [DependentDeduction] * \{numkids\}))$

ELSE

Scenario 2: Household has disabled members.

First, calculate the total earnings of household members with disabilities. The deduction for work-related expenses cannot exceed this amount. Start by defining this as 0 and iteratively add to this amount for all household members with earnings.

$earnings_of_disabled_hh_members = 0$

FOR i from i=1 to i=12

IF $\{disability_i\} = \text{TRUE}$

$earnings_of_disabled_hh_members =$
 $earnings_of_disabled_hh_members + earnings_i$

Then calculate adjusted income for a household that includes someone with a disability. Notably, while the only work expenses that can be deducted from gross income are those of disabled individuals (capped at how much they jointly earn), the entire household's unreimbursed medical expenses can be deducted, regardless of disability, if at least one household member has a disability.

- 1) Calculate the disability work expense deduction; cannot exceed the total earnings of all disabled household members.

$DisabilityWorkExpDeduction \leftarrow \text{MIN}(disability_work_expenses, earnings_of_disabled_hh_members)$

2) Calculate total unreimbursed medical expenses.
{exp.medical.unreimbursed}

3) Calculate the medical expense deduction as a value of unreimbursed medical expenses and *DisabilityWorkExpDeduction* above 3% of total family income.

MedicalExpDeduction <-

*MAX(DisabilityWorkExpDeduction + {exp.medical.unreimbursed} - 0.03 * income, 0)*

4) Calculate adjusted income.

AdjustedIncome = max(0, ({income.countable} - {netexp.childcare} -
[DependentDeduction] * {numkids}) - [DisabilityDeduction] - *MedicalExpDeduction*)

Step 3: Determine initial eligibility if necessary. (See the Eligibility Determination section above for a description of two-tier eligibility for Section 8 Housing Voucher

.)

If {CurrentlyonSection8} = FALSE{

initialEligibilityTest = TRUE if {income.countable} < [InitialEligibility]

}

OR

If {CurrentlyonSection8} = TRUE{

Go to steps 4-6

}

Step 4: Determine the Total Tenant Payment (TTP).

TTP = max($0.1 * \{income.countable\}$, $0.3 * \text{AdjustedIncome}$)

Step 5: Determine benefit amount.

if (*initialEligibilityTest* = TRUE | {CurrentlyonSection8} = TRUE) then {

Benefit Value = max(min({exp.rent} + {exp.utilities}, [MaxGrossRent]) - *TTP*, 0)

}

Step 6: Reset subsidy recipient flag if necessary

.

If Benefit Value > 0 then CurrentlyonSection8[_n+1] = TRUE

If Benefit Value = 0 then CurrentlyonSection8[_n+1] = FALSE

Implementation-Specific Assumptions

- The PRD calculations assume that all childcare costs are “reasonable” as defined by each PHA.
- Calculations assume that the applicant is a citizen, or noncitizen who has eligible immigration status.

Limitations

- According to the law, some additional eligibility requirements may apply for certain families that PRD does not account for. For details, see <https://www.law.cornell.edu/cfr/text/24/982.201>.
- Determination of the TTP in certain cases includes welfare rent from the public agency and the PHA minimum rent. PRD does not include these provisions. For details, see https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Calculating_Rent_and_HAP_Payments.pdf.
- Only US citizens or noncitizens who have eligible immigration status are eligible for the subsidy. The law provides a definition of immigration statuses that fall under the eligible category. The PRD does not account for that. For details, see <https://www.law.cornell.edu/cfr/text/24/982.201>.
- A unified data source on the payment standard at the PHA level does not exist. For each family type and each area, the PRD approximates payment standards using FMR.
- The PRD does not account for the Small Area Fair Market Rents (SAFMRs) that are calculated at the ZIP code level and are required to be used to set Section 8 Housing Choice Voucher payment standards in areas designated by HUD. Instead, the PRD uses population-weighted average FMRs at the county level. For details about SAFMRs see <https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html>.
- To assign an FMR to the family type, the PRD does not account for the HUD guideline that two children of opposite sex should occupy separate rooms.
- Childcare costs must be “reasonable,” as determined by the PHA. We do not account for these limits in calculations.⁴²
- There are further deductions available for people 62 and over and the disabled that are not accounted for here.

⁴² See https://www.hud.gov/sites/documents/DOC_35615.PDF.

2.1.7 State Rental Assistance Programs

Many states and cities have state- or local-level rental subsidy programs, separate from the Section 8 Housing Choice Voucher Program, Section 8 Project-Based Rental Assistance, and federally subsidized public housing programs. Such programs may include rapid rehousing programs, which are supported at least partially by federal funds, and focus on transitioning families who are homeless or at risk for homelessness into more permanent housing or other programs supported partially by federal dollars. Other programs are funded wholly by state or local governments. The following section focuses on program rules for these types of additional housing programs that have so far been incorporated into the Policy Rules Database. This collection is far from complete.

2.1.7.1 Family Rapid Rehousing Programs (District of Columbia)⁴³

Overview

State and local TANF agencies can use a mix of local and federal funds to support rapid-rehousing programs for families experiencing or at risk of homelessness. One example is the Family Rehousing and Stabilization Program (FRSP) in the District of Columbia (DC), the first rapid rehousing program that the PRD models. The FRSP program is funded by TANF funds and administered by the DC Department of Human Services. The program is designed to be temporary and to increase the share of income that families devote to housing from 40 percent to 50 percent to 60 percent.

Eligibility Determination

The program targets families experiencing homelessness or at imminent risk of experiencing homelessness. FRSP is available only to families who are connected to another DHS program—like a shelter—after they are assessed and determined eligible by Virginia Williams Family Resource Center.⁴⁴

Countable Income, Net Income, and Asset Tests

Rapid rehousing programs seem to share countable income computations as Section 8 (housing choice voucher) programs but with fewer deductions available to potential recipients. For example, DC's rapid rehousing program has no deduction for childcare expenses.⁴⁵ It also has no separate net income or asset test. While fewer deductions in DC's program means that

⁴³ See <https://dhs.dc.gov/page/family-re-housing-stabilization-program%C2%A0%C2%A0> for details

⁴⁴

https://washington.dc.networkofcare.org/mh/services/agency.aspx?pid=virginiawilliamsfamilyresourcecenter_2_1347_1

⁴⁵ Email communication with DC DHS

the portion of rent that tenants are responsible for may be higher than it would be under Section 8 rules, a major difference between HCVP programs and DC's rapid rehousing program is that the tenant rent responsibility is calculated based solely on net income and not as the lesser of net income and a percentage of gross income. This means that the FSRP's lower-income tenants, especially those with children, have lower rent payments than they would under an HCVP program.

The list of countable income used by the PRD includes:

- Annual employment income
- Income from child support
- SSI
- SSDI
- Gift income

Value of Benefits Determination

See Section 2.1.6, the Housing Choice Voucher Program.

Using the Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Number of adults in the household - **{numadults}**
- Number of kids in the household - **{numkids}**
- Annual utility spending of the family - **{exp.utilities}** (See the CLD for default values.)
- Annual rent of the family - **{exp.rent}** (See the CLD for default values.)
- Total countable income of the household - **{income.countable}**
- Portion family pays in rent of income, based on case manager decisions - **{FRSP_portion}** (either 40%, 50%, or 60% of adjusted income)

Calculations

Step 1: Calculate annual total countable income.

$\{income.countable\} = \text{sum}([ListOfCountableIncome])$

Step 2: Calculate adjusted income.

$AdjustedIncome = \max(0, (\{income.countable\} - [DependentDeduction] * \{numkids\}))$

Step 3: Determine the total tenant payment (TTP).

$TTP = \max(\{FRSP_portion\} * AdjustedIncome)$

Step 4: Determine benefit amount (assuming a DHS agent determined that the family qualified for the program

).

$Benefit\ Value = \max(\min(\{exp.rent\} + \{exp.utilities\}, [MaxGrossRent]) - TTP, 0)$

Implementation-Specific Assumptions

See Section 2.1.6, the Housing Choice Voucher Program.

Limitations

See Section 2.1.6, the Housing Choice Voucher Program.

2.1.7.2 Rental Assistance Program (State of Connecticut)⁴⁶

Overview

The Rental Assistance Program (RAP) is Connecticut's primary state-supported program for assisting very-low-income families to afford decent, safe, and sanitary housing in the private market. Participants find their own housing, including apartments, townhouses, and single-family homes. The participant is free to choose any private rental housing that meets the requirements of the program, as described below. RAP certificates are funded through the Department of Housing (DOH) and are administered statewide by the DOH and its agent, J. D'Amelia & Associates.

Eligibility Determination

Eligibility for a RAP certificate is determined based on the household's annual gross income and the state's definition of a family. Participation is limited to US citizens and specified categories of noncitizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the annual median income (AMI) for the county or metropolitan area in which the family chooses to live. Connecticut has adopted the AMI levels published by HUD.

Countable Income, Net Income, and Asset Tests

See Section 2.1.6, the Housing Choice Voucher Program. Connecticut's Rental Assistance Program has the same countable income computations as Section 8 (HCV) programs.

The list of countable income used by the PRD includes:

- Annual employment income
- Income from child support
- SSI
- SSDI
- Gift income

Value of Benefits Determination

See Section 2.1.6, the Housing Choice Voucher Program. The PHA calculates the maximum amount of housing assistance that a family can receive. A family pays 40 percent of their monthly income on rent and utilities, while elderly and disabled families pay 30 percent of their monthly income.

⁴⁶ See <https://portal.ct.gov/DOH/DOH/Programs/Rental-Assistance-Program> for details

Using the Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Number of adults in the household - **{numadults}**
- Number of kids in the household - **{numkids}**
- Childcare costs net of all subsidies - **{netexp.childcare}**
- Annual utility spending of the family - **{exp.utilities}** (See the CLD for default values.)
- Annual rent of the family - **{exp.rent}** (See the CLD for default values.)
- Total countable income of the household - **{income.countable}**

Calculations

Step 1: Calculate annual total countable income.

$\{income.countable\} = \text{sum}([ListOfCountableIncome])$

Step 2: Calculate adjusted income.

$AdjustedIncome = \max(0, (\{income.countable\} - \{netexp.childcare\} - [DependentDeduction]*\{numkids\}))$

Step 3: Determine initial eligibility if necessary. (See the Eligibility Determination section above for a description of two-tier eligibility for a Section 8 housing voucher.)

If $\{CurrentlyonSection8\} = \text{FALSE}$
initialEligibilityTest = TRUE if $\{income.countable\} < [InitialEligibility]$
OR
If $\{CurrentlyonSection8\} = \text{TRUE}$
Go to steps 4-6

Step 4: Determine the Total Tenant Payment (TTP).

$TTP = \max(0.1*\{income.countable\}, 0.4*AdjustedIncome)$

Step 5: Determine benefit amount.

if (initialEligibilityTest = TRUE | $\{CurrentlyonSection8\} = \text{TRUE}$) then {
Benefit Value = $\max(\min(\{exp.rent\} + \{exp.utilities\}, [MaxGrossRent]) - TTP, 0)$
}

Step 6: Reset the subsidy recipient flag if necessary

.

If Benefit Value>0 then CurrentlyonSection8[_n+1]=TRUE

If Benefit Value=0 then CurrentlyonSection8[_n+1]=FALSE

Implementation-Specific Assumptions

See Section 2.1.6, the Housing Choice Voucher Program.

Limitations

See Section 2.1.6, the Housing Choice Voucher Program.

2.1.8 Head Start and Early Head Start

Overview

The Head Start and Early Head Start programs are administered by the Office of Head Start, within the Administration for Children and Families of the US Department of Health and Human Services. Head Start and Early Head Start grantees provide childcare and early childhood development support and services to over a million children every year in every US state and territory, in farm worker camps, and in over 155 tribal communities. The Office of Head Start was appropriated \$10.6 billion for fiscal year 2020.⁴⁷ Families of children with disabilities may be eligible for additional support.

Eligibility Determination

Children from birth to age five and pregnant women from families with incomes below the poverty guidelines are eligible for Head Start and Early Head Start services. Children younger than three are eligible for Early Head Start, and children at least three years old up to school age (typically five years in most states) are eligible for Head Start. Children from families receiving Temporary Assistance for Needy Families (TANF) or SSI are categorically eligible.⁴⁸ Children who are homeless or in foster care are categorically eligible and prioritized for these programs as well. At least 10 percent of the total number of available slots within each grantee must be allocated to children with disabilities.⁴⁹ There appear to be no special rules related to former foster youth and veterans in this program.

Additionally, programs are allowed to enroll families whose incomes are below 130 percent of the poverty line, although the enrollment of these families are capped at 35 percent of participants.⁵⁰

Head Start programs are required to operate a minimum of 3.5 hours per day, 4 days a week for 128 days per year, for an annual total of 448 hours. If it operates five days per week, the program must provide for care at least 160 days per year. By August 1, 2021, Head Start programs must provide 1,020 annual hours of class operation in a year to 45 percent of its enrollment.⁵¹ Early Head Start programs must provide 1,380 annual hours for all center-based enrollees.

⁴⁷ <https://www.acf.hhs.gov/ohs/about>

⁴⁸ <https://www.federalregister.gov/documents/2015/02/10/2015-02491/head-start-program>

⁴⁹ <https://eclkc.ohs.acf.hhs.gov/policy/im/acf-im-hs-20-01>

⁵⁰ <https://eclkc.ohs.acf.hhs.gov/policy/45-cfr-chap-xiii/1302-12-determining-verifying-documenting-eligibility> and <https://www.govinfo.gov/app/details/CFR-2010-title45-vol4/CFR-2010-title45-vol4-part1305/summary>

⁵¹ <https://www.federalregister.gov/documents/2020/01/30/2020-00635/secretarial-determination-to-lower-head-start-center-based-service-duration-requirements>

Once initial eligibility for Head Start or Early Head Start is determined, Head Start or Early Head Start providers are not required to reassess eligibility until the subsequent year after program entry. Individually, Head Start and Early Head Start rarely last for longer than two years for a single child, meaning that after entry in either a Head Start or Early Head Start program, it will be rare for eligibility to be reassessed within that program during a child's engagement with it. However, providers offering both Early Head Start and Head Start programs—which appears to be most Head Start providers—are obligated to test children who transition from Early Head Start into Head Start again at Head Start entry.

Consequently, the calculation below should be run separately to assess Head Start and Early Head Start eligibility.

Countable Income, Net Income, and Asset Tests

Countable Income

The list of countable income used by the PRD includes:⁵²

- Annual employment income
- Investment income (such as interest)
- Income from child support
- Unemployment Insurance (UI) payments
- Income from child support
- SSI
- SSDI
- TANF
- Social security
- Scholarships and education grants
- Veteran's benefits⁵³

Net Income and Deductions

There are no deductions.

⁵² <https://ecfr.federalregister.gov/current/title-45/subtitle-B/chapter-XIII/subchapter-B/part-1305>

Additional examples of gross cash income are listed in the definition of "income" which appears in US Bureau of the Census, Current Population Reports, Series page 206 (available at <https://www2.census.gov/prod2/popscan/p60-185.pdf>).

⁵³ This includes money the Veterans Administration pays periodically to disabled members of the armed forces or to survivors of deceased veterans, subsistence allowances, refunds from GI insurance premiums, US military retirement payments, GI Bill/VEAP education benefits, and veterans' compensation or pensions.

Asset Tests

There is no asset test.

Value of Benefit Determination

Based on the description above of the hours of the Head Start and Early Head Start programs we make the following two assumptions when calculating the value of the benefit for each program. For the Head Start program, we assume it runs part-time during the school year. Thus, the value of Head Start is half the cost of childcare during the school year. For the Early Head Start program, we assume it runs part-time for the calendar year. Thus, the value of Head Start is half the cost of childcare during the school year and half the cost of childcare during the summer. There is no copay. The value of the program does not phase out with income increases.

Using the Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- Family size - **{famsize}**
- Annual countable income of the family - **{income}** - see Countable Income section above
- The age of each member of the household {age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}.
- Unsubsidized total childcare expenses during the school year - **{exp.childcare.schoolyear}**
- Unsubsidized total childcare expenses during the summer - **{exp.childcare.summer}**.
- Value of Supplemental Security Income (SSI) - **{value.ssi}**
- Value of Temporary Assistance for Needy Families (TANF) - **{value.tanf}**
- Value of Social Security Disability Insurance benefits - **{value.ssdi}**

Calculations

Step 1: Calculate annual total countable income

{income.countable} = sum([ListOfCountableIncome])

Step 2: Determine eligibility

2a - Categorical eligibility

If {value.ssi} > 0 | {value.tanf} > 0 THEN categorically_eligibile=1

2b - Income eligibility

If (*AdjustedIncome* < [IncomeEligibilityLimit]) THEN income_eligibile=1

2c - Eligibility for Early Head Start

At least one child in the household ({age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}).
) is < 3 THEN early_head_start_age_eligibile=1

2d - Eligibility for Head Start

At least one child in the household ({age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}).
) is inrange(3, 4) THEN head_start_age_eligibile=1

2e - Asses Categorical Eligibility

if((categorical_eligibile=1 & early_head_start_age_eligibile=1) | (income_eligibile=1 & early_head_start_age_eligibile=1)) THEN early_head_start_eligibile=1

if((categorical_eligibile=1 & head_start_age_eligibile=1) | (income_eligibile=1 & head_start_age_eligibile=1)) THEN head_start_eligibile=1

Step 3: Assign value of program assuming full-time care

value.headStart=0.5*exp.childcare.schoolyear if head_start_eligibile=1

value.earlyheadStart=0.5*exp.childcare.schoolyear + 0.5exp.childcare.summer if
early_head_start_eligibile=1

Limitations

- Foster children, children from homeless families, and pregnant women are eligible regardless of their foster or biological family's income. These are not included in the PRD.
- PRD assumes that Head Start and Early Head Start programs provide full-time care. However, not all programs are full-time care. Head Start programs are required to operate a minimum of 3.5 hours per day, four days a week for 128 days a year, for an annual total of 448 hours. If it operates five days a week, the program must provide for care at least 160 days a year. By August 1, 2021, Head Start programs must provide

1,020 annual hours of class operation to 45 percent of its enrollment in a year.⁵⁴ Early Head Start programs must provide 1,380 annual hours for all center-based enrollees. Actual hours of operation vary by states and are not included in the PRD.

- A program may enroll an additional 35 percent of participants whose families' incomes are below 130 percent of the poverty line in some cases. See <https://eclkc.ohs.acf.hhs.gov/policy/45-cfr-chap-xiii/1302-12-determining-verifying-documenting-eligibility> for details. The PRD does not contain this detail.
- For the purposes of determining eligibility, the PRD uses a limited definition of countable income (See the PRD for the list.)
- There are several additional eligibility criteria not included that could apply to parents of children applying for Head Start, among which are whether the “family is eligible for or, in the absence of childcare, would be potentially eligible for public assistance; including TANF child-only payments.”⁵⁵

⁵⁴

<https://www.federalregister.gov/documents/2020/01/30/2020-00635/secretarial-determination-to-lower-head-start-center-based-service-duration-requirements>

⁵⁵ <https://eclkc.ohs.acf.hhs.gov/policy/45-cfr-chap-xiii/1302-12-determining-verifying-documenting-eligibility>

2.1.9 State Funded Pre-Kindergarten

Overview

Pre-K is a state government-funded voluntary preschool program that offers free preschool. Pre-K programs are the largest publicly financed early childhood development program in the United States. According to the National Institute for Early Education Research (NIEER), 34 percent of all four-year-olds and 6 percent of three-year-olds were enrolled in a pre-K program in 2020.⁵⁶

Eligibility Determination

Each state has its own rules for determining eligibility for state-funded pre-K programs.⁵⁷ Some states have programs for only four-year-olds while others have programs for both three- and four-year-olds. In some states, pre-K is available to all age-eligible children. Some states have income tests, categorical eligibility rules, or other eligibility tests. See the PRD for full details.⁵⁸

Countable Income, Net Income, and Asset Tests

Countable Income

The list of countable income used by the PRD includes:

- Annual employment income
- Gift income
- Income from child support
- TANF
- Employment income

Net Income and Deductions

No states have deductions.

Asset Tests

No states have asset tests.

⁵⁶ See https://nieer.org/wp-content/uploads/2021/08/YB2020_Full_Report_080521.pdf

⁵⁷ See page 18 of See https://nieer.org/wp-content/uploads/2021/08/YB2020_Full_Report_080521.pdf

⁵⁸ Some states have more than one program for 3-year-olds, 4-year-olds or for both. Where there is more than one program, we include the rules for the program with the highest enrollment rates.

Value of Benefit Determination

According to the NIEER, the majority of pre-K programs run partial days during the school year. For this reason, we assume the value of pre-k is half the cost of childcare during the school year.

Using the Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers - **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- The size of the family - **{famsize}**. {famsize} can take on values between 1 and 12.
- The age of each member of the household - **{age_i}**
- Unsubsidized total childcare expenses **{exp.childcare}**. (See the CLD for default values.)
- The value of headstart - **{value.headstart}** and the value of TANF - **{value.tanf}**

Calculations

Step 1: Calculate annual total countable income.

{income.countable} = sum([ListOfCountableIncome])

Step 2: Determine eligibility.

2a - Categorical eligibility

See the PRD for categorical eligibility rules by state and age of child. The categorical eligibility rules are indicated in [cat_elig_4] and [cat_elig_3]. Categorical eligibility through free or reduced-price school meals implies categorical eligibility through TANF.

```
For persons i=1:8 {  
  If value.[cat_elig_4] & age_i==4 >0 then categorically_eligibile=1  
  If value.[cat_elig_3] & age_i==3 >0 then categorically_eligibile=1  
}
```

2b - Income eligibility and age eligibility for each person

```
For persons i=1:8 {  
  If GrossIncome < [inc_elig_4] & age_i ==4 THEN income_eligibile=1  
  If (GrossIncome < [inc_elig_3] & age_i ==3 THEN income_eligibile=1  
}
```


Step 3: Assign value of program.

```
For persons i=1:8 {  
  value.preK_i=0.5*exp.childcare.schoolyear if categorically_eligible==1 |  
  income_eligible==1  
}  
value.preK=sum(value.preK_1- value.preK-8)
```

2.1.10 Childcare and Development Fund (CCDF) Subsidies

Overview

The Childcare and Development Fund (CCDF), also known as the Childcare and Development Block Grant, is administered by the Office of Childcare at the US Department of Health and Human Services, and provides block grants to states, which are used to subsidize the childcare expenses of eligible working families with children under age 13. In addition to providing funding for childcare services, funds are also used to improve the overall quality and supply of childcare for families in general.

States are required to report the following about family incomes to the federal Office of Childcare: employment, including self-employment; cash or other assistance (TANF); housing assistance; assistance under the Food Stamp Act of 1977; and other assistance programs.⁵⁹ However, each state can make its own decisions on how to calculate income for eligibility purposes, including deductions, but must “take into account the typical household budget of a low income family,” among other considerations.⁶⁰

The CCDF program thus acts to reduce childcare costs. The maximum value of CCDF subsidies is either the market rate of childcare that families pay or the maximum state payment rate (SPR) that states pay participating childcare providers.

Eligibility Determination

The CCDF subsidy is available for income-eligible working families with children under age 13 who require childcare. Depending on the state, children who are not physically or mentally capable of caring for themselves can be older than 12 to receive CCDF funding (up to age 18). Each state defines a child with special needs differently, but most require a verification of the child’s disability or special needs by a medical practitioner or Individual Education Plan (IEP). To be eligible for the CCDF subsidy, all adults in the household must either be working or enrolled in school or training.

CCDF has two income eligibility thresholds—*initial* eligibility (at entry) and *continuous* eligibility (at redetermination). Federal regulations require states to establish a continuous income eligibility threshold at or below 85 percent of the SMI for a family of a given size. States that set the initial eligibility threshold below 85 percent of the SMI must provide a graduated phaseout with two eligibility thresholds, one for initial eligibility, and another for continuous. Some states have different eligibility thresholds for families with children with special needs.

⁵⁹ 42 US Code Subchapter II-B- Childcare and Development Block Grant § 9858i - Reports and Audits. <https://www.law.cornell.edu/uscode/text/42/9858i>.

⁶⁰ 45 CFR 98.21 - Eligibility determination processes. <https://www.law.cornell.edu/cfr/text/45/98.21>

Some states have requirements on minimum hours. Each state must define “working or attending a job training and educational program” for CCDF eligibility. States often define this as a minimum number of hours per week that the parent is involved in those activities. In Georgia, working is defined as a minimum of 24 paid work hours a week, while Tennessee requires 30 hours of paid work per week. Alabama requires 15 hours of paid work per week. Attendance at job training and educational programs may be assessed by the number of hours/week (like in Alabama, which requires 15 hours a week) or by other standards, like in Tennessee, where the total number of hours are those required by the educational program. The hours an individual is engaged in TANF-countable activities may count toward the eligible reasons for care under CCDF. Some states have different work requirements for families with a child with special needs or families with a parent who has special needs. Many states waive the minimum hourly work requirement for a parent with a severe disability and/or for a parent who is incapacitated or temporarily disabled.

Additionally, in certain states, CCDF eligibility requirements around work hours, assets, or income can be bypassed due to categorical eligibility rules including the family’s participation in other programs or benefit receipt such as TANF. Depending on a state, parents that are in high school, GED program, ESL program, college, or in other job-related training are categorically eligible, potentially based on what type of training or educational program they are enrolled in. In some states, high school students and college students must satisfy additional work requirements to be categorically eligible.

Countable Income, Net Income, and Asset Tests

Countable Income

States have discretion regarding what types of income is countable in CCDF eligibility determinations.

The list of countable income used by the PRD includes:

- Annual employment income
- Income from child support
- Housing assistance
- SSI
- SSDI
- TANF⁶¹
- Gift incomes

⁶¹ Some states do not count TANF income

Net Income and Deductions

Some states also have deductions or disregards that reduce the income amount used for determining CCDF eligibility or copays. See the PRD to determine these state-specific variations.

Asset Tests

Under federal regulations, family assets cannot exceed \$1,000,000, but some states set CCDF asset limits below this amount, and one state (Arkansas) attained a waiver to remove the asset test completely.^{62 63} Additionally, federal rules do not define family assets, so each state decides which assets count toward the asset test. See the PRD to determine asset limits for each state.

Value of Benefit Determination

The CCDF program acts to reduce childcare costs. The family's CCDF copayment is determined based on the state's sliding fee scale and capped at the state payment rate (SPR). Family copayment is typically determined on a sliding scale based on a family's income. Structure of these sliding fee scales is determined at the state level and varies significantly.

In some localities, such as the District of Columbia, TANF parents with physical or mental disabilities do not have to pay copayments. Some states allow families with a child with special needs to pay a discounted rate or, in the case of Missouri, no copayment at all.

Using the Policy Rules Database: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers - **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- County identifiers - **{countyortownName}** - name of the state or **{countyFIPS}** - FIPS code of the county
- Family size - **{famsize}**
- Annual countable income of the family - **{income}** - see *Countable Income* section for each state below

⁶² 45 CFR 98.20 - A child's eligibility for childcare services. <https://www.law.cornell.edu/cfr/text/45/98.20>

⁶³ Urban Institute, *Key Cross-State Variations in CCDF Policies as of October 1, 2018: The CCDF Policies Database Book of Tables*. Table 17.

- Total countable assets of the family - **{assets.countable}** - see [ListOfCountableAssets_CCDF] specified in the PRD
- Value of TANF to determine categorical eligibility - **{value.TANF}**
- The age of each member of the household - **{age_i}**
- Unsubsidized total childcare expenses - **{exp.childcare}**. (See the CLD for default values.)
- Disability status of each household member - **{disability_i}**

Calculations

Step 1: Calculate annual total countable income and assets.

`{income.countable} = sum([ListOfCountableIncome_CCDF])`

`{assets.countable} = sum([ListOfCountableAssets_CCDF])`

Step 2: Calculate adjusted income.

AdjustedIncome = `max(0, ({income.countable}-12*[incomeDisregard])`

Step 3: Determine eligibility.

3a - Categorical eligibility

This includes only categorical eligibility rules for those parents who are pursuing job training. There are other categorical eligibility rules. See the *Limitations* section for details.

IF *parent* is in a training (including SNAP E&T and TANF/WIOA training) &
`[cat_elig_training] = 1` THEN *categorical_eligibility* = 1

3b - Income eligibility

IF at least one child has a disability (`{disability_3}`, `{disability_4}`, `{disability_5}`, `{disability_6}`, `{disability_7}`, `{disability_8}`, `{disability_9}` == TRUE AND `ccdf_special_needs_eligibility` == Y AND *AdjustedIncome* < `[ContinuousEligibility_Disability]`) THEN *income_eligibility*=1

ELSE:

If (*AdjustedIncome* < `[ContinuousEligibility]`) THEN *income_eligibility*=1

3c - Asset test

If (`{assets}` < `[AssetTest]`) THEN *asset_test*=1

3d - Age of children

At least one child in the household ({age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}.

) is younger than 13 THEN age_eligibility=1

OR

If a child in the household has a disability **{disability_3}, {disability_4}, {disability_5}, {disability_6}, {disability_7}, {disability_8}, {disability_9}** AND the child(ren) with disabilities ({age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}.

) are/is younger than the special needs age limit THEN age_eligibility=1

IF *categorical_eligibility*==1 & *age_eligibility*==1 THEN *eligibility*=1

IF *categorical_eligibility*=0 & *income_eligibility*=1 & *asset_test*=1 & *age_eligibility*=1 THEN *eligibility*=1

Step 4: Assign full-time copay based on income.

We use *Florida* as an example of how full-time family copayments are determined by state. Each state has its own custom logic to determine family copayments. See the *Special Rules and Provisions* section for details.

Florida's copay varies by 19 income bins

if *AdjustedIncome* > 0 & *AdjustedIncome* <= [*IncomeBin1Max*] then *FTcopay*=[*CopayBin1*]

if *AdjustedIncome* > [*IncomeBin1Max*] & *AdjustedIncome* <= [*IncomeBin2Max*] then
FTcopay=[*CopayBin2*]

if *AdjustedIncome* > [*IncomeBin2Max*] & *AdjustedIncome* <= [*IncomeBin3Max*] then
FTcopay=[*CopayBin3*]

....

if *AdjustedIncome* > [*IncomeBin17Max*] & *AdjustedIncome* <= [*IncomeBin18Max*] then
FTcopay=[*CopayBin17*]

if *AdjustedIncome* > [*IncomeBin5Max*] & *AdjustedIncome* <= [*IncomeBin3Max*] then
FTcopay=[*CopayBin18*]

However, some states may exempt copays based on certain criteria, like for SSI recipients or if the child needing care has special needs.

If ((*ccdf_copay_exempt_ssi_recipient* == Y AND *ssi_benefit* > 0) OR

(*ccdf_copay_exempt_special_needs_child* == Y AND the child needing care has a disability

{disability_3}, {disability_4}, {disability_5}, {disability_6}, {disability_7}, {disability_8}, {disability_9})) THEN $child_i_Copoly = 0$

Step 5: Calculate total copay based on the needed amount of care.

For each child determine if the child needs full-time or part-time care.

If {age_i} <= 4 THEN $typeOfCare = \text{Full-time}$

If {age_i} >= 5 & {age_i} <= 12 THEN $typeOfCare = \text{Part-time}$

Step 6: For each child calculate total school copay and total summer copay.

If $typeOfCare == \text{Full-time}$ THEN $copay_school = 195 * FTcopay$

If $typeOfCare == \text{Part-time}$ THEN $copay_school = 0.5 * 195 * FTcopay$

$copay_summer = 65 * FTcopay$

$totalCopoly = copay_school + copay_summer$

Some localities, like DC, exempt TANF parents with a disability from paying copays entirely.

If (TANF_benefits > 0 AND parent has a disability {disability_1}, {disability_2}) THEN
 $totalCopoly = 0$

Step 7: Calculate overage.

In most states, the market rate of child care that child care providers would charge for unsubsidized child care exceeds the payment rates established by states reimbursing child care providers for providing care for families receiving CCDF subsidies. Federal policy gives states the option of allowing child care providers to charge the difference between the state reimbursement rate and the rate that providers would charge for similar coverage. The difference between the state payment rate and the unsubsidized provider rate is called an “additional amount” in federal documentation and has been termed an “overage” amount or cost in several states.

Technically, the amount that families receiving CCDF subsidies pay for child care are the combination of sliding-scale copayments, calculated in step 6 above, which are capped at the state reimbursement rate, plus any additional “overage” cost that families pay in states that allow providers to charge these additional amounts. However, as state payment rates vary by state, child care setting, child care quality standards, child disability, and child age, and because there is no way to reasonably determine whether a family’s potential child care provider charges these “overage” amounts, the Atlanta Fed’s CLIFF tools assume that no overage is ever charged to the family. Furthermore, as child care copays rarely are high enough to potentially exceed state payment rates, the CLIFF tools and PRD do not include determinations of state payment rates. For the purposes of completeness, however, the

below step could be used to add in these “overage” rates depending on state policy, and the assumption that, where possible, child care providers will charge families this additional cost.

Not active in CLIFF tools:

Derive [spr_total] from determination of state payment rates (SPR) based on state, child care setting, child care quality standards, child disability, and child age.

```
if([OverageOption=Yes] THEN overageCost={exp.childcare}-[spr_total]
if([OverageOption=No] THEN overageCost=0
```

Current active assumptions in CLIFF tools:
overageCost=0

Step 8: Calculate total subsidy.

Benefit = {exp.childcare}-totalCopay-overageCost

Limitations

- States have different rules around categorical eligibility for parents who are in a GED program, ESL program, high school, or college. These rules are not included in the PRD.
- Some states have requirements around minimum work hours for each parent in the household. These requirements are not included in the PRD.
- Calculation steps above assume that family copayment for a part-time care is always a half of a copayment for full-time care. However, some states calculate part-time copayments based on a different assumption.

Special Rules and Provisions

Special State-Level Rules

Alabama

Eligibility Rules

Initial eligibility and continuous eligibility are set at a dollar amount chosen by the State and are not based on the FPL or SMI. The asset test is \$1,000,000. TANF cash assistance is counted as income in determining whether a family’s countable income exceeds CCDF income limits

Family Copayment Determination

The sliding scale copayment for families with CCDF subsidies is a weekly dollar amount per child with the same fee for each child based on monthly family income. No other factors, in addition to income and family size, determine each family's copayment. Lead Agency waives family contributions/copayments for families with an income at or below the poverty level for families of the same size.

Countable Income

The list of countable income for Alabama includes gross income and some portion of TANF income.

Limitations

In Alabama, TANF cash assistance is counted as income in determining whether a family's countable income exceeds CCDF income limits, except when the TANF cash assistance amount is the "sole" reason for a family's income ineligibility. In this case, the TANF benefit is excluded for income eligibility purposes for six months.

State Payment Rates (SPRs)

SPRs to CCDF childcare providers are based on the region of the provider, age of child, quality rating, and type of childcare setting.

Alaska

Eligibility Rules

The initial eligibility limit is set at 185 percent of the FPL, while the continuous eligibility limit is set at 85 percent of the SMI. The asset test is \$1,000,000. Child support is included as countable income. Housing assistance is partially included as countable income.

Family Copayment Determination

The sliding scale copayment for families with CCDF subsidies is a monthly percentage of a family's gross income, based on family size. Percentage of copayment is determined by the family's gross income as a percentage of SMI; the percentage of copayment ranges from 1 percent to 10 percent, and the income bins in terms of percentage of SMI raise by 1 percentage point increments, with calculated dollar values accompanying the percentage calculations. A copayment of \$20 (monthly) is established as the minimum.

Countable Income

The list of countable income for Alaska includes gross income, TANF, child support, and partial housing assistance.

State Payment Rates (SPRs)

SPRs to CCDF childcare providers are based on the region of the provider, age group of child (infant, toddler, preschool, or school age), type of childcare setting, and full-time/part-time status of care provided (both monthly and daily. That is, P/T month (part month) is equal to fewer than 17 days of care in any combination of part or full days in a month, or 17 through 23 part days of care during a calendar month.

Arizona

Eligibility Rules

The initial eligibility limit is set at 165 percent of the FPL, while the continuous eligibility limit is set at 85 percent of the SMI. Family assets cannot exceed \$1,000,000. TANF benefits and child support are included as countable income.

Family Copayment Determination

The family copayment amount is a dollar amount that is fixed per child. The copayment fee is paid daily, either for a full day or partial day (Note: The amount included in the PRD assumes copayment for a full day, but the fee for a partial day is simply half of the fee per full day.) No additional fee is charged after a family has a certain number of children.

Countable Income

The list of countable income for Arizona includes gross income, TANF, and child support.

Arkansas

Eligibility Rules

Both initial and continuous eligibility limits are set at 85 percent of the SMI. Family assets cannot exceed \$1,000,000. SSI and SSDI benefits paid to adults are counted as income. Children's SSI and SSDI benefits are not counted.

Family Copayment Determination

The family sliding scale copayment fee for subsidized care is based on family size, monthly income, and quality rating of the childcare facility. The fee is the same regardless of the number of children in subsidized care. The state allows providers with two- and one-star quality designations to charge families receiving subsidies the difference between SPR and what the provider charges. Facilities with three-star quality designations receive a higher SPR and therefore are not allowed to charge the difference between SPR and provider charges to CCDF recipients.

Countable Income

The list of countable income for Arkansas includes earned income and SSI.

State Payment Rates

SPRs to CCDF providers depend on whether the provider is in a rural or urban county, the age of the child, the number of hours provided per day, and the quality of the care facility. Providers who care for children with special needs have higher payment rates.

California

Eligibility Rules

As of 2020, initial eligibility is 70 percent of 2018 SMI, continuous is 85 percent of 2018 SMI. The asset test is 1 million. The copayment fee is monthly, per family, based on the family's monthly income and size. Fee is either part time (less than 130 hours per month) or full time. The part-time to full-time price ratio is .5. There are 48 income bins.

California uses its own version of SMI, available at <https://www.cde.ca.gov/sp/cd/ci/mb2012.asp>. Note the income eligibility levels shown on this page are 85 percent of the SMI (continuous eligibility).

Family Copayment Determination

The sliding scale copayment for families with CCDF subsidies depends on family income relative to the state-determined SMI scale for their family size. The state limits copayments to no more than 10 percent of family income. Copayments for families receiving TANF program funds are waived.

Countable Income

The list of countable income for California includes gross income, TANF, child support, and housing assistance

State Payment Rates

SPRs, known as reimbursement ceilings in California, are dependent on the childcare setting (for example, center, family homes, relative care), whether the care provider is licensed or unlicensed, county of provider, and number of hours provided per week. According to page 137 of the state plan, state payment rates are currently set at the 75th percentile of the 2016 market rate survey.

Colorado

Eligibility Rules

As of 2021, initial eligibility is dependent on the county. The link to the copayment chart is at

https://docs.google.com/spreadsheets/d/1WzobLnLoxGbN_JfTuw3jUCZV5N7IA_0uvwEkIoMt3Wk/edit#gid=1350122430. Continuous eligibility is 85 percent of the SMI. The asset test is 1 million. The copayment fee is monthly, per family, based on the family's monthly income, size, and number of kids in care. Fees are daily and are either part-time (0–5 hours), full-time (5–12 hours), full-time/part-time (12–17 hours), and full-time/full-time (17–24 hours). The part-time rate is 55 percent of the full-time rate. There are two income bins.

Family Copayment Determination

The sliding scale copayment for families with CCDF subsidies depends on family income relative to the FPL for their family size, as well as the number of kids in care. The county must assess a parent fee of 1 percent of gross income to eligible households with gross income that is at or below 100 percent of the federal poverty guidelines (FPG). For eligible households with gross income that is above 100 percent of the FPG, the county must assess a parent fee at 1 percent of their income plus a marginal rate increase of 14 percent for every dollar of gross countable household income above 100 percent of the FPG. An additional \$15 fee shall be added to the parent fee for each additional child when households are requesting care for more than one (1) child and have income above 100 percent of the FPG. If care is only requested for one (1) child, the additional \$15 fee does not apply.

Countable Income

The list of countable income for Colorado includes gross income and child support.

State Payment Rates

SPRs, known as reimbursement ceilings in California, depend on the childcare setting (for example, center, family homes, relative care), whether the care provider is licensed or unlicensed, county of provider, and number of hours provided per week. According to page 137 of the state plan, state payment rates are currently set at the 75th percentile of the 2016 market rate survey.

Connecticut

Eligibility Rules

Initial eligibility and continuous eligibility for active families are 50 percent and 85 percent of the SMI, respectively. The asset limit is \$1,000,000. The family's monthly income in between redetermination periods can go up to 85 percent and they will still qualify for childcare subsidies. However, the family will only continue to receive subsidies if their monthly income is less than 65 percent of the SMI at annual redetermination.

Family Copayment Determination:

The family share, copayment, or sliding fee, is a percentage of the family's gross income. The percentage increases with family income. It is a per family fee.

Countable Income

Countable income for Connecticut is defined as gross income.

State Provider Rates

SPRs to CCDF providers vary based on age of child, town/region of provider, the number of hours provided, and type of provider.

Delaware

Eligibility Rules

Initial income eligibility is set at 180 percent of the FPL, whereas the continuous income eligibility is set at 200 percent of the FPL, or 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is a percentage of gross income, dependent on the family's income relative to the FPL. If the family's monthly income is less than 70 percent of the FPL, then copayment is waived and they pay zero dollars. If it is between 70 percent and 105 percent, then 4 percent of gross income is applied to copayments. If it is between 105 percent and 200 percent, then 9 percent of gross income is applied to copayments. The fee is per family, regardless of the number of children in care. As the family's income or the family's size increases, the copayment fee also increases.

Countable Income

The list of countable income for Delaware includes gross income and child support.

District of Columbia

Eligibility Rules

Initial eligibility is set to be below 250 percent of the FPL. Continuous eligibility is maintained for families whose income is equal to or below 85 percent of the state median income (or SMI). Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is a fixed dollar amount per child, based on the household income and the size of the family. The fee increases as the monthly income of the family increases and as family size or number of children increases. The fee is charged up until a maximum of two children are in the family (specifically the two youngest children), after which point no additional fee is charged. Families are not charged a copay until their household income surpasses 100 percent of the FPL. The daily copay is charged for full-time or part-time; the part-time copay is 50 percent of the full-time fee. There is also a difference in the fee for the first child (shown in the PRD) and second child, when the fee for the second child is approximately 35 percent of the first child fee.

Also, if a family receives TANF cash assistance, and receives subsidized childcare, their copays are waived.⁶⁴

Countable Income

The list of countable income for DC includes gross income and partial child support. CCDF countable income in DC does not include TANF cash assistance.⁶⁵

⁶⁴<https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Eligibility%20Determinations%20for%20Subsidized%20Child%20Care%20Policy%20Manual%2010.7.19.pdf>

⁶⁵<https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Eligibility%20Determinations%20for%20Subsidized%20Child%20Care%20Policy%20Manual%2010.7.19.pdf>

Florida

State Eligibility Rules

Initial eligibility and continuous eligibility are 150 percent of the FPL and 85 percent of the SMI, respectively. Family assets must not exceed \$1,000,000. SSDI and SSI income of adults is counted, but SSI and SSDI benefits of children are not.

Family Copayment Determination

The family copayment fee is sliding scale dollar amount per child, with the same fee for each child. The fee is discounted for two or more children. All the oldest kids get a discount. You are paying a part-time price for all older kids even if they need part-time or full-time care.

Each of the state's 30 early learning coalitions (ELC) and the Redlands Christian Migrant Association (RCMA) develops sliding fee scales based on the most current FPL and SMI. This information is provided in each coalition's school readiness plan or the RCMA contract and subject to approval from the Florida Office of Early Learning.

Providers are not allowed to charge parents copayments more than their private pay rate (the rate they would normally charge). Because providers in Florida collect copayments and deduct those copayments from the state payment rate (SPR) to CCDF providers that they receive from the relevant ELC, mathematically, copays can never exceed SPRs.

Countable Income

The list of countable income for Florida includes gross income, TANF, and child support.

State Payment Rates

SPRs are determined locally by ELCs and the RCMA, which are approved by the Office of Early Learning.

Georgia

State Eligibility Rules

Initial eligibility and continuous eligibility are at or below 50 percent and at or below 85 percent SMI, respectively. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The sliding scale copayment fee is a percent of income based on family size. This percentage increases with family income. The fee is per family, regardless of the number of children in care. The fee is waived for families with gross income at or below 10 percent of the poverty guidelines.

State Provider Rates

Programs currently receive a 10 percent bonus for one star, a 20 percent bonus for two stars, and a 40 percent bonus for three stars. (See the Limitations section.)

In Georgia, the “before and after” rates should be used for school-age children during non-summer weeks, at least for the CLIFF tool. “Part-time” SPRs reflect use of CCDF to pay for full-time care one or two days per week (such as when there’s a holiday).

Countable Income

The list of countable income for Georgia includes gross income and child support.

Hawaii

Eligibility Rules

Initial eligibility and continuous eligibility are both set at 85 percent of the State Median Income (SMI). Additionally, family assets may not exceed \$1,000,00.00.

Family Copayment Determination

The sliding scale copayment fee is a percent of income based on family size. This percentage increases with family income. The fee is per family, regardless of the number of children in care. The fee is waived for families with gross income at or below 100 percent of the federal poverty guidelines (FPL). The copayment amounts range from 0 percent to 9 percent of the family’s gross income, increasing by 1 percentage point per family income bin. Income bin maximums are the family’s income measured as a percentage of the FPL, starting at 100 percent FPL (0 percent family copayment) and increasing by 15 percentage points per income bin, up to 230 percent of the FPL. The final income bin is 85 percent of the SMI.

State Provider Rates

Hawaii currently has temporary rules for state provider rates, starting on February 1, 2022, and ending on June 30, 2022. Rates are dependent on the age range of children being cared for (Infant, toddler, school age, etc.), whether the care is family-based or

center-based, and the type of accreditation (such as NAEYC, NECPA, NAFCC, or any combinations of these).

Countable Income

The list of countable income for Hawaii includes gross income, TANF, and child support.

Iowa

Eligibility Rules

Initial eligibility is 200 percent of the FPL. Continuous eligibility is determined based either on income exceeding 225 percent of the FPL or 85 percent of the State Median Income, whichever is less. Family assets must not exceed \$1,000,000. Countable income is based on gross family income, TANF, and child support received.

Family Copayment Determination

Copay Fee is a dollar amount based on the family's monthly income, family size and number of children in care. There are 28 levels of determination (Level A to Level Z, Level AA, and Level BB), where level A is 100 percent of the FPL. If a family's income is at or below the Level A income level (given their family size), they pay \$0 in copayment. Above Level A, the copayment unit fee is a fixed dollar amount measured on a half-day unit of service. The copayment amount is based on the number of children in care as well—one, two, three, or more children.

Childcare Assistance payment rates are based on a half-day unit of service. The childcare rate tables for basic and special needs care (page 78 of <https://dhs.iowa.gov/sites/default/files/13-G.pdf?110320211507>) represent statewide maximum rate ceilings derived from a market rate survey of childcare providers. These rates are also dependent on the age group the children in care belong to.

Countable Income

The list of countable income for Iowa includes gross income, TANF, and child support.

Idaho

Eligibility Rules

In the state plan documentation (<https://publicdocuments.dhw.idaho.gov/WebLink/DocView.aspx?id=140&dbid=0&repo=PUBLIC-DOCUMENTS>), the link used for the initial income eligibility is broken. Based

on the table on pg.84, it seems that the Initial eligibility is 126 percent of the FPL. Continuous eligibility is 150 percent of the FPL. Family assets must not exceed \$1,000,000. Countable income is based on gross family income and child support received.

Family Copayment Determination

Copay Fee is a dollar amount based on the family's monthly income and family size. Copayment amounts are recorded as monthly and are also determined based on part-time activity or full-time activity. If total weekly hours exceed 25 or more, child is eligible for full-time; otherwise, if total weekly hours are 24 hours or less, the child is eligible. There are 4 income bins, with copayment increasing gradually for each income bin. Based on the bin, the copayment increases incrementally for each 1 person increase in the family size (\$20 increase if in Income Bin 1, \$25 increase if in income Bin 2, \$50 if in income bin 3, and \$75 if in income bin 4). The minimum copayment amount is \$10 (if part-time activity) and \$20 (if full-time activity).

Countable Income

The list of countable income for Idaho includes gross income and child support.

Illinois

Eligibility Rules

Initial eligibility is 200 percent of the FPL and continuous eligibility is 225 percent of the FPL. Family assets must not exceed \$1,000,000.

Family Copayment Determination

Fee is a fixed dollar amount per family. If all the children in care from a family are of school age and are approved for part-time (less than 5 hours per day) day care for any month September through May, the parent share is 50 percent of the copayment amount. There are 20 income bins, from 40 percent of the FPL to 225 percent of the FPL, with 10 percent increments. Copay increases gradually for each income bin.

Countable Income

The list of countable income for Alabama includes gross income, TANF, and child support.

Indiana

Eligibility Rules

Initial eligibility is set at 127 percent of the FPL. Continuous eligibility is set at 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is a per-family fee, paid monthly. It is assessed as a percentage of the family's gross income. One important nuance is that the copayment increases based on how many years a family has been involved in the CCDF program. While the fee remains at the same percentage for years one to three (which is the percentage cited in the PRD), the percentages gradually increase for all subsequent years that the family is on CCDF. Thus, the longer the family is in the CCDF program, the more their copayment rises accordingly, until year 10, at which point it plateaus.

Countable Income

The list of countable income for Indiana includes gross income, TANF, and child support.

Kansas

Eligibility Rules

Initial eligibility is set at 185 percent of the FPL. Continuous eligibility is set at 85 percent of the SMI. Family assets must not exceed \$10,000.

Family Copayment Determination

The copayment fee is a per-family fee, paid monthly. It is assessed as a set dollar amount based on the family's size and monthly gross income. The copayment is given in the form of a family share deduction (FSD), which means the total childcare benefit for the family is reduced. This reduction is essentially the copay assigned to that family. The family then receives the net amount after the FSD.

Countable Income

The list of countable income for Kansas includes gross income and child support.

Kentucky

Eligibility Rules

Initial eligibility is set to be below 160 percent of the FPL. Continuous eligibility is maintained for families whose income is equal to or below 200 percent of the FPL. Family assets must not exceed \$1,000,000. TANF child-only benefits are not counted as income.

Family Copayment Determination

The copayment fee is per child, based on the number of children and the size of the family. The fee increases as the monthly income of the family increases, but not necessarily as family size or number of children increases. No additional fee is charged after a certain number of children or a certain family size. TANF recipients who are parents with physical or mental disabilities do not have to pay copayment fees.

Countable Income

The list of countable income for Kentucky includes gross income, partial TANF, and child support.

Louisiana

Eligibility Rules

Initial eligibility is less than 55 percent of the SMI. Continuous eligibility is maintained for families whose income is below 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is per child, with the same fee for each child. No additional fee is charged after a certain number of children.

Countable Income

The list of countable income for Louisiana includes gross income and child support.

State Payment Rates

SPRs to CCDF providers vary by age of child and type of provider setting. SPRs are daily rates and are the same statewide.

Maine

Eligibility Rules

Initial and continuous eligibility are set at 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is on a per-family basis, paid monthly. The amount of this fee is determined as a percentage of the family income, with that percentage based on what the family income is in relation to the FPL. For instance, a family whose income falls between 26 percent and 50 percent of the FPL would pay a copayment fee of 4 percent of the family income. The first income bin is maxed out at 25 percent of the FPL, and then increases by 25 percentage points of the FPL—up to 150 percent of the FPL—for each income bin, and then jumps to 250 percent of the FPL for the last income bin. The copayment fee starts as 2 percent of the family income, then goes up to 4 percent, 5 percent, 6 percent, 8 percent, 9 percent, and 10 percent at each respective income bin.

Countable Income

The list of countable income for Maine includes gross income, TANF, and child support.

Maryland

Eligibility Rules

Initial eligibility is set at 65 percent of the SMI, while continuous eligibility is set at 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is a dollar amount paid on a weekly per-family basis. The copay scale varies by different regions in the state. Additionally, the program uses unique definitions of full-time and part-time. *Full-time* is referred to as three units of childcare, which is 30 hours or more per week. *Part-time* is one or two units; a unit is less than 16 hours of care per week and two units are 16 to 29 hours per week. The youngest child in the family is the one who is assessed the highest copayment. The second and third children (next oldest) are assessed lower copayments but equal to each other. No children after the third require copayments. The amounts in the PRD reflect three units of service per day of the week but to calculate the two-unit and one-unit copays, the numbers can be multiplied by two-thirds and one-third, respectively.

Countable Income

The list of countable income for Maryland includes gross income and child support.

Massachusetts

Eligibility Rules

Initial eligibility is set at 50 percent of the SMI, while continuous eligibility is set at 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is on a per-family basis, paid monthly. The amount of this fee is determined as a percentage of the family income above the poverty level. For each family's gross income, it is necessary to first subtract the FPG for that family size—which is equal to the maximum of the first income bin—from that income and then multiply this amount by the corresponding percentage to calculate the copayment fee.

Countable Income

The list of countable income for Massachusetts includes gross income, partial TANF, and child support.

Michigan

Eligibility Rules

The initial income eligibility is 130 percent of the FPL, while the continuous eligibility limit is 85 percent of the SMI. Family assets must not exceed \$1,000,000. If children needing childcare are receiving SSI benefits, the value of those benefits are not counted. However, SSI benefits are counted when the household is applying for CCDF benefits for children not on SSI. If the parent receives SSI, the children may be categorically eligible for CCDF benefits.

Family Copayment Determination

The copayment fee is on a per-child basis, paid every pay period, which is every two weeks. It is a dollar amount based on where the family's income lies in the income bins.

Despite assessing the fee based on the number of children, the fee has a maximum per family. In other words, every family has a limit, or a maximum amount, for the copayment every pay period. Respectively, for the seven income bins, where the

per-child contributions are \$0, \$15, \$30, \$45, \$60, \$69, and \$78, the maximum amounts are \$0, \$45, \$83, \$121, \$143, \$164, and \$186.

Countable Income

The list of countable income for Michigan includes gross income and child support.

Minnesota

Eligibility Rules

The initial income eligibility is 47 percent of the SMI, while the continuous eligibility limit (at redetermination) is 67 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is paid per family every pay period, which is every two weeks. It is a dollar amount based on where the family's income lies in the income bins and the family size. As the family's income or the family's size increases, the copayment fee also increases.

Countable Income

The list of countable income for Minnesota includes gross income, TANF, and child support.

Mississippi

Eligibility Rules

Both the initial and continuous income eligibility limits are 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is a per-family monthly payment. It is a dollar amount based on where the family's income lies in the income bins and the family size. Income bins are \$1,000 ranges that increase by \$1,000 per bin. Depends on the family size, a family has no copayment if they are at or below the 2021 FPL. Once the family's income exceeds the 2021 FPL for their size, the amount of copayment increases when the family's income increases enough to put them in the next bin. Families with children with special needs pay only \$10 per month. Homeless families with no countable income are exempt from copays.

Countable Income

The list of countable income for Mississippi includes gross income and child support.

Missouri

Eligibility Rules

The initial income eligibility is 138 percent of the FPL, while the continuous eligibility limit is 85 percent of the SMI. The gradual phaseout for the Childcare Subsidy program in Missouri when the family is no longer eligible for the traditional level of Program is referred to as Transitional Childcare. For certain income levels above the income eligibility limit, the state covers a percentage of the maximum state base rate after all rate enhancements are applied and the sliding fee is deducted. These percentages depend on the family income and which level they qualify for. At level A, the state pays 80 percent of the maximum base rate/ At level B, the state pays 60 percent of the maximum base rate.

Family assets must not exceed \$1,000,000.

Family Copayment Determination

The copayment fee is paid daily per child, with the same fee for each child. It is a dollar amount based on where the family's income lies in the income bins and the family size. For the first income bin for all households, the copay is a yearly fee of just \$1, which is equivalent to a fee of \$0.00274 per day (which is what the PRD reflects). Additionally, for each other income bin, there is a sliding copayment fee for each of the following: part-time, half-time, and full-time care. Part-time care is a half hour to three hours of care; half-time care is three hours to five hours of care; and full-time care is five to 12 hours of care. It is important to note that part-time care is not simply half of the fee for full-time care, as it is in many other states, so the full-time and part-time fees are both reflected in the PRD.

Missouri does not require any copayment from families with children with special needs.

Countable Income

The list of countable income for Missouri includes gross income, TANF, and child support.

Montana

Eligibility Rules

For families not receiving TANF, initial eligibility is based on the household's monthly income, which must be below 150 percent of the FPL based on family size. Continuous eligibility is between 150 percent and 185 percent of the FPL. There are 20 income bins. Countable income includes gross unearned and earned monthly income of all adult and minor members of the household. Unearned income includes child support income. TANF cash benefits are also counted, although TANF cash supplement - FS countable and work support payments through the TANF program are not counted towards eligibility. See detailed guidance on countable income here:

<https://dphhs.mt.gov/Portals/85/ecfsd/documents/ChildCare/policymanual/CC26IncomeTable070718.pdf>. Family assets must not exceed \$1,000,000.

Parents must work or attend school or vocational training to receive childcare payments. A single parent must be working a minimum of 60 hours each month or attend school/vocational training full-time. If attending school or vocational training part-time, they must work 40 hours per month. A two-parent household must work 120 hours per month, but there is no minimum number of hours that each parent must work in a month.

The monthly minimum hourly work requirement doesn't apply to households receiving TANF cash assistance or to teen parent(s) attending high school or an equivalent program. Assistance is not available to parents seeking postsecondary education beyond a bachelor's or its equivalent or to a parent who has earned a degree within the past five years. For the latter group, they may not be eligible due to education purposes, but could possibly be eligible based on other eligibility criteria (work hours and income).

Family Copayment Determination

Copay increases gradually from 1 percent to 20 percent with incremental increase by 1 percent per income bin.

The fee is based on household size and gross monthly income. The percentage depends on the family's gross monthly income in relation to the FPG, family size, and whether the family is over income for the non-TANF childcare assistance program. It is per family and paid to the provider monthly. If the month's cost of childcare is less than the monthly copayment, the family pays only the cost of care. Parents receiving TANF must pay the \$10 minimum copayment amount, regardless of household size or income.

Countable Income

The list of countable income for Montana includes gross income and partial TANF.

State Provider Rates

SPRS to CCDF providers vary by type of childcare setting, quality of care, and age of child, and whether care is provided full or part-time. Part-time day rate is used when care is provided for six or less hours during a calendar day, and full-time day is calculated when care is provided for more than 6 hours and up to 12 hours during a calendar day. Higher rates are paid to children with disabilities and children with special needs (defined differently).

Nebraska

Eligibility Rules

Initial income eligibility is set at 185 percent of the FPL, whereas the continuous income eligibility is set at 85 percent of the SMI. Family assets must not exceed \$1,000,000. Countable income includes the family's gross income, as well as child support.

Family Copayment Determination

The family copayment fee is a percentage of a family's gross income on a monthly basis. The total amount of the sliding fee assessed will be based on 7 percent of the household's gross income for all their children enrolled in the subsidy program. It will not vary with the number of children in care, the amount of care they need, or the type of care they choose to use. The sliding fee must be paid each month to the provider before the provider bills the department, it covers the first dollars of payment, regardless of when service begins or ends. The fee is per family, regardless of the number of children in care. If the family's income is equal to or less than 100 percent of the FPL, then the family pays \$0 copayment.

A family's income must not be greater than 185 percent of the FPL at initial application to be eligible for childcare subsidy. (1) 0% FPL to 100% FPL = No sliding family fee (2) 100% FPL to 185% FPL = Sliding family fee (3) Over 185% FPL = Over income, not eligible. Once a family is determined to be eligible and childcare is authorized, and if the family's income exceeds 200 percent of the FPL during their certification period, they will now continue to remain eligible for TCC through the rest of their certification period as long as their income is under 85 percent of the SMI. If their income exceeds 85 percent of the SMI, childcare is closed and they are no longer eligible. If the family's income exceeds 200 percent of the FPL but remains under 85 percent of the SMI, they

will remain eligible through the rest of their certification period. If income exceeds 85 percent of the SMI, then childcare subsidy is closed and they are no longer eligible.

Countable Income

The list of countable income for Nebraska includes gross income and child support.

Nevada

Eligibility Rules

Initial income eligibility is set at 130 percent of the FPL, whereas the continuous income eligibility is set at 85 percent of the SMI. Family assets must not exceed \$1,000,000. Countable income includes the family's gross income, TANF, and child support.

Family Copayment Determination

The family copayment fee isn't explicitly provided; instead, Nevada provides a percentage of the subsidy paid for by the state. This percentage decreases as the family income increases. The maximum amount the state pays for is 95 percent. While the percentage paid for by the state is solely based on the family's income, the daily provider rates are based on county and the age group for each child in care (infant to less than 1, toddler (1 to 2 years old), preschool (3 to 5 years old), school age (6 to 12 years old)). There are different provider types for care, based on licensing. For convenience, we only look at provider type **1**. We then calculate the number of days of care for each child depending on their age group, calculate the total cost by multiplying the days of care and the associated rates, and then determine the total copayment by multiplying the total cost by what percentage the family pays (by subtracting the percentage the state pays from 100 percent).

Countable Income

The list of countable income for Nevada includes gross income, TANF, and child support.

New Hampshire

Eligibility Rules

Initial income eligibility is set at 220 percent of the FPL, whereas the continuous income eligibility is set at 250 percent of the FPL, or 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is a percentage of a family's monthly gross income. This percentage increases with family income. The fee is per family, regardless of the number of children in care. As the family's income or the family's size increases, the copayment fee also increases.

Countable Income

The list of countable income for New Hampshire includes gross income, TANF, and child support.

New Jersey

Eligibility Rules

Initial income eligibility is set at 200 percent of the FPL, whereas the continuous income eligibility is set at 250 percent of the FPL. Family assets must not exceed \$1,000,000. Countable income includes the family's gross income, TANF, and child support. Any family receiving TANF is eligible for free childcare.

Family Copayment Determination

The family copayment fee is a dollar amount based on the family's monthly gross income. There are 31 income bins, starting at 100 percent of the FPL and increasing by 5 percent per bin. The fee is based on family income, family size and the number of kids in care. The copayment amount is based on whether the family has one kid in care, or two or more kids in care. As the family's income or the family's size increases, the copayment fee also increases.

Countable Income

The list of countable income for New Jersey includes gross income, TANF, and child support.

New Mexico

Eligibility Rules

Initial income eligibility is set at 150 percent of the FPL, whereas the continuous income eligibility is set at 200 percent of the FPL. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is a dollar amount the family pays monthly. Although the fee is assessed per child, it is discounted for two or more children. Thus, as family size increases for a particular income bin, the copayment may not necessarily increase. However, as the family income increases, the copayment increases as well.

Countable Income

The list of countable income for New Mexico includes gross income, TANF, and child support.

New York

Eligibility Rules

Initial and continuous eligibility are set at 200 percent of the FPL. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is a percent of income and is per family. The family fee is a single fee, not dependent on the number of children in care or whether full- or part-time care is needed. Each district must indicate the family share percentage it will use (from 10 percent to 35 percent) to determine the family's share of the costs of childcare.

The family share is determined as follows:

1. Determine the annual gross income for the eligible family.
2. Subtract the state income standard (SIS) for the specific family size of the CCSU from the annual gross income of the CCSU to obtain the difference.
3. Multiply the difference by the district's selected percentage, designated in the CSP/ICP, to get the annual family share.
4. Divide the annual family share by 52 to get the weekly family share. A minimum weekly family share of \$1 must be charged to each family receiving childcare services that is required to pay an income-based portion of a family share. Each family receiving childcare services is responsible for paying only one income-based family share regardless of the number of children in the family who are receiving childcare services.

The SIS is equal to the federal poverty level.

Homeless families do not need to pay a copay.

Countable Income

The list of countable income for New York includes gross income, TANF, and child support.

State Payment Rates

New York sets its SPRs at the 69th percentile market for care as determined by the latest market rate survey. Unlike many other states, New York's official documentation often uses the term "market rate" to refer to the maximum reimbursement rate for providers.

New York's SPRs are listed as daily, weekly, part-day, and hourly rates. Weekly rates are applied when care is provided for 30 or more hours for five or less days/week. Daily rates are applied for care provided between six but less than 12 hours per day and less than 30 hours in a week. Part-day rates apply when care is provided for at least three but fewer than six hours a day. Hourly rates are applied when less than 3 hours of care is provided per day. Specific guidance for using each type of rate is available on pages 41–42 in the New York Childcare Subsidy Regulations and Resources Manual.

North Carolina

Eligibility Rules

Initial and continuous eligibility are set at 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is 10 percent of gross income and is per family. This percentage does not change with family size nor as gross income changes.

Countable Income

The list of countable income for North Carolina includes gross income, child support, and partial housing assistance.

North Dakota

Eligibility Rules

Initial income eligibility is set at 60 percent of the SMI, whereas the continuous income eligibility is set at 85 percent of the SMI. Family assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is a dollar amount, which is based on a percentage of the monthly state median income. This percentage starts at 10 percent of the SMI, then proceeds by 10 percent intervals up to 60 percent, then caps out at 85 percent of the SMI. The fee is per family, regardless of the number of children in care. As the family's income or the family's size increases, the copayment fee also increases.

Countable Income

The list of countable income for North Dakota includes gross income and child support.

Ohio

Eligibility Rules

Initial eligibility is set at 85 percent of the SMI, and continuous eligibility is set at 300 percent of the FPL. As the state plan specifies, "Families remain eligible until income is at or above 300 percent of the FPL, which is greater than 85 percent SMI." Family assets must not exceed \$1,000,000.

It is important to note that the state of Ohio uses additional funding sources to fund childcare subsidies, which means the state does not have to follow federal regulations regarding the use of non-CCDF funds for families with incomes above 85 percent of the SMI. Specifically, Ohio can use more than 30 percent of TANF funds to fund childcare subsidies. If the state were to transfer funds from TANF to CCDF funding, then the funding would be subject to CCDF rules. However, simply using TANF funds to expand childcare subsidies may give Ohio (and other states) more flexibility to either extend subsidies to more people or broaden the eligibility criteria, such as with income, in Ohio.

Family Copayment Determination

The family copayment fee is based on the family's gross income, represented as a percentage of the FPL, on a monthly basis. This percentage increases with family income. The fee is per family, regardless of the number of children in care. As the family's income or the family's size increases, the copayment fee also increases. If the

family's income is at 100 percent of the FPL or less, they pay \$0 in copayment. Homeless families are exempt from copays.

Countable Income

The list of countable income for Ohio includes gross income, TANF, and child support.

Oklahoma

Eligibility Rules

Initial and continuous eligibility is 85 percent of the SMI. Children receiving SSI or TANF cash assistance are eligible for subsidized childcare. Family assets must not exceed \$1,000,000. Child SSI recipients are eligible regardless of income.

State Payment Rates

SPRs to CCDF providers Starting March 1, 2020, the rates for three-star care, a quality designation, were increased to 75th percentile market rate as determined through the 2017 Market Rate Survey for children ages 0-3.

Family Copayment Determination

Family copayment for subsidized care is a monthly amount that depends on the number of children in care, income, and family size. The families of children receiving SSI or TANF cash assistance, those whose incomes are at or below the poverty level for families of the same size, and/or families with a child attending an Early Head Start-Childcare Partnership program do not need to make a copayment. No copayment is required for child SSI recipients in care.

Countable Income

The list of countable income for Oklahoma includes gross income and child support.

Oregon

Eligibility Rules

The initial eligibility income limit is 185 percent of the FPL. For continuous eligibility, the income limit is 85 percent of SMI or 250 percent of the FPL, whichever is higher. Family assets must not exceed \$1,000,000. These eligibility rules are established by the Oregon Department of Health Services (ODHS).

State Payment Rates

State rates are dependent on the age group of the child (less than 1 [non-licensed carrier] or less than 2 [licensed] = infant, 1 [non-licensed] or 2 [licensed] to 3 years old = toddler, 3 to 5 years old = toddler, 6 to 12 years old = school age), as well as whether a child is of special needs. Providers are grouped based on zip code (three total groups, as well as the provider and/or family type, which are represented by the rate maximums (standard = standard family rate & standard center rate, enhanced = enhanced family rate & enhanced center rate, and licensed = Registered Family Rate, Certified Family Rate, and Certified Center Rate).

Family Copayment Determination

The copayment fees, established under the ERDC (Employment Related Day care) program, are monthly, dollar-amount payments paid per family. As income increases such that the family's income is placed in the next income bin, the copayment fee increases as well.

Countable Income

The list of countable income for Oregon includes gross income, TANF, and child support.

Pennsylvania

Eligibility Rules

The initial eligibility income limit is 200 percent of the FPL, while the continuous eligibility income limit is 235 percent of the FPL. Family assets must not exceed \$1,000,000. Countable income is determined as the family's gross income and child support.

Family Copayment Determination

The copayment fees are weekly, dollar-amount payments paid per family. As income increases such that the family's income is placed in the next income bin, the copayment fee increases as well. There are a total of 37 income bins, with a minimum copayment amount of \$5 at the lowest income bin.

Countable Income

The list of countable income for Pennsylvania includes gross income and child support.

Rhode Island

Eligibility Rules

The initial eligibility income limit is 180 percent of the FPL, while the continuous eligibility income limit is 225 percent of the FPL. Family assets must not exceed \$1,000,000. Countable income is determined as the family's gross income, TANF, and child support.

Family Copayment Determination

The copayment fees are determined as a percentage of a family's gross income and are monthly. Income bins are determined as a percentage of the FPL, ranging from 100 percent, 125 percent, 150 percent, 180 percent, 200 percent, and 225 percent, resulting in 6 income bins. If a family's income is at or below 100 percent of the FPL, they pay zero copayment. This copayment percentage increases to 2 percent, 5 percent, 8 percent, 10 percent, and 14 percent at each income bin established above 100 percent of the FPL, respectively. Homeless families do not make a copayment.

Countable Income

The list of countable income for Rhode Island includes gross income, TANF, and child support.

South Carolina

Eligibility Rules

Families with income at or below 55 percent of the SMI for their family size are eligible for childcare assistance. Families will continue to be eligible for childcare assistance as long as their income does not exceed 85 percent of the SMI. Assets must not exceed \$1,000,000.

Family Copayment Determination

Families must pay copayments based on family size and monthly income for each child every week. Families receiving TANF cash assistance do not pay a copayment for childcare assistance. The copayment fee is assessed as a fixed dollar amount, per child, with the same fee for each child.

Countable Income

The list of countable income for South Carolina includes gross income, TANF, and child support.

State Payment Rates

State payment rates for center-based care vary depending on the provider's quality rating, child's age, and whether the provider is in a rural or urban county. Half-time rates are paid for childcare provision less than 30 hours but more than 15 hours per week. Full-time rates are paid when childcare is provided for 30 or more hours a week.

South Dakota

Eligibility Rules

Families with income at or below 291 percent of the FPL for their family size are initially eligible for childcare assistance. Families will continue to be eligible for childcare assistance as long as their income does not exceed 85 percent of the SMI. Assets must not exceed \$1,000,000.

Family Copayment Determination

The family copayment fee is a specified monthly dollar amount based on the family's gross income. This dollar amount increases as family income increases. The fee is per family, regardless of the number of children in care. Four percent of a family's gross income is disregarded when determining the copayment amount. After adjusting for the 4 percent income disregard, a family will pay a \$0 copayment if the family's adjusted income is less equal to or less than 160 percent of the FPL. If it's above 160 percent of the FPL, a family's copayment fee will be between 1 percent and 12 percent of the family income.

The copayments of families of children with special needs are capped at 10 percent of the family's gross monthly income.

Countable Income

The list of countable income for South Dakota includes gross income, TANF, and child support.

Tennessee

State Eligibility Rules

Initial eligibility is 60 percent of the SMI, while continuous eligibility is 85 percent of the SMI. Family assets cannot be greater than \$1,000,000.

Family Copayment Determination

Family copayment fee is per child, discounted for two or more children, up to a maximum per family. The Lead Agency waives family contributions/copayments for families with income at or below the poverty level for families of the same size.

Countable Income

The list of countable income for Tennessee includes gross income, TANF, and child support.

State Payment Rates

SPRs to CCDF providers depend on the childcare setting, quality rating, and age of child. Rates for school-aged children vary depending on whether school is in or out of session.

Texas

State Eligibility Rules

Income eligibility varies based on local Workforce Development Boards (Boards) rules. Initial eligibility can be lower than 85 percent of the SMI and continuous eligibility cannot be greater than 85 percent of the SMI. Family assets cannot exceed \$1,000,000.

Family Copayment Determination

The family copayment is a sliding scale fee set by the local entity (workforce board). Rule requires boards to set the parent share of cost based on the family's size and gross monthly income. Boards also may consider the number of children in care. The fee is per child and is discounted for two or more children. Homeless families are not to make copayments.

Countable Income

Countable income for Texas is defined as gross income.

Utah

Eligibility Rules

Both initial and continuous eligibility limits are less than 85 percent of the SMI. Prior to the pandemic, the initial eligibility limit was 56 percent of the SMI, and the continuous eligibility limit was 85 percent of the SMI. Asset limit is \$1,000,000.

Eligibility is based on monthly household income. There are several deductions allowed: the first \$100 of each person's earned income is deducted from countable earned income, a \$100 standard medical deduction, and the first \$50 of child support. Court-ordered child support or alimony paid (not received) is also deducted. Income from rental income is counted in household income. Housing subsidies are exempt and not counted as income. SSI is not counted, although the earned and unearned income of SSI recipients is counted.

Family Copayment Determination

Before the pandemic, the copayments were monthly dollar-amount fees, depending on the size of the household, the household income, and the number of children in the household (one, two, or more than two). Now, the family copayments depend on the household size, household income, and the number of children enrolled in subsidized childcare. Copayments for children experiencing homelessness and for families with very low incomes are waived.

Countable Income

The list of countable income for Utah includes earned income, child support, and partial housing support.

State Payment Rates

SPRs to CDF providers vary based on type of childcare setting, age of child, and whether care is provided full or part time. Part-time care is care provided for 20 hours or less per week. Higher rates are provided for care for children with special needs.

Vermont

Eligibility Rules

Initial income eligibility and continuous income eligibility are both set at 85 percent of the SMI. Family assets must not exceed \$1,000,000. Countable income includes the family's gross income and child support.

Family Copayment Determination

The family copayment fee isn't explicitly provided; instead, Vermont provides a percentage of the subsidy paid for by the state. This percentage decreases as the family income increases. The maximum amount the state pays for is 100 percent, and gradually decreases to a minimum of 10 percent. While the percentage paid for by the state is solely based on the family's income, the weekly provider rates are based on the

age group for each child in care (infant - less than 1, toddler - 1 to 2 years old, preschool - 3 to 5 years old, school age - 6 to 12 years old). There are different provider types for care, based on licensing; for convenience, we only look at the provider type = childcare in licensed centers, base rate, full-time rate; We also divide the weekly Vermont rates by 5 to get them to be daily. We then calculate the number of days of care for each child depending on their age group, calculate the total cost by multiplying the days of care and the associated rates, and then determine the total copayment by multiplying the total cost by what percentage the family pays (by subtracting the percentage the state pays from 100 percent).

Countable Income

The list of countable income for Vermont includes gross income and child support.

Virginia

Eligibility Rules

Initial eligibility is between 100-250 percent of federal poverty guidelines, depending on the locality in which an individual resides. Continuous eligibility is 85 percent of State Median Income. TANF recipients are considered income eligible for CCDF subsidies and services. Virginia counts all earned and unearned sources of income towards eligibility but provides deductions for nearly all unearned income sources categorized in the PRD. Disregarded income includes SSI, TANF, SNAP, and EITC, among others. Child support received is counted and considered the child's income.

Family Copayment Determination

Copayments are waived for TANF recipients and for Head Start participants whose countable gross monthly income after deductions is less than 100 percent FPL. All other families are required to pay a copayment between 5-10 percent of their monthly gross income, based on family size and income.

Countable Income

The list of countable income for Virginia includes earned income, child support, and social security.

State Payment Rate

SPRs to CCDF providers vary based on locality, age of child, type of childcare setting, and whether care is provided for a full or part day.

Washington

State Eligibility Rules

With the passing of the Fair Start for Kids Act in 2021, initial eligibility is 60 percent of the SMI and the continuous eligibility is 65 percent of the SMI. (You can find information about the bill here:

<https://app.leg.wa.gov/bills/summary?BillNumber=1213&Year=2021&Initiative=false>.)

Family Copayment Determination

With this new bill, the copayment fee is a monthly, per-family fee that is a dollar amount based on where the family's income lies in relation to the SMI. Aside from the numbers depicted in the PRD, there are some nuances of the copayment listed in the bill. If the family's income is at or below 20 percent of the SMI, the copayment can be "waived to the extent allowed under federal law" or, otherwise, it is a maximum of \$15. If the family's income is anywhere from above 36 percent to 50 percent of the SMI, then the copayment is \$115 until December 31, 2021, and will become \$90 on January 1, 2022. Homeless families do not have to pay copays during a four-month homeless grace period.

Countable Income

The list of countable income for Washington includes gross income, partial TANF, and child support.

West Virginia

State Eligibility Rules

Initial eligibility is 150 percent of the Federal Poverty Line (FPL) and the continuous eligibility is 185 percent of the FPL. Family assets must not exceed \$1,000,000. Countable income includes the family's gross income, TANF, and child support.

Family Copayment Determination

The copayment fee is a daily, per-family fee that is a dollar amount based on where the family's income lies in relation to the FPL. If a family's income is at or less than 40 percent of the FPL, they pay \$0 in daily copayment. These bins increase by 10 percentage points up to an income bin limit of 180 percent of the FPL, and then an additional bin is added to cap off the 185 percent continuous limit established earlier, resulting in a total of 16 income bins. Note that, in West Virginia's documentation detailing the sliding fee scale, the values are reported in 2019 numbers. Therefore, we

have upscaled the income bins to 2021 numbers based on the associated FPL percentages but have kept the copayment amounts the same.

Countable Income

The list of countable income for West Virginia includes gross income, TANF, and child support.

Wisconsin

State Eligibility Rules

Wisconsin counts earned and unearned income towards eligibility while allowing several exclusions from the financial eligibility test: child support payments equal to or less than \$1,250 a month, SSI payments of minor dependents, and the wage subsidy portion of income from Wisconsin's TANF programs (known as Wisconsin Works, W-2), among others. The eligibility period between renewals is 12 months.

Wisconsin families are eligible if the total liquid assets are less than or equal to \$25,000. In addition, the value of the family's home can be no more than 200 percent of the statewide median value for home, and the combined equity value of any vehicles must be less than \$20,000.

Family Copay Determination

Family copayments are subtracted from the subsidy amount based on the assistance group's income relative to the FPL, number of children in subsidized care, the total number of hours all children are in subsidized care, and the copayment period. The total copayment assessed for each child will not be greater than \$152 per month per child.

- [copayment per hour for % of FPL- In table] * number of hours all children are in subsidized care for the month = total monthly family copayment.
- The copayment schedule is listed in monthly FPL levels in 5 percent increments. When the family's income is between two levels, they use the lower of the two percentages.
- The AG copay is increased by \$1 for every \$3 that the income exceeds 200 percent FPL.
- The copayment period is assigned to each family based on their FPL and their point in the eligibility period (application, ongoing, or renewal).

Copayment Period	Assistance Group FPL	Copayment Per Hour Status during 12-Month Eligibility Period
Copayment Stabilization	Below 190% FPL	Will not increase
Gradual Phase Out (GPO)	190%–199% FPL	May increase up to 200% FPL copayment level
Exit	200%+ FPL	May increase

State Payment Rates

State payment rates depend on age of child, county of provider, number of hours of care provided, regulation category, and type of provider. Counties are grouped together based on the percentage of the population living in urban areas, which is determined using Census data. Part-time rates are applied when care is provided for 20 hours a week or less, while full-time rates are applied when care is provided for more than 20 hours a week. The state's CCDF program is called Wisconsin Shares Childcare Subsidy Program.

Countable Income

The list of countable income for Wisconsin includes gross income and partial child support.

Wyoming

State Eligibility Rules

Initial eligibility is 175 percent of the FPL and the continuous eligibility is 225 percent of the FPL. Family assets must not exceed \$1,000,000. Countable income includes the family's gross income, TANF, and child support, with an Income Disregard of \$200.

Family Copayment Determination

The copayment fee is a daily, per-child fee that is a dollar amount based on where the family's income lies in relation to the FPL, as well as the number of children in care and the family size. If a family's income is at or less than 100 percent of the FPL, they pay \$0 in daily copayment. These bins increase by 25 percentage points up to an income bin limit of 225 percent of the FPL, resulting in a total of 6 income bins. The copay is also determined based on the part-time or full-time status of care (part-time = less than

5 hours; full-time = 5 hours or more), though we currently only account for the full-time rate.

Countable Income

The list of countable income for Wyoming includes gross income, TANF, and child support

2.1.11 Social Security Disability Insurance (SSDI)

Overview

Social Security Disability Insurance (SSDI) is a federally funded program that provides cash assistance to people with a federally determined disability that does not allow them to engage in substantial gainful activity (SGA). Qualifying family members may also be eligible to receive benefits. These auxiliary beneficiaries may include spouses and children of the person with the disability. The program is administered by the Social Security Administration (SSA) and pays monthly benefits until the individual can return to work on a regular basis. Unearned income and assets do not factor into the receipt of SSDI.

Eligibility Determination

For initial SSDI eligibility determination, initial eligibility checks are first conducted (for example, whether individuals have a federally determined disability). Next, the SSA determines whether an individual has worked enough to qualify for SSDI by converting their lifetime earnings into work credits. The worker's monthly earnings are then indexed (using average indexed monthly earnings, or AIME) by taking the highest 35 years of earnings, multiplying them by an indexing factor, and taking the average of this number. If an individual has worked for fewer than 35 years, we calculate the number of years between age 21 and the age of disability, and then subtract either one-sixth of that number or five years, whichever is less. The result is the number of years of highest earnings we include in the calculation of AIME. Finally, the primary insurance amount (PIA) is calculated by multiplying the AIME by "bend points" and including 90 percent of the AIME that is below or equal to the first bend point; 32 percent of AIME between the first and second bend points; and 15 percent of AIME above the third bend point. The percentages stay the same but the exact dollar amount for each bend point is adjusted annually. The sum of these three numbers is the monthly maximum for SSDI benefits.

The Policy Rules Database does not model the determination of the initial value of SSDI. Instead, the PRD can be used to determine how the initial value of SSDI changes as employment income increases. The information below summarizes the scope of PRD calculations.

A trial work period (TWP) of nine months allows an individual to continue to receive full SSDI benefits regardless of how high their earnings may be. Otherwise, individuals would lose SSDI benefits when they earn the income at which they are performing SGA (\$1,310 a month for nonblind individuals; \$2,190 a month for blind individuals).

After the TWP, an individual begins the extended period of eligibility (EPE). The first time an individual engages in SGA in the EPE, the disability is considered “ceased.” The individual receives SSDI benefits for that month and a grace period of two months (three months total).

An individual is entitled to one nine-month trial work period within a five-year period (60 months), and the nine months do not necessarily need to be consecutive—that is, a person can work three months, take a break from employment, and then have six months remaining of their trial work period if they decide to return to work. Essentially, people on SSDI cannot do work that exceeds SGA standards for more than nine months in any five-year period while remaining on SSDI. If they work more than nine months doing SGA, their trial work period ends and they enter the grace period.

Auxiliary benefits are additional SSDI monthly benefits that other family members can receive on behalf of a family member who is collecting SSDI benefits. Several family members are eligible for auxiliary benefits, including the spouse, minor children, adult children, parents, and grandchildren. To be eligible for auxiliary benefits, the spouse must either (1) have a child under age 16 or a disabled child in his/her care, or (2) be at least 62 years old.

To be eligible for auxiliary benefits, a minor child includes children who are unmarried and younger than 18 years old and children for whom the noncustodial parent pays child support.

To be eligible for auxiliary benefits, adult children who are 18 years old or older must either (1) be disabled before the age of 22, or (2) be a high school student under age 19.

The amount of auxiliary benefits received per eligible person is 50 percent of the disabled person’s benefit, and auxiliary benefits for a family that includes someone (possibly more than one person) receiving SSDI up to the point at which the total of auxiliary benefits for all dependents reaches the “family maximum.” This family maximum is 85 percent of the AIME of the person who has the highest PIA. No person in a home can receive auxiliary benefits from more than one other person. The family maximum cannot be less than that worker’s PIA, nor more than 150 percent of the PIA. It is important to note that the family maximum for people receiving SSDI for disability is 150 percent of the PIA, but a more complex formula is used for determining the family maximum for someone who has reached retirement age and is receiving benefits from the Old Age, Survivors, and Disability Insurance program (OASDI).⁶⁶

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

⁶⁶ <https://www.ssa.gov/policy/docs/ssb/v75n3/v75n3p1.html>

- How much each adult in the home initially receives in SSDI payments (already inclusive of the AIME calculations needed to reach the PIA for each SSDI recipient) - **{ssdi_pia_amount_m_i}**
- The ages of people in the home, to determine eligibility for adult or child SSDI - **{age_i}**
- Whether any family member is blind - **{blind_i}**
- The parental identifiers of each parent who is disabled in the household
- Whether or not the main householder is married - **{married}** (taking values of 1 or 0)

Calculations

Definitions of the intermediary variables used in **Steps 1–7** below

ssdi_recd_m_{i}	The SSDI benefit amount received per month by each member of the household, inclusive of auxiliary benefits. This number is important because SSDI benefits are countable for different benefits, like SSI, that can be individual-based.
ssdi_recd_total_m	The total SSDI income that a household receives per month.
rank1	Of the two-person IDs in the CLIFF tool who can be parents and/or married, the ID of the one with the highest PIA amount
rank2	Of the two-person IDs in the CLIFF tool who can be parents and/or married, the ID of the one who has the lower PIA amount
rank[1-2]_defined	Intermediary variables that are used to indicate whether rank1 and rank2 have been defined based on family member IDs
parent[1-2]_auxiliary_benefit_eligibility	Whether person with IDs 1 or 2 are eligible for auxiliary benefits, based on nonfinancial characteristics
Auxiliary_ssdi_benefits_[1-2]	The total amount of accumulated auxiliary benefits based on the PIA amounts of person 1 or person 2
ssdi_auxiliaries_[1-2]	The total count of auxiliary beneficiaries assigned to the SSDI account of person 1 or person 2. No one can be an auxiliary beneficiary on more than one SSN.

auxiliary_benefit_[1-7]	The ID number of the SSDI recipient (either 1 or 2) for which persons 1–7 are included as auxiliary beneficiaries
dually_eligible _spouse_pia	The PIA amount of a dually eligible spouse
dually_eligible _auxiliary_id	The person ID of the dually eligible spouse (1 or 2)
dually_eligible _auxiliary_benefit	The auxiliary benefit that a dually eligible spouse receives, distinct from their PIA amount
dually_eligible _auxiliary_withheld	The difference between the amount of auxiliary benefits a dually eligible spouse would have received if auxiliary benefits are divided evenly among all auxiliary beneficiaries and the amount of auxiliary benefits they actually receive (after subtracting their PIA)
combined_or_recombined_year	For table lookup, the year that a household in which there are dually entitled individuals combines their PIAs in assigning auxiliary benefits to other beneficiaries in the home
cfm_limit	The limit on a combined family limit for a family maximum when there are combined PIAs in determining auxiliary benefits.

Step 1: Determine if the earnings of each household member are high enough to disqualify them from receiving SSDI (after the expiration of any Trial Work Period and grace period).

FOR I = 1, i <=7

IF {ssdi_pia_amount_m_{i}} == 0 THEN
ssdi_recd_m_{i} = 0

ELSE IF {blind_{i}} == 1 AND {earnings_{i}} >= [ssdi_blind_sga] * 12 THEN
{ssdi_recd_m_{i}} = 0, after the end of the trial work period and grace period (12 months total)

ELSE IF {blind_{i}}==0 & earnings_{i}} >= [ssdi_sga] * 12 THEN
{ssdi_recd_m_{i}} = 0, after the end of the trial work period and grace period (12 months total)

ELSE

{ssdi_recd_m_{i}} = {ssdi_pia_amount_m_{i}}

Step 2: Rank SSDI receipt to accurately determine auxiliary benefits

.

rank1, rank2 = 0

rank1_defined, rank2_defined = 0

ssdi_recd_m_0 = 0

FOR {r} from 1 to 2

FOR i from 1 to 2

if (ssdi_recd_m_{i} > 0 AND ssdi_recd_m_{i} > ssdi_recd_m_{rank{r}} AND i !=
rank1_defined * rank1 && i != rank2_defined * rank2)

rank{r} = i

rank{r}_defined = 1

At the end of this embedded loop, you can use the rank1 and rank2 to help maximize SSDI receipt. Since person 1 and person 2 are the only people in the home who are married and also the only people in the home who can be parents of other people, you only need to consider their SSDI for auxiliary benefits. Other adults in the home may receive SSDI but, depending on the way the PRD is set up, persons aged 3–7 do not have relationships with other people in the home that would confer auxiliary benefits to those people.

Step 3: Determine if person 1 or 2 is the parent of a child who is either younger than 16 or has a disability, qualifying them for potential auxiliary benefits

.

For {p} from 1 to 2:

For each household member {i}

IF {parent{p}_child{i}} == TRUE && age_{i} < 16

parent{p}_auxiliary_benefit_eligibility = TRUE

IF {parent{p}_child{i}_disability} = TRUE

parent{p}_auxiliary_benefit_eligibility = TRUE

Now that we have potential parent eligibility determined, we can run through potential auxiliary benefits available to any parents and children in the home:

For each household member {p}:

We check for whether a person receiving SSDI has a spouse who is either older than 62 or who is the parent of a minor child in the home or an adult child with a disability.

We are assuming here that no one in the home is married except for persons 1 and 2. We are also assuming that if person_2 is in the home and is married, they are also the parent of any children in the home who are under the age of 16.⁶⁷

First check for whether person 1 or person 2 is eligible for auxiliary benefits because they are parents:

IF ({p} == 1 AND married==TRUE AND ssdi_recd_m_1 < .5 * ssdi_recd_m_2 AND {age_1} == TRUE AND ({age_1} >= 62 OR parent1_auxiliary_benefit_eligibility == TRUE)

 auxiliary_ssdi_benefits_1 += (0.5 * ssdi_recd_m_2) – ssdi_recd_m_1
 ssdi_auxiliaries_2 += 1
 auxiliary_benefit_1 = 2
 dually_eligible_spouse_pia = ssdi_recd_m_1
 dually_eligible_auxiliary_id = 1

ELSE IF ({p} == 2 AND married==TRUE AND ssdi_recd_m_2 < .5 * ssdi_recd_m_1) AND {age_2} == TRUE AND ({age_2} >= 62 OR parent2_auxiliary_benefit_eligibility = TRUE):

 auxiliary_ssdi_benefits_1 += (0.5 * ssdi_recd_m_1) – ssdi_recd_m_2
 ssdi_auxiliaries_1 += 1
 auxiliary_benefit_2 = 1
 dually_eligible_spouse_pia = ssdi_recd_m_2
 dually_eligible_auxiliary_id = 2

Step 4: Determine the family maximum amount

.

Eligible family members of the SSDI recipient can receive benefits equal to 50 percent of the SSDI benefit. The family may receive a maximum amount of these additional benefits equal to 150 percent of the monthly SSDI benefit received by the disabled person. Importantly, no one person can receive auxiliary benefits from more than one other person, and all people eligible for auxiliary benefits from more than one person must receive benefits from one person alone, albeit with a family maximum that may be higher if there are multiple people for whom individuals can be covered. For people who are eligible for auxiliary benefits from more than one person, SSA guidance instructs administrators to base auxiliary benefits maximally, tied to

⁶⁷ See <https://www.ssa.gov/benefits/disability/family.html>.

the highest amount of SSDI received as long as the total amount of auxiliary benefits for that highest SSDI earner does not exceed the family maximum or combined family maximum limit. Generally, the following pseudocode is based on SSDI program rules and the application of “Parisi” rules following a US Supreme Court Decision to adjust apportionment of auxiliary benefits, as described in documentation on the SSA website.⁶⁸

```
IF dually_eligible _auxiliary_id == 0 THEN
    ssdi_family_maximum = 1.5 * ssdi_recd_m_{rank1}
ELSE
```

More than one person in the home who is a parent or spouse receives SSDI.

Look up {cfm_limit} in the “Combined Family Maximums” tab of the SSDI PRD Excel File by the rule year and the year that SSDI determinations of combined auxiliary benefits were made.⁶⁹

```
ssdi_family_maximum = MIN(1.5 * (ssdi_recd_m_{rank1} + ssdi_recd_m_{rank2}),
cfm_limit)
```

```
auxiliary_maximum = MAX(0, ssdi_family_maximum – (ssdi_recd_m_{rank1} +
ssdi_recd_m_{rank2}))
```

Step 5: Check whether the remaining family members qualify based on being a child of the SSDI recipient(s).

IF {age_{p}} < 18 OR {disability_onset_{p}} < 22 OR ({in_school_{p}} = TRUE AND {age_{p}} < 19):

```
IF ssdi_recd_m_{rank1} + auxiliary_ssdi_benefits_{rank1} < 1.5 *
ssdi_recd_m_{rank1}:
```

```
auxiliary_ssdi_benefits_{rank1} = MIN(auxiliary_maximum,
auxiliary_ssdi_benefits_{rank1} + 0.5 * ssdi_recd_m_{rank1})
```

```
ssdi_auxiliaries_{rank1} += 1
```

```
auxiliary_benefit_{p} = {rank1}
```

⁶⁸ <https://www.ssa.gov/policy/docs/ssb/v75n3/v75n3p1.html>

⁶⁹ See <https://secure.ssa.gov/apps10/poms.NSF/lnx/0300615770> for explanation of the combined family maximum limits

ELSE IF ssdi_auxiliaries_{rank1} > 0

The family has reached the family maximum. However, we still need to portion out auxiliary benefits among the family members, because SSDI income is important in determining individual benefits like SSI. We first portion this out in a situation with two potential parents receiving SSDI, and then in a situation where only one does. Doing it in this way spreads potential auxiliary benefits amounts relatively evenly among eligible family members.

Ssdi_auxiliaries_{rank1} += 1
auxiliary_benefit_{p} = {rank1}

Step 6: Portion out auxiliary benefits among auxiliary beneficiaries

.

IF dually_eligible_auxilliary_id != 1 AND dually_eligible_auxilliary_id != 2 THEN

For each household member {p}:

IF auxiliary_benefit_{p} == {g}

ssdi_recd_m_{p} = auxiliary_ssdi_benefits_{g} / ssdi_auxiliaries_{g}

ELSE

We now invoke the “Parisi rules” for portioning out SSDI to dually eligible spouses (spouses who also receive SSDI), based on a Supreme Court ruling.

For each household member {p}, from 1 to 7::

IF auxiliary_benefit_{p} == {g} AND ({p} == 1 OR {p} == 2)

dually_eligible_auxiliary_benefit = MAX(0, auxiliary_ssdi_benefits_{g} /
ssdi_auxiliaries_{g} – dually_eligible_spouse_pia)

ssdi_recd_m_{p} = ssdi_recd_m_{p} + dually_eligible_auxiliary_benefit

dually_eligible_auxilery_withheld =

MAX(0,dually_eligible_auxiliary_benefit – auxiliary_ssdi_benefits_1 /
ssdi_auxiliaries_1)

ELSE IF auxiliary_benefit_{p} == {g}

$$\text{ssdi_recd_m}_{\{p\}} = \text{auxiliary_ssdi_benefits}_{\{g\}} / \text{ssdi_auxiliaries}_{\{g\}} + (1 / (\text{ssdi_auxiliaries}_{\{g\}} - 1)) * \text{dually_eligible_auxiliary_withheld}$$

Step 7: Calculate the total value of SSDI that family receives

.

$$\text{Ssdi_recd_total_m} = \text{ssdi_recd_m_1} + \text{ssdi_recd_m_2} + \text{ssdi_recd_m_3} + \text{ssdi_recd_m_4} + \text{ssdi_recd_m_5} + \text{ssdi_recd_m_6} + \text{ssdi_recd_m_7}$$

Limitations

- The preceding method for determining ongoing SSDI eligibility and benefit receipt assumes that any change in earnings that someone on SSDI experiences immediately results in an adjustment to their household's SSDI benefits. In reality, changes in earnings initiate a nine-month trial work period (TWP) and three-month grace period, so changes in SSDI benefits do not occur until about one year after earnings increase among SSDI recipients.
- The PRD assumes that no one in the home is eligible for auxiliary benefits from someone outside the household, and that no one outside the household is eligible for auxiliary benefits from someone within the household.
- For the purposes of setting combined family maximum limits, based on SSA guidance, the PRD assumes that all SSDI determinations in the home were made after 1979. However, the PRD makes a simplifying assumption and uses 150 percent of the highest PIA received to determine the family maximum amount.
- The PRD calculation does not consider that once the SSDI recipient reaches retirement age, the family maximum increases to 188 percent of PIA amount.

2.1.12 Supplemental Security Income (SSI)

Overview

SSI is a federally funded program that provides cash assistance to low-income individuals with disabilities as diagnosed by medical professionals that prevent them from engaging in SGA. Like TANF, while many individuals on SSI do not work at all and therefore receive the federally determined (and updated based on inflation) maximum SSI benefit amount, any earnings that SSI recipients receive lowers their SSI benefit amount.

SSI is a federal program, but states can provide supplement payments through state supplement programs (SSPs), to individuals on SSI or who have medically qualified for SSI, but whose earnings push them over federal SSI income limits. These programs usually include small adjustments to effectively expand SSI eligibility to higher-income families, but also include special considerations to prioritized populations, such as people living in institutional care. SSP payments began as mandatory payments when SSI became federal policy to ensure that no one received lower cash assistance than they had received before from various state-operated disability-related cash assistance programs became federally consolidated. States still operate these “mandatory” SSP programs, but most SSP recipients receive these payments from states through “optional” SSP programs. The federal government operates some SSP programs and others are administered by states.⁷⁰

It is important to note that SSI is determined separately for adults on SSI (for which SSI includes work incentives such as earnings disregards) and children on SSI, who are not expected to work but whose SSI benefits are partially determined by parental income.

Eligibility Determination

The PRD contains continuing eligibility rules for SSI benefits and does not yet include rules for initial eligibility. One important distinction is that the federal amounts that indicate a person is engaged in substantial gainful activity (indicated by earned income exceeding specific monetary amount) is not considered for assessing continual eligibility for SSI but is, rather, for determining initial eligibility. Please see <https://www.federalregister.gov/d/00-33271/p-11> for a further explanation of this rule.

Ongoing eligibility rules for SSI are set nationally and the income limits (the federal benefit rate, or FBR) are adjusted annually to account for inflation. There are two income limits for adults, one for married couples, and one for individuals. For married couples, the FBR is applied differently, depending on whether only one of the two married individuals has a

⁷⁰ <https://www.ssa.gov/pubs/EN-05-11015.pdf>

federally approved disability or if both do. SSI also carries an asset limit. For applicants or recipients whose assets fall under that limit, an individual's or couple's net income—after disregards and deductions from countable income and any income made to other individuals in the household—is compared against the FBR, plus any state supplement through SSP payments, and the remainder is the amount of SSI and SSP that the individuals or families receive.

Once all adults in the household are determined to be eligible to receive SSI, SSI can be determined for any children on SSI. SSI determination for children must be calculated after the calculation for adults because when any adult in the household is also medically eligible for SSI, income from different family members is deferred to that adult, and any remaining income is deferred to the child. The formulas for this type of “income deeming” is described below.

Separate from the determination of continued SSI benefits for people who have been medically approved for SSI, SSI administrators also periodically assess certain individuals on SSI—depending on the severity of their disability—to determine if their medical condition still prevents them from working substantially. These assessments are called [continuous disability reviews \(CDRs\)](#). While technically the CDR cannot be decided on income from earnings alone, the ability of a person to engage in work activities can be considered among the nonmedical criteria that SSI administrators use to determine their continued SSI eligibility. As a result, many SSI recipients face one very clear eligibility criterion based on wage income—the comparison to the FBR—as well as one that is relatively amorphous and can cause anxiety when considering additional wages or employment.

Special rules for people experiencing homelessness: SSI benefits and eligibility may vary depending on one's living situation. Residents of public institutions are generally not eligible for SSI benefits. Residents in a public Medicaid-funded institution may be eligible for SSI benefits at a reduced rate.⁷¹ If someone is a resident of a public emergency shelter, they may be eligible for SSI for six months during a nine-month period in which they reside in a shelter. If a person is homeless, they are likely eligible for the maximum SSI payment, even if they are living in someone else's home, as long as they pay their own food and shelter costs.⁷²

Special rules for former foster youth: Youths in foster care and receiving Title IV-E federal foster care benefits usually are not eligible for SSI until these payments have stopped, because these payments are usually higher than the FBR. However, youths in foster care can apply for SSI up to 180 before they age out of foster care. They are subject to the same eligibility rules as the general population.⁷³

⁷¹ https://www.ssa.gov/OP_Home/cfr20/416/416-0211.htm.

⁷² Social Security Administration. Spotlight on Living Arrangements <https://www.ssa.gov/ssi/spotlights/spot-living-arrangements.htm>

⁷³ <https://www.ssa.gov/ssi/spotlights/spot-disabled-youth.htm>

Countable Income, Net Income, and Resource Tests

Countable Income

For the purposes of determining eligibility, we use a limited definition of countable income. The full list of countable income can be found on the SSA website. The list of countable income used by the PRD is limited and includes:

- Wages
- Profits
- SSDI
- Pensions
- State disability payments
- Unemployment insurance benefits
- Investment income (interest, dividends)
- Gift income (such as cash from friends and relatives)

Note about how SSI counts TANF cash assistance: Technically, TANF is counted as income in SSI.⁷⁴ However, the challenge is that (1) the vast majority of states' TANF programs⁷⁵ *exclude* SSI recipients from being part of a TANF assistance unit,⁷⁶ and (2) any "public income maintenance" payments, which include TANF payments, are excluded from the countable deemed income of other individuals in the home.⁷⁷ (See the discussion below, in this section, about deemed income.) The result of excluding SSI recipients from TANF assistance units in those 46 states is that a household that receives TANF assistance *will not* have that TANF count toward SSI income, since TANF cash assistance will only be received as income by individuals who are not on SSI. Furthermore, the federal rule specific to what income counts for deeming means that any TANF income received by members of the household will not count as deemed income to anyone else in the home who might be receiving SSI. Finally, in at least one state that includes individuals receiving SSI as being counted for determining the size of the TANF assistance units (New Hampshire), SSI recipients are not considered "recipients" of the TANF cash assistance the unit receives.⁷⁸ This state policy therefore also effectively excludes TANF income from SSI determinations.

⁷⁴ https://www.ssa.gov/OP_Home/cfr20/416/416-1124.htm

⁷⁵ This applies to all states except Alaska, Idaho, New Hampshire, West Virginia, and Wisconsin.

⁷⁶ Table I.B.10, Welfare Rules Databook, [https://wrd.urban.org/wrd/Data/databooks/2020%20Welfare%20Rules%20Databook%20\(final%2002%2023%202022\).pdf](https://wrd.urban.org/wrd/Data/databooks/2020%20Welfare%20Rules%20Databook%20(final%2002%2023%202022).pdf)

⁷⁷ <https://secure.ssa.gov/poms.nsf/lnx/0501320141>

⁷⁸ https://www.dhhs.nh.gov/fam_html/html/211_01_who_must_be_members_fam.htm

Asset Tests

The federal limit for countable resources is \$2,000 for an individual and \$3,000 for a couple. Countable resources include cash on hand, bank accounts, stocks, US savings bonds, land outside of the primary residence, burial spaces, life insurance policies with a combined value of more than \$1,500, personal property, vehicles (the value of one vehicle is excluded from the limit if used for transportation), and anything else owned that could be exchanged for cash (except for household goods and personal effects). Deemed resources are also counted toward the resource limit. Other excluded resources are burial funds of \$1,500 or less, money in a PASS (Plan to Achieve Self-Support) account, and up to \$100,000 in ABLE (Achieving a Better Life Experience) accounts.^{79, 80}

For determining countable resources for children, the resources of parents who are on SSI are not counted in the child's resource test, but a portion of the parents' assets are counted if they are not on SSI, according to the asset limit per child (identical to the asset limit of a single adult) divided by the number of the parent's children with qualifying disabilities. The PRD and CLIFF tool do not incorporate special rules for adult students.

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Who in the home has a disability – **{disability_i}**
- The ages of people in the home, to determine eligibility for adult or child SSI – **{age_i}**
- The amount the family spends on specialized equipment or services that enable individuals with disabilities to work – **{disability_work_expenses_m}**
- Who is married to whom in the household – **{married}** = 1 or 0. **{spouse}** is always person #2. Person #2 is missing if not married.
- Earned and unearned income of each household member
- Child support income – **{income.child_support}**
- Assets included in the list of countable assets – **{assets}**

Federal Policy Variables

- The maximum annual student exclusion, which we tabulate monthly by dividing the federal amount by months in the year, will be important when incorporating students. Students can get \$1,900 monthly up to this maximum, but we have divided the \$7,770 annual maximum for now because we do not know how many months these students will be working.

⁷⁹ <https://www.ssa.gov/ssi/spotlights/spot-plans-self-support.htm>.

⁸⁰ <https://www.ssa.gov/ssi/spotlights/spot-able.html>.

- The following values used to calculate the value of SSI are found in the SSI_SSDI PRD Excel file:
 - [student_earned_income_exclusion], [asset_limit], [earnings_disregard_pct], [earnings_disregard_amt], [fbr], [parental_allocation], and [fbr_difference] from federal tables, based on marital status

Calculations

Step 1: Calculate how many children in the household have disabilities and how many do not.

First, we need to determine how many children are in the household under SSI rules, including any child under 18 (already captured in the child number variable) but also any adult students under the age of 22 not on SSI in the household, although adult student status is not being captured at this time. To be counted as a child, the student cannot be married, nor can they be head of household. Since we are also testing for child SSI receipt, and deeming is different depending on whether a child is SSI-eligible, we divide this into the number of disabled children and nondisabled children.

First, reset the variables that count eligibility. This can be important if the program you are writing does not automatically reset these variables over multiple iterations or different family types.

```
number_nondisabled_children = 0
number_disabled_children = 0
```

Then, increase these counting variables by one depending on the disability status of each child in the home:

```
for (i = 1; i <= 9; i++) {
  IF ({age_{i}} < 18 && {i} != 2) THEN
    IF {disability_{i}} == 0) THEN
      child_ssi_eligible_{i} = FALSE
      number_nondisabled_children = number_nondisabled_children + 1
    ELSE
      child_ssi_eligible_{i} = TRUE
      number_disabled_children = number_disabled_children + 1
    }
}
```

Step 2: Calculate annual and monthly total countable earned income for each adult in the home.

For each person {i}:

$annual_countable_earned_income\{i\} = sum([ListOfCountableEarnedIncome])$

$monthly_countable_earned_income\{i\} = annual_countable_earned_income\{i\} / 12$

Step 3: Calculate annual and monthly total countable *unearned* income for each adult in the home.

For each person {i}:

$annual_countable_unearned_income\{i\} =$
 $sum([ListOfCountableUnearnedIncome]) + Portioned_SSDI\ benefit\ for\ person\ i$

$monthly_countable_unearned_income\{i\} = annual_countable_unearned_income\{i\} / 12$

Step 4: Calculate annual total countable assets.

$countable_assets = sum([ListOfCountableAssets])$

Note: For SSI, one vehicle is excluded regardless of value if used for transportation by the SSI recipient or a member of their household. Exclude vehicles in a manner most advantageous to the SSI recipient (as in, between two vehicles, exclude the more expensive one).

Step 5: Perform an asset test.

IF *countable assets* < [asset_limit]

$assetTest_adult = TRUE$

IF *assetTest_adult* != TRUE, THEN

No adult gets SSI, and the remaining steps can be skipped until Step 9, for determining child SSI eligibility.

$ssi_recd = 0$

$ssi_recd_mnth = 0$

Skip to Step 9

Step 6: Perform an income test and calculate the benefit when all counted adults are on SSI:

Currently and for many years, for the SSI income tests, the first \$20 received in each month “of most income received in a month” is a disregard. Another \$65 is also deducted from earnings, and half the remainder is also deducted. Additional expenses needed for a disabled adult to get to work (impairment-related work expenses) can also be deducted. Some math must be done to first reduce unearned income (\$20 is the unearned income disregard) and then, if there is any remainder, add that to other income. Disregards cannot reduce income to below \$0.

Step 6A:

if {married} == FALSE AND {disability_1} == TRUE, THEN

ssi_disability_eligible_1 = 1

included_unearned_income_1 = MAX(0, *monthly_countable_unearned_income1* --
[*income_disregard*])

remaining_disregard = MAX(0, [*income_disregard*] --
monthly_countable_unearned_income1)

included_earned_income = (1 -- [*earnings_disregard_pct*]) *
MAX(0, *monthly_countable_earned_income1* - [*earnings_disregard_amt*] --
remaining_disregard)

ssi_income = MAX(0, *included_unearned_income_1* + *included_earned_income* --
{*disability_work_expenses_m*})

ssi_recd_mnth_1 = MAX(0, [*fbr*] + [*ssp_individual*] - [*ssi_income*])

fbr_plus_ssp = [*fbr*] + [*ssp_individual*]

Step 6B:

For families greater than one person that include adults who have been receiving SSI, we need to determine whether the adult family members are married.

IF {married} == TRUE) AND {disability_1} == TRUE AND {disability_2} == TRUE, THEN

Parent 2 is also disabled and receiving SSI

married_ssi_household = 1

ssi_disability_eligible_1 = 1

ssi_disability_eligible_2 = 1

included_unearned_income = MAX(0, *monthly_countable_unearned_income1* +
monthly_countable_unearned_income2 -- [*income_disregard*])

remaining_disregard = MAX(0,[income_disregard]--
monthly_countable_unearned_income1-- *monthly_countable_unearned_income2*)

included_earned_income = (1-- [earnings_disregard_pct]) *
MAX(0,*monthly_countable_earned_income1* + *monthly_countable_earned_income2* -
[earnings_disregard_amt]-- *remaining_disregard*)

ssi_income = MAX(0,*included_unearned_income* + *included_earned_income*--
{disability_work_expenses_m})

ssi_recd_mnth_1 = MAX(0,[fbr] + [ssp_couple] - *ssi_income*)

fbr_plus_ssp = [fbr] + [ssp_couple]

Step 7: Perform an income test and calculate the benefit when for married adults, one is on SSI, the other is not.

IF {married} == TRUE AND {disability_1} + {disability_2} = 1, THEN

IF {disability_1} = 1,
 e = 1
 ssi_disability_eligible_1 = 1

ELSE
 e = 2
 ssi_disability_eligible_2 = 1

We now follow the steps for deeming income from an ineligible spouse. It appears that child support is not included as income deemed to the ineligible child for the purposes of reducing the ineligible child allocation. There does not seem to be any deeming calculated for the income of single eligible parents—or income of children—toward ineligible children.

deemed_nondisabled_child_allocation = *number_nondisabled_children* *
[nondisabled_child_allocation]

It seems reasonable to assume that families who have people with disabilities transfer all interest-generating accounts and unearned income to the nondisabled individual to maximize their SSI receipt. For interest-bearing accounts, all interest could be considered unearned income for any nondisabled parents, potentially simplifying the

formulas below. However, other unearned income (gift income and SSDI receipt) should be included as unearned income for both parents, divided by parent. While transferring all interest-bearing accounts to the ineligible individual may help a family maximize SSI eligibility, this may assume too much, and we will therefore refer to the tables alone whether this happens, depending on how users enter family assets. We could move all interest to one adult below, but that may not actually be the case, and this type of financial strategizing may be more something to note in the user interface rather than assume in the codes.

```
eligible_adult_earnings = monthly_countable_earned_income1  
ineligible_adult_earnings = monthly_countable_earned_income2  
gross_ineligible_adult_unearned_income = monthly_countable_unearned_income2  
eligible_adult_unearned_income = monthly_countable_unearned_income1
```

The child allocation is subtracted from the ineligible parent's unearned income, and any remainder is applied to their earned income.

```
ineligible_adult_unearned_income = MAX(0, gross_ineligible_adult_unearned_income--  
deemed_nondisabled_child_allocation)
```

```
remaining_deemable_income = MAX(0, deemed_nondisabled_child_allocation--  
gross_ineligible_adult_unearned_income)
```

```
ineligible_adult_earned_income = MAX(0, ineligible_parent_earnings--  
remaining_deemable_income)
```

When the remaining income is lower than the difference between the FBR for a couple and the FBR for an individual, there is no income to deem from the ineligible spouse to the eligible individual, and only the eligible individual's income is considered for SSI eligibility and receipt (assuming each parent's incomes are consistent across all months in a year). Also, since we are assuming all interest will be held by the ineligible parent, there is only earned income to consider:

```
IF (ineligible_adult_unearned_income + ineligible_adult_earned_income <=  
[fbr_difference]) THEN
```

```
included_unearned_income_{e} = MAX(0, eligible_parent_unearned_income--  
[income_disregard])
```

$$ssi_income = \text{MAX}(0, \text{included_unearned_income}_{\{e\}} + [\text{earnings_disregard_pct}] * \text{MAX}(0, \text{eligible_parent_earnings} - \text{MAX}(0, [\text{income_disregard}] - \text{eligible_parent_unearned_income}) - [\text{earnings_disregard_amt}]) - \{\text{disability_work_expenses_m}\})$$

$$ssi_recd_mnth_1 = \text{MAX}(0, [\text{fbr_individual}] + [\text{ssp_spouse_as_fbr_individual}] - [ssi_income]);$$

$$fbr_plus_ssp = [\text{fbr}] + [\text{ssp_spouse_as_fbr_individual}]$$

ELSE

Deeming applies when remaining income is higher than the difference between the FBR for a couple and the FBR for an individual. They are treated as an eligible couple, but with the ineligible parent's income lowered based on the deeming above.

$$\text{included_unearned_income}_{\{e\}} = \text{MAX}(0, \text{ineligible_adult_unearned_income} + \text{eligible_parent_unearned_income} - [\text{income_disregard}])$$

$$\text{remaining_disregard} = \text{MAX}(0, \{\text{income_disregard}\} - \{\text{total_unearned_income}\})$$

$$\text{included_earned_income} = (1 - [\text{earnings_disregard_pct}]) * \text{MAX}(0, \{\text{ineligible_parent_earnings}\} + \{\text{eligible_parent_earnings}\} - ([\text{earnings_disregard_amt}] + \text{remaining_disregard_1}))$$

$$ssi_income = \text{MAX}(0, \text{included_unearned_income} + \text{included_earned_income} - \{\text{disability_work_expenses_m}\})$$

$$ssi_recd_mnth_1 = \text{MAX}(0, [\text{fbr}] + [\text{ssp_spouse_in_fbr_couple}] - [ssi_income])$$

$$ssi_deemed_remainder = \text{MAX}(0, ssi_income - ([\text{fbr}] + [\text{ssp_spouse_in_fbr_couple}]))$$

$$fbr_plus_ssp = [\text{fbr}] + [\text{ssp_spouse_in_fbr_couple}]$$

After Step 7 (and inclusive of results from Step 6A or 6B), determine whether the unit being tested— either person 1 or persons 1 and 2—is potentially eligible for 1619(b) Medicaid coverage, also called “Medicaid while working.” We capture that possibility through the variable `potential_1619b_eligible_#`, for each of persons living in the households. This type of

Medicaid coverage is available to people who could receive SSI except that their earned income exceeds the break-even point for receiving SSI cash assistance. This variable is used in determining Medicaid eligibility in a way that is further explained in the Medicaid section.

IF married_ssi_household = 0

for {i} from i=1 to i=2

IF ssi_disability_eligible_{i} = 1 AND ssi_recd_mnth_{i} = 0 AND
included_unearned_income_{i} < *fbr_plus_ssp* THEN

potential_1619b_eligible_1 = 1

potential_1619b_earned_income_{i} =
annual_countable_earned_income_{i}

ELSE

potential_1619b_eligible_{i} = 0

potential_1619b_earned_income_{i} = 0

IF married_ssi_household = 1

for {i} from i=1 to i=2

IF ssi_disability_eligible_{i} = 1 AND ssi_recd_mnth_{i} = 0 AND
included_unearned_income < *fbr_plus_ssp* AND
annual_countable_earned_income_{i} > 0 THEN

potential_1619b_eligible_{i} = 1

potential_1619b_earned_income_{i} =
annual_countable_earned_income_{i}

ELSE

potential_1619b_eligible_{i} = 0

potential_1619b_earned_income_{i} = 0

Step 7A: Check for other adults.

Run Step 6A for other adults in the home (persons 3–7).

if {disability_{i}} == TRUE & age_{i} >= 18 THEN

included_unearned_income_{i} = MAX(0,monthly_countable_unearned_income_{i}-
[income_disregard])

remaining_disregard = MAX(0,[income_disregard]--
monthly_countable_unearned_income_{i})

included_earned_income = (1-- [earnings_disregard_pct]) *
MAX(0,monthly_countable_earned_income_{i}) - [earnings_disregard_amt]--
remaining_disregard)

ssi_income = MAX(0,*included_unearned_income_{i}* + *included_earned_income_{i}*--
{disability_work_expenses_m})

ssi_recd_mnth_{i} = MAX(0,[fbr] + [ssp_addon] - [ssi_income])

Determine potential eligibility for 1619(b) Medicaid coverage:

If *ssi_recd_mnth_{i}* == 0 AND *included_unearned_income_{i}* < *fbr_plus_ssp*
 potential_1619b_eligible_{i} = 1
 potential_1619b_earned_income_{i} = *annual_countable_earned_income_{i}*
ELSE
 potential_1619b_eligible_{i} = 0
 potential_1619b_earned_income_{i} = 0

Step 8: Determine the total annual SSI amount and any person in the household receiving SSI.

When determining non-MAGI Medicaid eligibility, it is important to establish whether an adult receives SSI.

ssi_recd_mnth = *ssi_recd_mnth_1* + *ssi_recd_mnth_3* + *ssi_recd_mnth_4* + *ssi_recd_mnth_5*
+ *ssi_recd_mnth_6* + *ssi_recd_mnth_7*

ssi_recd = 12 * {*ssi_recd_mnth*}

For each person {i},

IF {*ssi_recd_{i}*} > 0 && {disability_{i}} == TRUE, THEN
 adult_{i}_ssi = TRUE

Step 9: Deem assets for determining child eligibility.

Based on SSI rules, “[i]f a child under age 18 lives with one parent, \$2,000 of the paren’s total countable resources does not count. If the child lives with 2 parents, \$3,000 does not count. We count amounts over the parents’ limits as part of the chil’s \$2,000 resource limit.”⁸¹ Only income and assets of parents residing with the child are counted, and only the resources of parents who are not receiving SSI themselves are counted.⁸² It is possible that the parents of the child in the household may not be married, so total countable assets need to be recalculated.

It is important to note here that it appears that in the case of two unmarried parents of a child potentially eligible for disability, the asset calculation for any of those parents in determining their own potential SSI eligibility will be different than the asset calculation for their children. That is because if a couple is unmarried, their assets are counted separately, but counted together in the case of a child they have together. So we cannot use the total countable assets calculated for unmarried parents if we have also previously totaled assets in determining the eligibility of at least one of the parents. We need to calculate it again.

We are assuming here that children do not have assets like bank accounts that could impact their eligibility. This simplifies matters. Otherwise, each child would need to be assessed separately (iteratively, starting with the child with the highest amount of assets) to assess whether they are eligible for SSI.⁸³

The code below assumes that the parent of a child is person 1 as inputted by the user, and that the second parent, if in the household, is person 2. For example, *parent1_ssi* will correspond to *adult1_ssi*. A more advanced translation of these policies could search all household members for imputed parental and relationship information and reassign these in a loop as *parent_1* and *parent_2*. Parents of the child need to be assigned parental identification numbers, translating the “...[x]” input variables. For example:

1. Redetermine [asset_limit] and other parameters below based on the number of parents living in the home.
2. Use the SSI/SSDI table to determine the countable assets of any parent, *who does not receive SSI*, of a child being tested for SSI eligibility.
total_countable_assets = sum([ListOfCountableAssets])
3. IF {number_disabled_children} > 0 THEN

⁸¹ <https://www.ssa.gov/ssi/text-resources-ussi.htm>.

⁸² <https://www.law.cornell.edu/cfr/text/20/416.1851>

⁸³ <https://secure.ssa.gov/poms.nsf/lnx/0501330280>


```

        IF (total countable assets-- [asset_limit]) / {number_disabled_children} <
        {asset_limit_child}
        THEN assetTest = TRUE
4. If {number_disabled_children} == 0 OR assetTest != TRUE, THEN
    No child gets SSI and the remaining steps can be skipped.
    END, skip remaining steps
ELSE proceed to Step 10.

```

Step 10: Count number of SSI-eligible parents of eligible child and factor in allocations.

If parents are eligible for and are themselves receiving SSI, then none of their income is deemed to the children. For each parent of the child, we test whether they receive SSI or whether their income is counted. First, for allocations, we include both earned and unearned income.

We have already calculated parental income in cases when one of the parents may also be eligible for SSI. For children potentially eligible for SSI, the income of parent(s) receiving a public income maintenance payment, such as TANF, is not deemed income for the child.^{84 85}

The input variable {num_parents} must be asked of users for each child or assumed based on the number of adults in the home. It can take the values 0, 1, or 2.

```

IF married == TRUE, THEN
    {num_parents} = 2 ELSE
    {num_parents} = 1

```

```

deemable_parents_ssi = MAX({num_parents}-- MAX(0, parent1_ssi, parent1_tanf)-- MAX(0,
parent2_ssi, parent2_tanf))

```

```

num_parents_ssi = parent1_ssi + parent2_ssi

```

```

IF deemable_parents_ssi == 0 OR num_parents_ssi > 0 THEN

```

In this case, either all parental income is excluded because either (1) all parent(s) receive either SSI or TANF, or (2) at least one of two parents have a disability and at least one receives SSI, meaning that all parental income is not considered deemable. when both parents receive SSI, neither of their incomes is passed on to the child. When one parent receives SSI and the other does not, the ineligible parent has already

⁸⁴ <https://www.ssa.gov/ssi/text-child-ussi.htm>.

⁸⁵ <https://secure.ssa.gov/poms.nsf/lnx/0501320141>.

deemed any income of theirs in the calculation of the SSI recipient's SSI benefits, reducing their SSI already. No remaining income is deemed to the child.

deemed_income = 0

ELSE IF {parents} = 2 AND {married} == TRUE AND {disability_1} + {disability_2} == 1 AND {num_parents_ssi} == 0, THEN

In this case, one parent in a married couple has a disability that makes them potentially eligible for SSI, but another parent does not have a disability and therefore their income is deemed to the potentially eligible parent. When that deemed income is high enough to make the potentially eligible parent ineligible based on income, the remainder of that income is determined to be deemed to the disabled child(ren).

deemed_income = ssi_deemed_remainder

ELSE

Perform the calculation below when no parent in the household of the child receives SSI. The calculation is the same for a one-parent family if that parent has a disability that potentially makes them also eligible for SSI. If they have a disability but have too much income to qualify for SSI, then they are not eligible for SSI and their income is treated the same way in reference to their children as if they did not have a disability.

IF *parent1_ssi == 0 AND parent1_tanf == 0 THEN*

monthly_countable_unearned_income = sum([ListOfCountableUnearnedIncome] for parent 1

monthly_countable_earned_income = sum([ListOfCountableEarnedIncome] for parent 1

IF *parent2_ssi == 0 AND parent2_tanf == 0 THEN*

monthly_countable_unearned_income = monthly_countable_unearned_income + sum([ListOfCountableUnearnedIncome] for parent 2

monthly_countable_earned_income = monthly_countable_earned_income + sum([ListOfCountableEarnedIncome] for parent 2

The following step-by-step process is described at <https://secure.ssa.gov/poms.nsf/lnx/0501320500>.

$demable_unearned_income = \text{MAX}(0, monthly_countable_unearned_income - [nondisabled_child_allocation] * number_nondisabled_children)$

$allocation_remainder = \text{MAX}(0, [nondisabled_child_allocation] * number_nondisabled_children - monthly_countable_unearned_income)$

$demable_earned_income = \text{MAX}(monthly_countable_earned_income - allocation_remainder)$

$deemed_unearned_income = \text{MAX}(0, demable_unearned_income - [income_disregard])$

$deemed_disregard_remainder = \text{MAX}(0, [income_disregard] - demable_unearned_income)$

$deemed_earned_income = (1 - [earnings_disregard_pct]) * \text{MAX}(0, demable_earned_income - deemed_disregard_remainder - [earnings_disregard_amt])$

$deemed_income = \text{MAX}(0, deemed_unearned_income + deemed_earned_income - [parental_allocation])$

Step 11: Deem income to disabled children.

Divide the parental income by the number of children with disabilities.

$Deemed_income_perchild = \text{MAX}(0, deemed_income + [.66 * (child_support / numkids)] / number_disabled_children)$

The amount deemed is considered unearned income to the disabled child

Step 12: Calculate SSI benefit for each disabled child in the home.

Parental allocations are considered unearned income to the child

Since we are using a loop, we start by assigning an initial value to the output variable as 0.

$child_ssi_recd = 0$

For i from 1-7,

 If {age_{i}} < 18 AND {disability_{i}} == TRUE

Deemed income, considered a child's unearned income, is reduced by the income disregard (applicable only to unearned income), and the resulting total is subtracted from the difference between the married FBR and the unmarried FBR. The amount left over is the amount of SSI a child receives.

$$child_ssi_recd_{\{i\}} = \text{MAX}(0, \{fbr_difference\} - \text{MAX}(0, \text{deemed_income_per_child} - [\text{income_disregard}]))$$

$$child_ssi_recd = child_ssi_recd + child_ssi_recd_{\{i\}}$$

We add this to the total `ssi_rec_d_mnth`, which may be 0 or positive depending on whether any adults in the household receive SSI.

$$ssi_rec_d_mnth = ssi_rec_d_mnth + child_ssi_rec_d_{\{i\}}$$

Finally, we multiply the monthly total to get the annual amount:

$$ssi_rec_d = 12 * ssi_rec_d_mnth$$

Special Rules and Provisions

The following states have state-specific rules for deriving SSP payment amounts.

Alaska

Alaska's SSP is based on the combined income of a couple when only one spouse receives SSI. To calculate an SSP payment in this case, SSI should first be calculated. A similar calculation for this married couple should then be run for Alaska's SSP, but always refer to the calculation for the couple FBR always instead of the individual FBR when the income of a spouse is low enough to normally require the FBR for couples.

Connecticut

Connecticut's SSP program, called Aid to the Aged, Blind, and Disabled (AABD), is based on a comparison of net income (derived from state-specific methodologies and parameters) compared to an SSI-eligible individual's budget, also derived from state-specific variables. The budget for an individual with a disability living independently can be reasonably ascertained from the state's rules, as \$400 (Connecticut's "standard of assistance for shelter" for individuals living

independently)) + \$165.10 (“personal needs standard”) = \$565.10. The net income is derived by (1) determining countable unearned income by totaling unearned income, which includes any SSI payments, and then subtracting an unearned income disregard of up to \$337 for someone living in their own home; (2) totaling earned income and then subtracting earned income disregards of \$65 plus half the remaining earned income, similar to SSI’s methodology; (3) totaling deemed income; and (4) adding these three components together. The SSP payment is equal to the assistance unit’s “budget” (as derived above) minus their net income.

Illinois

Illinois’s SSP program, also called AABD, provides state supplements to SSI recipients, but in a manner more consistent with general assistance programs, in which a budget of subsistence needs based on allowances is developed for an individual or family, and assistance is given to cover the difference between that budget and the income that the family receives. See source listed in PRD for derivations.

New Jersey

New Jersey’s SSP payment for couples is \$153 if the couple lives with no one else in the household. Otherwise, refer to individual or couple monthly levels in alignment with federal categories.

South Dakota

By South Dakota statute, SSI recipients who make \$0 in combined income (both earned and unearned) distinct from SSI payments are eligible for an optional state supplement, the amount of which is determined by legislative appropriations. While this structure would differentiate the state from others that provide SSP payments for people with income beyond SSI, it appears that SSP payments by South Dakota are currently unfunded, as they have not appeared in approved state budgets since 2007, when it was provided at \$14.60 per eligible individual.

Limitations

- The PRD assumes that no child dependent (under 18) has income of their own.
- The PRD assumes that the household does not include noncitizens, for which SSI rules also apply.

- The PRD assumes that, for a person under 18 and with a disability that qualifies them for SSI, person 1 is their parent and person 2, if included in the family, is also their parent.
- For the purposes of determining eligibility, PRD uses a limited definition of countable earned income, countable unearned income, and countable assets based on what we reasonably expect to include in the first several years of the PRD. Please consult the sources linked below for a more complete description of the types of income and assets that are included in SSI determinations.
- The above pseudocode also assumes that adults in a household—or any wage income earners—are splitting household expenses such as food equally. Additional deeming rules apply in cases where one adult does not pay for their own proportional share of expenses.
- The program does not include adult students or adult children in the home who became disabled before age 22.
- The program does not include rules related to stepparents.
- The PRD divides employment income evenly among adults in the home. However, when SSDI is also selected, employment income is evenly divided among those who receive SSDI payments.
- The following states follow state-specific rules and do not have SSP values incorporated into the PRD: Arkansas, Connecticut, Illinois, and New Jersey.
- The calculation of SSP for South Dakota may also be incomplete. While we have coded this state's SSP payment as \$0, It is also not clear why a 2011 SSA fact sheet indicated the payment was \$15 per individual and \$15 per couple, and how the SSA calculated total state payments to SSI recipients in 2011 to be \$1,415,346 if the state had defunded its optional SSP program at the time (unless it was including other state payments to these individuals). Given the current lack of evidence around whether South Dakota's provides any optional SSP payment to SSI recipients, it appears safe to conclude that the current SSP add-on payments are \$0, but if the legislature approves subsequent payments, additional custom logic would be required for this state to exclude income earners as described in the state's statutes.

2.2 Taxes and Tax Credits

2.2.1 Federal Personal Income Tax

Overview

The federal individual income tax is imposed on net taxable income of individuals by the federal government. The tax is progressive; that is, the tax rates on higher amounts of income are higher than on lower amounts. Federal tax rates in 2020 varied from 10 percent to 37 percent. The tax rates and some deductions are different depending on filing status. The Internal Revenue Code defines taxable income, and the Department of the Treasury and the Internal Revenue Service issue tax regulations.

Total Tax Liability Calculation

The federal individual income tax has seven tax rates ranging from 10 percent to 37 percent. The rates apply to taxable income—adjusted gross income (AGI) minus either the standard deduction or allowable itemized deductions. Income up to the standard deduction (or itemized deductions) is thus taxed at a zero rate. State income tax is allowed as a deduction in computing federal income tax, subject to limitations for individuals.⁸⁶ SSI benefits are not taxable.⁸⁷ Individuals may have to pay federal taxes on their SSDI benefits, depending on filing status and income from other sources.^{88 89}

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. The four filing statuses are: individual, married filing jointly, head of household, and married filing separately.
- Taxable income of the individual - **{income.AGI}**
- Annual amount of SSDI benefits - **{value.SSDI}**

⁸⁶ Only taxpayers who itemize deductions on their federal income tax returns can deduct state and local real estate and personal property taxes, and either income taxes or general sales taxes. The Tax Cuts and Jobs Act limited the total state and local tax deduction to \$10,000.

⁸⁷ Internal Revenue Service.

<https://www.irs.gov/faqs/social-security-income/regular-disability-benefits/regular-disability-benefits#:~:text=Social%20security%20benefits%20include%20monthly,%2C%20which%20aren't%20taxable.&text=%240%20if%20you're%20married,time%20during%20the%20tax%20year.>

⁸⁸ <https://www.ssa.gov/benefits/retirement/planner/taxes.html>.

⁸⁹ <https://www.irs.gov/pub/irs-pdf/p915.pdf>

Calculations

Step 1: Determine taxable amount of SSDI benefits.

```
If (.5 * {value.SSDI} + {income.AGI} > [baseamount]) {  
    Line12_ssdi = Max(0, (Max (0, .5 * {value.SSDI} + {income-AGI} - [baseamount])) -  
    [ssdi_taxable_test])  
    Line 14_ssdi = least([ssdi_taxable_test], (Max (0, .5 * {value.SSDI} + {income-AGI} -  
    [baseamount]*.5)))  
    Line15_ssdi = least(.5 * {value.SSDI}, Line 14_ssdi)  
    Line16_ssdi = Line12_ssdi*.85  
    Line17_ssdi = Line15_ssdi + Line16_ssdi  
    Taxableamt of SSDI = least(Line17_ssdi, .5 * {value.SSDI})  
}  
Otherwise, Taxableamt of SSDI = 0
```

Step 2: Calculate annual total countable income.

{countableIncome.AGI} = sum([ListOfCountableIncome]) + Taxableamount of SSDI

Step 3: Calculate taxable income.

taxableIncome = {countableIncome-AGI} - [Standard Deduction]

Step 4: Calculate income amount taxable at each rate.

Taxable Income Bin 1 = max{(taxableIncome-0) - max{taxableIncome -
[IncomeBin1Max], 0}, 0}
Taxable Income Bin 2 = max{(taxableIncome-[IncomeBin1Max]) - max{taxableIncome -
[IncomeBin2Max], 0}, 0}
Taxable Income Bin 3 = max{(taxableIncome-[IncomeBin2Max]) - max{taxableIncome -
[IncomeBin3Max], 0}, 0}
Taxable Income Bin 4 = max{(taxableIncome-[IncomeBin3Max]) - max{taxableIncome -
[IncomeBin4Max], 0}, 0}
Taxable Income Bin 5 = max{(taxableIncome-[IncomeBin4Max]) - max{taxableIncome -
[IncomeBin5Max], 0}, 0}
Taxable Income Bin 6 = max{(taxableIncome-[IncomeBin5Max]) - max{taxableIncome -
[IncomeBin6Max], 0}, 0}
Taxable Income Bin 7 = max{(taxableIncome-[IncomeBin6Max]), 0}

Step 5: Calculate tax liability paid at each rate.

Value Tax Bin 1 = [Tax Rate 1]*Taxable Income Bin 1
Value Tax Bin 2 = [Tax Rate 2]*Taxable Income Bin 2

Value Tax Bin 3 = [Tax Rate 3]*Taxable Income Bin 3

Value Tax Bin 4 = [Tax Rate 4]*Taxable Income Bin 4

Value Tax Bin 5 = [Tax Rate 5]*Taxable Income Bin 5

Value Tax Bin 6 = [Tax Rate 6]*Taxable Income Bin 6

Value Tax Bin 7 = [Tax Rate 7]*Taxable Income Bin 7

Step 6: Calculate total tax liability.

Federal Income Tax Value = Value Tax Bin 1 +...+ Value Tax Bin 7

Implementation-Specific Assumptions

- The PRD assumes that a person always takes the standard deduction and never claims itemized deductions.

Limitations

- The PRD does not include itemized deductions.
- Given that itemized deductions are not included, the PRD does not allow for interaction between state income tax and federal income tax.
- The PRD does not account for tax filers with different filing statuses in the same household.

2.2.2 State Personal Income Tax

Overview

Most states collect a state income tax in addition to federal income tax. Some local governments also impose an income tax, often based on state income tax calculations. Forty-three states and many localities in the United States may impose an income tax on individuals.

State income tax is imposed at a fixed or graduated rate on taxable income of individuals, corporations, and certain estates and trusts. The rates vary by state. Taxable income conforms closely to federal taxable income in most states, with limited modifications. The states are prohibited from taxing income from federal bonds or other obligations. Most do not tax social security benefits or interest income from obligations of that state. Many states allow a standard deduction or some form of itemized deductions.

States allow a variety of tax credits in computing tax. (See the EITC, CTC, and the CDCTC sections of the PRD.) State income tax is allowed as a deduction in computing federal income tax, subject to limitations for individuals (see the Federal Personal Income Tax section for details). Some states allow taxpayers to claim deductions for their federal income taxes. Some states, like New Jersey and New York, have special exemptions for disabled filers, spouses, dependents, or family members.

Total Tax Liability Calculation

As of 2020, seven states—Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming—levy no personal income tax. The number of tax brackets varies by state and ranges from one tax bracket to as many as ten.

The rates apply to taxable income—AGI minus either the standard deduction or allowable itemized deductions. Income up to the standard deduction (or itemized deductions) is thus taxed at a zero rate. Six states—Alabama, Iowa, Louisiana, Missouri, Montana, and Oregon—allow taxpayers to deduct their total federal tax liability less any federal tax credits. States can set their own standard deductions. Some states replicate federal personal income tax standard deductions.

Special Rules and Provisions

Special State-Level Rules

Two states—New Hampshire and Tennessee—do not tax wages. They do, however, impose taxes on investment income and interest, but are set to eliminate those taxes by 2025.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required information for determining eligibility for the families modeled in the PRD are:

- State identifiers: **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- Filing status of the individual - **{filingStatus}**. The four filing statuses are: individual, married filing jointly, head of household, and married filing separately.
- Taxable income of the individual - **{income.AGI}**
- Total federal income tax liability (sum of federal income tax and FICA tax) - **{tax.income.fed}**
- Total value of federal tax credits (sum of federal EITC, CTC and CDCTC) - **{value.taxcredits.fed}**

Calculations

Step 1: Calculate annual total countable income.

$\{\text{countableIncome.AGI}\} = \text{sum}([\text{ListOfCountableIncome}])$

Step 2: Calculate deductible federal income tax.

$\text{fedincometax} = \{\text{tax.income.fed}\} - \{\text{value.taxcredits.fed}\}$

Step 3: Calculate taxable income.

If $[\text{FederalIncomeTaxDeductible}] == \text{"Yes"}$, then $\text{taxableIncome} = \{\text{countableIncome.AGI}\} - [\text{Standard Deduction}] - \text{fedincometax}$

If $[\text{FederalIncomeTaxDeductible}] == \text{"No"}$, then $\text{taxableIncome} = \{\text{countableIncome.AGI}\} - [\text{Standard Deduction}]$

Step 4: Calculate income amount taxable at each rate.

$\text{Taxable Income Bin 1} = \max\{(\text{taxableIncome} - 0) - \max\{\text{taxableIncome} - [\text{IncomeBin1Max}], 0\}, 0\}$

$\text{Taxable Income Bin 2} = \max\{(\text{taxableIncome} - [\text{IncomeBin1Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin2Max}], 0\}, 0\}$

$\text{Taxable Income Bin 3} = \max\{(\text{taxableIncome} - [\text{IncomeBin2Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin3Max}], 0\}, 0\}$

$\text{Taxable Income Bin 4} = \max\{(\text{taxableIncome} - [\text{IncomeBin3Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin4Max}], 0\}, 0\}$

Taxable Income Bin 5 = $\max\{(\text{taxableIncome} - [\text{IncomeBin4Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin5Max}], 0\}, 0\}$

Taxable Income Bin 6 = $\max\{(\text{taxableIncome} - [\text{IncomeBin5Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin6Max}], 0\}, 0\}$

Taxable Income Bin 7 = $\max\{(\text{taxableIncome} - [\text{IncomeBin6Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin7Max}], 0\}, 0\}$

Taxable Income Bin 8 = $\max\{(\text{taxableIncome} - [\text{IncomeBin7Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin8Max}], 0\}, 0\}$

Taxable Income Bin 9 = $\max\{(\text{taxableIncome} - [\text{IncomeBin8Max}]) - \max\{\text{taxableIncome} - [\text{IncomeBin9Max}], 0\}, 0\}$

Taxable Income Bin 10 = $\max\{(\text{taxableIncome} - [\text{IncomeBin9Max}]), 0\}$

Step 5: Calculate tax liability paid at each rate.

Value Tax Bin 1 = $[\text{Tax Rate 1}] * \text{Taxable Income Bin 1}$

Value Tax Bin 2 = $[\text{Tax Rate 2}] * \text{Taxable Income Bin 2}$

Value Tax Bin 3 = $[\text{Tax Rate 3}] * \text{Taxable Income Bin 3}$

Value Tax Bin 4 = $[\text{Tax Rate 4}] * \text{Taxable Income Bin 4}$

Value Tax Bin 5 = $[\text{Tax Rate 5}] * \text{Taxable Income Bin 5}$

Value Tax Bin 6 = $[\text{Tax Rate 6}] * \text{Taxable Income Bin 6}$

Value Tax Bin 7 = $[\text{Tax Rate 7}] * \text{Taxable Income Bin 7}$

Value Tax Bin 8 = $[\text{Tax Rate 8}] * \text{Taxable Income Bin 8}$

Value Tax Bin 9 = $[\text{Tax Rate 9}] * \text{Taxable Income Bin 9}$

Value Tax Bin 10 = $[\text{Tax Rate 10}] * \text{Taxable Income Bin 10}$

Step 6: Calculate total tax liability.

State Income Tax Value = Value Tax Bin 1 + ... + Value Tax Bin 10

Implementation-Specific Assumptions

- The PRD assumes that the person always takes the standard deduction and never claims itemized deductions.

Limitations

- The PRD does not include information on local (county or municipality) taxes
- Itemized deductions such as home mortgage interest deduction are not included to the PRD.
- The PRD does not account for tax filers with different filing statuses in the same household.

- State-specific rules not in the PRD include:

Idaho

Idaho has a special tax deduction called Tax Subtraction for Child and Dependent Care Expenses that allows families to deduct childcare expenses. The amount of expenses claimed under the federal CDCTC is subtracted from income before deductions are taken. The amount of tax savings is worth the amount of expenses multiplied by the taxpayer's Idaho income tax rate. For details, see

<http://www.taxcreditsforworkersandfamilies.org/state-tax-credits/idaho/>.

Maryland

Maryland has a special tax deduction called Subtraction for Child and Dependent Care Expenses, that allows families to deduct childcare expenses. The amount of expenses claimed under the federal CDCTC is subtracted from income before deductions are taken. The amount of tax savings is worth the amount of expenses multiplied by the taxpayer's Maryland income tax rate. For details, see

https://nwlc-ciww49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/12/Final_Report_NWLC_MCLT.pdf.

Massachusetts

Massachusetts has a special tax deduction called the Tax Deduction for Child and Dependent Care Expenses that allows families to deduct childcare expenses. Families who claim the federal CDCTC may subtract up to \$4,800 (for one child or dependent) or up to \$9,600 (for two or more children or dependents) in expenses from Massachusetts income. The amount of tax savings is worth the amount of expenses multiplied by the taxpayer's Massachusetts income tax rate.

Massachusetts also has a Dependent Member(s) of Household under Age 12, or Dependents Age 65 or Older, and Disabled Dependents Deduction. These deductions allow filers to claim a deduction of \$3,600 per qualifying dependent living in their household, not to exceed \$7,200. A qualifying dependent must be a household member that is either under age 12 or over age 65 at the close of the tax year.

For details, see

<http://www.taxcreditsforworkersandfamilies.org/state-tax-credits/massachusetts/>.

Montana

Montana has a special tax deduction, the Child and Dependent Care Expense Deduction, that allows families to deduct childcare expenses. For families who are itemizing deductions, child and dependent care expenses are deducted from the state AGI. Expenses must be for the care of a child under age 15, or dependents or a spouse who are physically or mentally incapable or caring for themselves. The amount of expenses that can be claimed is limited to \$2,400 for one child or dependent, \$3,600 for two children or dependents, or \$4,800 for three or more children or dependents. For families with an AGI exceeding \$18,000, the amount of eligible expenses is reduced by one-half the amount of income over \$18,000. The amount of tax savings from the deduction is worth the amount of expenses multiplied by the taxpayer's Montana income tax rate.

For details, see

https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/12/Final_Report_NWLC_MCLT.pdf.

Virginia

Virginia has a special tax deduction, the Deduction for Child and Dependent Care, that allows families to deduct childcare expenses. For families who are itemizing deductions, the amount of expenses on which the family's federal CDCTC is based is deducted from the Virginia AGI. The amount of tax savings is worth the amount of expenses multiplied by the taxpayer's Virginia income tax rate. To qualify, expenses must be eligible for the federal CDCTC. Maximum deductions are \$3,000 for one qualifying dependent and \$6,000 for two or more. For details, see

<http://www.taxcreditsforworkersandfamilies.org/state-tax-credits/virginia/>.

2.2.3 State Sales Tax

Overview

Sales taxes are placed on the sale or lease of goods and services. Sales tax is governed at the state level and no national general sales tax exists. The District of Columbia, the territories of Puerto Rico, Guam, and 45 states impose general sales taxes that apply to the sale or lease of most goods and some services, and states also may levy selective sales taxes on the sale or lease of particular goods or services. States may grant local governments the authority to impose additional general or selective sales taxes. The definitions of taxable items vary among the states.

Total Tax Liability Calculation

Sales taxes are imposed only on taxable transfers of goods or services. The tax is computed as the tax rate times the taxable transaction value. Rates vary by state and by locality within a state. Not all types of transfers are taxable. The tax may be imposed on sales to consumers and to businesses.

The definitions of taxable items vary among the states. Nearly all jurisdictions provide numerous categories of goods and services that are exempt from sales tax or taxed at reduced rates. The purchase of goods for further manufacture or for resale is uniformly exempt from sales tax. Most jurisdictions exempt food sold in grocery stores, prescription medications, and many agricultural supplies. Among those states that tax food, the sales tax rate on food items is generally lower than that on regular items. See the PRD for details.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers: **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- Taxable expenses of a family: **{taxableexpenses}** - total spending of the family that is taxable across all states. (Can be proxied by the miscellaneous expenses from the CLS. Miscellaneous expenses include essential costs such as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service.)
- Food expenses: **{exp.food}** (See the CLD for default values.)

Calculations

Step 1: Calculate total sales tax liability.

Sales Tax = {taxableexpenses}*[SalesTaxRate]+{exp.food}*[SalesTaxRate.Food]

Implementation-Specific Assumptions

- In the calculations of sales tax, the PRD assumes that miscellaneous and food expenses are the family's only taxable spending.

Limitations

- The PRD does not include a detailed breakdown of items that are taxable/exempt from the sales tax. It does not provide information on sales tax rates for special items (such as tobacco or alcohol).
- The PRD does not include information on municipal and county sales taxes.

2.2.4 Federal Insurance Contributions Tax

Overview

FICA is a tax mechanism codified in Title 26, Subtitle C, Chapter 21 of the United States Code.⁹⁰ FICA mandates a payroll tax on the paychecks of employees, as well as contributions from employers, to fund the Social Security and Medicare programs. For self-employed persons, there is an equivalent law called the Self-Employed Contributions Act. FICA contributions are mandatory, with rates set annually, although not necessarily changed annually.

Total Tax Liability Calculation

FICA tax is a combination of a social security tax and a Medicare tax that the IRS imposes on employee earnings. As of 2020, the social security tax rate is 6.2 percent and the Medicare tax rate is 1.45 percent. Employers match these percentages for a total of 15.3 percent. Social Security tax has a wage-based limit that doesn't vary by filing status. As of 2020, individuals pay Social Security tax only on the first \$137,700 of their wages. A 0.9 percent additional Medicare tax may apply if earnings exceed \$200,000 for single filers and heads of households, \$250,000 for those filing jointly, and \$125,000 for those with married-filing-separately status. Employers are not responsible for the additional 0.9 percent Medicare tax.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. The four filing statuses are: individual, married filing jointly, head of household, and married filing separately.
- Taxable income of the individual - **{income.AGI}**

Calculations

Step 1: Calculate Social Security tax liability.

Social Security Tax = $\min(\{\text{income.AGI}\}, [\text{SocialSecurityTaxBase}]) * [\text{SocialSecurityTaxRate}]$

Step 2: Calculate the taxable income at each Medicare tax rate.

Taxable Income Bin 1 = $\max(\{\text{income.AGI}\} - 0, \max(\{\text{income.AGI}\} - [\text{IncomeBin1Max}], 0), 0)$

Taxable Income Bin 2 = $\max(\{\text{income.AGI}\} - [\text{IncomeBin1Max}], 0)$

⁹⁰ <https://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-21>

Step 3: Calculate Medicare tax liability.

Medicare Tax = Taxable Income Bin 1*[MedicareTaxRateBin1]+Taxable Income Bin 2*[MedicareTaxRateBin2]

Step 4: Calculate total FICA tax.

FICA tax = Social Security Tax + Medicare Tax

Implementation-Specific Assumptions

- The PRD assumes the tax filer does not have income from self-employment.

Limitations

- The PRD does not include provisions related to the Self-Employed Contributions Act. For details, see <https://www.inc.com/encyclopedia/self-employment-contributions-act-seca.html>.

2.2.5 Federal Earned Income Tax Credit

Overview

The EITC is a benefit for working people with low to moderate income. To qualify, workers must meet certain requirements and file a tax return, even if they do not owe any taxes or are not required to file. The EITC is a refundable tax credit; it reduces the amount of tax owed and may result in a refund.

Eligibility Determination

The EITC benefits only working families, which means that families must have earned income to qualify. The EITC has two income eligibility tests. The first is based on the earned income, and the second is based on the AGI. Individuals with an AGI or earned income above the eligibility threshold are not eligible for the EITC. The income eligibility threshold varies according to the number of dependents and tax filing status. Additionally, families with investment income above a certain threshold cannot claim the EITC. See the PRD for details.

Workers who do not claim eligible children must be at least age 25 but under age 65. If a worker is married filing a joint return, either the worker or spouse must be at least age 25 but under age 65 at the end of fiscal year. It doesn't matter which spouse meets the age test as long as one of them does.

Those who are married and filing separately are not eligible.

Countable Income, Net Income, and Asset Tests

Countable Income

Eligibility is based on both the AGI and earned income. AGI is calculated as gross income less certain deductions.⁹¹ Earned income includes taxable employee compensation and net

⁹¹ <https://www.investopedia.com/terms/a/agi.asp> Some of the most prominent deductions made to reach an individual's AGI include: certain retirement plan contributions, such as individual retirement accounts (IRA), SIMPLE IRA, SEP-IRA, and qualified plans; half of the self-employment tax; Health care Savings Account (HSA) deductions; alimony paid (included in the recipient's gross income); moving expenses (but since 2018, only if you're active-duty military moving due to military orders); losses incurred from the sale or exchange of property; early-withdrawal penalties levied by financial institutions; school tuition, fees, and student loan interest (exceptions and limits usually apply); jury duty pay turned over to a filer's employer; some business-related expenses incurred by performing artists, teachers, fee-basis government officials, and reservists.

earnings from self-employment as well as certain disability payments.⁹² The EITC also has restrictions on the amount of investment income.⁹³

The list of countable income used by the PRD includes:

- Annual earned income
- Investment income (such as interest)

Net Income and Deductions

See above.

Asset Tests

No asset tests.

Value of Benefits Determination

Workers receive a credit equal to a percentage of their earned income up to a maximum. After the credit reaches the maximum, it remains flat until earnings reach the phaseout point. Both the credit rate and the credit maximum vary by family size. Families with children receive a much larger credit than do workers without qualifying children. A qualifying child must meet requirements based on relationship, age, residency, and tax filing status. In 2020, the maximum credit for families with one child is \$3,584, while the maximum credit for families with three or more children is \$6,660. See the PRD for details.

Additionally, if a family's AGI is higher than the income threshold for the maximum value of the tax credit, the EITC must be recalculated using the AGI instead of unearned income. See the Calculations section for details.

The EITC is fully refundable. That is, if a refundable credit exceeds a taxpayer's federal income tax, the taxpayer receives the excess amount as a payment from the federal government.

⁹² According to the IRS, the following are considered taxable earned income: wages, salaries, tips, and other taxable employee compensation; union strike benefits; disability retirement benefits received prior to minimum retirement age; and net earnings from self-employment. See <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income>.

⁹³ Investment income is income that comes from interest payments, dividends, capital gains collected upon the sale of a security or other assets, and any other profit made through an investment vehicle. See <https://www.investopedia.com/terms/i/investmentincome.asp>.

Special Rules and Provisions

American Rescue Plan Act of 2021

The American Rescue Plan Act of 2021 (ARPA) expanded the Federal Earned Income Tax Credit⁹⁴ for taxpayers with no qualifying children in the following ways:

- Reduced the minimum age to claim the credit from 25 to 19, except for full-time students, and eliminated the upper age limit of 65.
- Increased the maximum credit amount from \$543 to \$1,502
- Increased the earned income amount (income threshold that maximizes credit) from \$7,100 to \$9,820.
- Increased the phaseout amount (income threshold where the phaseout starts) from \$8,880 to \$11,610.
- Above provisions increase the phase-in and phase out percentages from 7.65 to 15.3 percent
- To claim the maximum credit possible, tax filers can use the earned income they made in 2019 instead of the earned income they made in 2020.

Additionally, unlike the changes above, the ARP also makes the following permanent changes:

- The law increased the disqualifying investment income test from \$3,650 to \$10,000, adjusted for inflation thereafter.
- Separated spouses who are living with a qualified child, have separated from their spouse by the end of the tax year, and are filing as “married filing separately” on their tax return can claim the EITC as if they are a Head of Household.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. The four filing statuses are: individual, married filing jointly, heads of household, and married filing separately.
- Number of eligible children - **{numkids}**
- Age of tax credit claimer - **{ageRespondent}**
- Age of spouse (if available) - **{ageSpouse}**
- Adjusted gross income - **{income.AGI}**

⁹⁴ For details see Sections 9621 to 9626 of the H.R.1319 - American Rescue Plan Act of 2021
<https://www.congress.gov/bill/117th-congress/house-bill/1319/text#toc-H0C12C4EC613B459E8FD2E83EC29B8E25>

- Earned income - **{income.earned}**
- Year of fiscal rules - **{ruleYear}**

Calculations

Step 1: Calculate the number of eligible dependents.

numkids = sum(age_i < 19)

Step 2: Compute benefit amount based on earned income.

if {income.earned} < [IncomeBin1Max], then Benefit = 0

if {income.earned} >= [IncomeBin1Max] & {income.earned} < [IncomeBin2Max], then Benefit = [PhaseInRate]*({income.earned}-0)

if {income.earned} >= [IncomeBin2Max] & {income.earned} < [IncomeBin3Max], then Benefit = [MaxCredit]

if {income.earned} >= [IncomeBin3Max] & {income.earned} < [IncomeBin4Max], then Benefit = [PhaseOutRate]*({income.earned}-[IncomeBin4Max])

if {income.earned} >= [IncomeBin4Max], then Benefit = 0

Step 3: Adjust EITC calculations based on AGI.

If {income.AGI} != {income.earned} & {income.AGI} > [IncomeBin3Max], then

Benefit = [PhaseOutRate]*({income.AGI}-[IncomeBin4Max])

if {income.AGI} >= [IncomeBin4Max], then Benefit = 0

Step 4: Apply a special rule for those who do not claim children.

if {numkids} == 0 & ({filingStatus} == "Individual" | {filingStatus} == "Head of the Household")
{ageRespondent} < 25 , then Benefit = 0

if {numkids} == 0 & ({filingStatus} == "Married Filing Jointly") ({ageRespondent}} < 25 &
{ageSpouse} < 25) , then Benefit = 0

Implementation-Specific Assumptions

- The PRD calculations assume that individuals have a valid social security number and are US citizens or permanent residents.
- The PRD calculations assume that anyone in the household under the age of 19 meets all qualifying child rules and are counted as children.

Limitations

- The IRS has special rules about who is counted as a child. The PRD does not include these provisions. For details, see <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/qualifying-child-rules>
- The PRD does not include special EITC rules related to the military and members of the clergy. For details, see <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/special-eitc-rules>
- PRD does not include special EITC rules related to people with disabilities and people who have a qualifying child with disability. For details see <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/disability-and-earned-income-tax-credit>

2.2.6 State Earned Income Tax Credit

Overview

In 2020, 28 states and the District of Columbia offered their own EITC. States typically set their credits as a percentage of the federal EITC. However, unlike the federal credit, some state EITCs are not refundable. In all but six states—Delaware, Hawaii, Ohio, Oklahoma, South Carolina, and Virginia—state EITCs, like the federal credit, are refundable. That is, if a refundable credit exceeds a taxpayer’s state income tax, the taxpayer receives the excess amount as a payment from the state. A nonrefundable EITC can only offset state income taxes, so the benefit is limited for low-income families with little taxable income.

Eligibility Determination

All states but one (Minnesota) set their credits as a percentage of the federal credit. See the Federal EITC section for details.

Countable Income, Net Income, and Asset Tests

Countable Income

See the Federal EITC section for details.

Net Income and Deductions

See the Federal EITC section for details.

Asset Tests

See the Federal EITC section for details.

Value of Benefits Determination

All states but one set their credits as a percentage of the federal credit, the exception being Minnesota, which calculates its credit separately as a percentage of income (see the Special Rules and Provisions section for details on the Minnesota EITC).

In all but six states—Delaware, Hawaii, Ohio, Oklahoma, South Carolina, and Virginia—state EITCs, like the federal credit, are refundable.

State credits as a percentage of the federal credit ranged from 3 percent in Montana to a nonrefundable 62.5 percent in South Carolina. The highest refundable credit is in the District of Columbia (40 percent).

Special Rules and Provisions

Special State-Level Rules

Some states have special EITC provisions related to income eligibility and/or refundability that are briefly described here. See the PRD for details.

California

California's EITC is not available for those with earned income above \$30,000.

District of Columbia

The District of Columbia offers a state tax credit at a value of 40 percent of the federal credit but has a separate EITC for tax filers without child dependents, independent of the federal EITC but using a similar approach. The following is pseudocode applicable to DC's credit, based on 2020 DC tax filing instructions.⁹⁵ The District also offers a separate earned income tax credit for young non-custodial parents (ages 18-30), at 40 percent of the value that the federal EITC would be if it included just any children for whom tax filers pay child support to support, but the PRD does not as of this point cover noncustodial parents to a level of detail that it would be appropriate to include that credit in the tables or this accompanying custom logic.

Below is a pseudocode for incorporating the DC EITC for tax filers without dependent children who do not pay child support.

IF number_children = 0 AND investment_income <= 3650 AND age requirements for Federal EITC are met THEN

Step 1: Calculate base EITC value (based on earned income)

value.eitc.base=MIN(0.0765 * earnings, 538)

Step 2: Calculate value of state EITC (applying gross income test and phaseout)

income.countable=MAX(earnings, gross_income)

IF (income.countable < 19489) THEN value.eitc.state = value.eitc.base;
ELSE

⁹⁵ "District of Columbia Earned Income Tax Credit (EITC) Worksheet for Filers without a Qualifying Child," in 2020 *District of Columbia (DC) Individual Income Tax Forms and Instructions, D-40, All Individual Income Tax Filers*, pp. 22-24. Retrieved October 2021 at https://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/2020_D-40_Booklet_1.pdf.

$$\text{value.eitc.state} = \text{MAX}(0, \text{value.eitc.base} - (0.0848 * (\text{income.countable} - 19489)))$$

Maryland

Maryland has one refundable credit (at 28 percent of federal EITC) and another credit that allows for a nonrefundable credit of any remaining amount after subtracting the refundable credit from tax liability (at 50 percent of the federal EITC, less the amount of the refundable credit).

Maryland also allows filers without children who qualify for the federal EITC except for the age requirements to receive a state EITC, at 50 percent of the amount that the federal credit would have been if there was no age requirement.

Maryland has an additional nonrefundable state Poverty Level Credit that allows workers to claim a credit of 5 percent of their earned income. Eligibility requirements are the following:

- Maryland state tax exceeds 50 percent of a worker's federal EITC.
- A worker's earned income and federal AGI are below the poverty income threshold. The Maryland Poverty Level Credit is not included in the PRD.

Minnesota

Minnesota's Working Family Credit is not calculated as a proportion of federal credit but rather has its own structure. The structure of the Working Family Credit replicates a structure of the federal EITC but has different income limits. See <https://www.revenue.state.mn.us/working-family-credit> for details. The PRD does not include this provision. See the Limitations section for details.

Ohio

Ohio's EITC is limited to 50 percent of liability for Ohio taxable income above \$20,000. That is, the credit amount cannot exceed more than half of a taxpayer's state income tax liability.

Oregon

In Oregon, the EITC is 12 percent of federal credit for filers with children under the age of three and 9 percent of federal credit for all other eligible filers.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- State identifiers: **{stateName}** - name of the state or **{stateFIPS}** - FIPS code of the state
- Number of eligible children - **{numkids}**
- Adjusted gross income - **{income.AGI}**
- Earned income - **{income.earned}**
- Total state personal income tax liability - **{tax.income.state}**
- Value of federal EITC - **{value.eitc.fed}**
- Age of tax credit claimer - **{ageRespondent}**
- Age of spouse (if available) **{ageSpouse}**
- Age of the youngest child - **{ageOfYoungestChild}**

Calculations

Step 1: Calculate the tax credit amount.

Benefit = [PercentOfFederal]*{value.eitc.fed}

Step 2: Adjust for refundability/nonrefundability.

If [Refundable] == “Yes”, then Benefit = Benefit

If [Refundable] == “No”, then Benefit = min(Benefit, {tax.income.state})

Step 3: Reflect special state-level rules.

If stateFIPS==6 (California)

Benefit = [PercentOfFederal]*{value.eitc.fed}

If [Refundable] == “Yes”, then Benefit = Benefit

If [Refundable] == “No”, then Benefit = min(Benefit, {tax.income.state})

If {income.AGI}>30000, then Benefit=0

If stateFIPS==24 (Maryland)

value.eitc.fed = (replicate steps from the Federal EITC)

Benefit.refundable = 0.28*{value.eitc.fed}

Benefit.nonrefundable = min(0.5*{value.eitc.fed}, {tax.income.state}-Benefit.refundable)

Benefit = Benefit.refundable + Benefit.nonrefundable

If stateFIPS==39 (Ohio)

If {income.earned} > 20000 then Benefit = min(Benefit, 0.5*{tax.income.state})

If stateFIPS==41 (Oregon)

If {ageOfYoungestChild} < 3 then Benefit = 0.12*{value.eitc.fed}

If {ageOfYoungestChild} >= 3 then Benefit = 0.09*{value.eitc.fed}

Step 4: Apply special rule for those who do not claim children (except Maryland)

if {numkids} == 0 & ({filingStatus} == "Individual" | {filingStatus} == "Head of the Household")
{age_1} < 25 & stateFIPS !=24 , then Benefit = 0

if {numkids} == 0 & ({filingStatus} == "Married Filing Jointly") ({age_1} < 25 & {age_2} < 25) &
stateFIPS !=24 , then Benefit = 0

Implementation-Specific Assumptions

- See the Federal EITC section.

Limitations

- Provisions of Maryland's State Poverty Level Credit are not included in the PRD. See the Special Rules and Provisions section for details.
- The PRD does not include the full structure of the Minnesota Working Family Credit. Rather, it approximates the proportion of federal credit with an average value of 34 percent of the federal credit.

2.2.7 Federal Child Tax Credit

Overview

The CTC is a partially refundable tax credit available to parents with qualifying dependents under the age of 17. It is targeted to help working families offset the cost of raising children. The CTC was enacted in 1997 and has been expanding gradually with bipartisan support since 2001. This tax credit, in combination with other refundable tax credits, is explicitly designed to benefit low-income families with workers and children and can significantly boost incomes and lift families above the poverty line.

Eligibility Determination

CTC is available to parents with qualifying dependents under the age of 17. A family that earns less than \$2,500 is ineligible for the credit. After a family's total income reaches a certain threshold, the tax credit starts to phase out until it reaches zero.

Countable Income, Net Income, and Asset Tests

Countable Income

The list of countable income used by the PRD includes:

- Adjusted gross income⁹⁶

Net Income and Deductions

See above.

Asset Tests

No asset tests.

⁹⁶ See <https://www.investopedia.com/terms/a/agi.asp>. Some of the most prominent deductions made to reach an individual's AGI include: certain retirement plan contributions, such as individual retirement accounts (IRA), SIMPLE IRA, SEP-IRA, and qualified plans; half of the self-employment tax; HSA deductions; alimony paid (included in the recipient's gross income); moving expenses (but since 2018, only if you're active-duty military moving due to military orders); losses incurred from the sale or exchange of property; early-withdrawal penalties levied by financial institutions; school tuition, fees, and student loan interest (exceptions and limits usually apply); jury duty pay turned over to a filer's employer; and some business-related expenses incurred by performing artists, teachers, fee-basis government officials, and reservists.

Value of Benefits Determination

Working families can receive a refund equal to 15 percent of their earnings above \$2,500. This refund can be worth up to \$1,400 per child. Families can claim a maximum tax credit of \$2,000. The CTC starts to phase out at income levels of \$400,000 (\$200,000 for single or head-of-household filers).

Special Rules and Provisions

American Rescue Plan Act of 2021

The American Rescue Plan of 2021 (ARP) expanded the Child Tax Credit for the 2021 tax year in several ways⁹⁷, all of which are temporary unless federal legislation enacts these changes for future tax years:

- It expanded the eligible age of children to include 17-year-olds, excluded under the previous law.
- It expands the credit to \$3,600 per child for children ages 0-5, and to \$3,000 per child from 6-17.
- The income threshold -- the income at which the expanded credit starts phasing out -- is \$150,000 for married units filing jointly, \$112,500 for heads of household, and \$75,000 in other cases. This increases the income threshold for married couples filing separately, which in previous tax years had an income threshold of \$55,000.
- The phaseout rate of the expanded credit is 5 percent for filers earning above the income threshold for the credit. Expanded credit amount phases-out until the amount of credit reaches \$2,000 per child and follows a normal schedule afterwards.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. There are four filing statuses: individual, married filing jointly, head of household, and married filing separately.
- Number of eligible children - **{numkids}**
- The age of each member of the household **{age_1}, {age_2}, {age_3}, {age_4}, {age_5}, {age_6}, {age_7}, {age_8}, {age_9}, {age_10}, {age_11}, {age_12}**.
- Adjusted gross income - **{income.AGI}**

⁹⁷ For details see Section 9611 of the H.R.1319 - American Rescue Plan Act of 2021
<https://www.congress.gov/bill/117th-congress/house-bill/1319/text#toc-H0C12C4EC613B459E8FD2E83EC29B8E25>

- Total federal tax liability (federal personal income tax and FICA) - **{tax.income.federal}**
- Year of fiscal rules - **{ruleYear}**

Calculations

Step 1: Calculate the number of children that the family can claim.

numberofdependents = sum(age_i > [AgeOfDependentMin] & age_i < [AgeOfDependentMax])

Step 2a: Calculate the value of credit that family can claim as refundable.

{value.refundableCredit} = min(0.15*({income} - [IncomeBin1Max], [RefundableCredit])

Step 2b: Calculate the value of the tax credit per eligible child.

if {income.AGI} < [IncomeBin1Max], then Benefit = 0

if {income.AGI} > [IncomeBin1Max] & {income.AGI} < [IncomeBin2Max], then Benefit = min(max({tax.income.federal},{value.refundableCredit}), [MaxCredit])

if {income.AGI} > [IncomeBin2Max], then

Benefit=[MaxCredit]-[PhaseOutSlope]*({income.AGI}-[IncomeBin2Max])

Step 3: Calculate the total value of the tax credit.

Benefit = Benefit*numberofdependents

Implementation-Specific Assumptions

- The PRD calculations assume that the child meets all other qualification requirements outside of age requirements.

Limitations

- The PRD does not include information on other requirements that a child must meet for the family to claim this child. For details, see <https://www.irs.gov/publications/p972>.
- The CTC also includes a \$500 nonrefundable credit for families with qualifying non-child dependents. The PRD does not include this provision. For details, see https://apps.irs.gov/app/vita/content/globalmedia/4491_child_tax_credit.pdf.

2.2.8 State Child Tax Credit

Overview

Six US states—California, Colorado, Idaho, New York, North Carolina, and Oklahoma—have their own child tax credits. States' CTCs are typically structured either as a lump-sum payment for each eligible child or as a fixed percent of the federal credit. New York has a combination of both approaches. Some states' CTCs are nonrefundable.

Eligibility Determination

Idaho and New York replicate the eligibility structure of the federal CTC. Other states set their own income-eligibility thresholds. All states but Colorado follow federal credit rules and allow families to claim tax credits for children under the age of 17. In Colorado, tax credit is available only for children ages 5 and younger. Some states have a restriction on the minimum age of children. See the PRD for details.

Countable Income, Net Income, and Asset Tests

Countable Income

See the Federal CTC section for details.

Net Income and Deductions

See the Federal CTC section for details.

Asset Tests

See the Federal CTC section for details.

Value of Benefits Determination

States' CTCs are typically structured either as a lump-sum payment for each eligible child or as a fixed percent of the federal credit. New York has a combination of both approaches. Both the amount of lump-sum payments and percentage of federal credit vary by income bins. Families with a lower income typically receive higher credits. In some states, credit is fully nonrefundable while in others, refundability of credit follows a federal credit structure. See the PRD for details.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. There are four filing statuses: individual, married filing jointly, head of household, and married filing separately.
- The age of each member of the household - **{age_i}**
- Adjusted gross income - **{income.AGI}**
- Total state personal income tax liability - **{tax.income.state}**
- Value of federal CTC - **{value.ctc.fed}**

Calculations

Step 1: Calculate the number of children that the family can claim.

$\text{numberofdependents} = \text{sum}(\text{age_i} > [\text{AgeOfDependentMin}] \ \& \ \text{age_i} < [\text{AgeOfDependentMax}])$

Step 2: Calculate the value of the tax credit per eligible child.

if $\{\text{income.AGI}\} \leq [\text{IncomeBin1Max}]$ then $\text{Benefit} = \max([\text{ValueBin1}], [\text{PercentOfFederalBin1}] * \{\text{value.ctc.fed}\})$

if $\{\text{income.AGI}\} > [\text{IncomeBin1Max}] \ \& \ \{\text{income.AGI}\} \leq [\text{IncomeBin2Max}]$ then $\text{Benefit} = \max([\text{ValueBin2}], [\text{PercentOfFederalBin2}] * \{\text{value.ctc.fed}\})$

if $\{\text{income.AGI}\} > [\text{IncomeBin2Max}] \ \& \ \{\text{income.AGI}\} \leq [\text{IncomeBin3Max}]$ then $\text{Benefit} = \max([\text{ValueBin3}], [\text{PercentOfFederalBin3}] * \{\text{value.ctc.fed}\})$

if $\{\text{income.AGI}\} > [\text{IncomeBin4Max}]$ then $\text{Benefit} = 0$

Step 3: Adjust for refundability/nonrefundability.

If $[\text{Refundable}] == \text{"Yes"}$, then $\text{Benefit} = \text{Benefit}$

If $[\text{Refundable}] == \text{"No"}$, then $\text{Benefit} = \min(\text{Benefit}, \{\text{tax.income.state}\})$

Step 4: Calculate the total value of the tax credit.

$\text{Benefit} = \text{Benefit} * \text{numberofdependents}$

Implementation-Specific Assumptions

- See the Federal Child Tax Credit section.

Limitations

- See the Federal Child Tax Credit section.

2.2.9 Federal Child and Dependent Care Tax Credit

Overview

The CDCTC is a nonrefundable tax credit that reduces a taxpayer's federal income tax liability based on child- and dependent-care expenses incurred. The policy objective is to assist taxpayers who work or who are looking for work. Taxpayers must have earned income and meet a variety of eligibility criteria including incurring qualifying child- and dependent-care expenses for a qualifying individual.

Eligibility Determination

A qualifying individual for the CDCTC is either (1) the taxpayer's dependent child under 13 years of age, or (2) the taxpayer's spouse or dependent who is incapable of caring for himself or herself. A taxpayer must have earned income to claim the credit. For married couples, both spouses must have earnings unless one is a student or incapable of self-care. There is no upper income eligibility threshold—taxpayers at all income levels can claim the CDCTC. Many lower-income taxpayers receive little or no credit since the credit is nonrefundable.

Countable Income, Net Income, and Asset Tests

Countable Income

Eligibility is based on both the AGI and earned income. The AGI is calculated as gross income less certain deductions. Earned income includes taxable employee compensation and net earnings from self-employment, as well as certain disability payments.

The list of countable income used by the PRD includes:

- Annual gross income⁹⁸
- Earned income⁹⁹

⁹⁸ See <https://www.investopedia.com/terms/a/agi.asp>. Some of the most prominent deductions made to reach an individual's AGI include certain retirement plan contributions, such as individual retirement accounts (IRA), SIMPLE IRA, SEP-IRA, and qualified plans; half of the self-employment tax; HSA deductions; alimony paid (included in the recipient's gross income); moving expenses (but since 2018, only if you're active-duty military moving due to military orders); losses incurred from the sale or exchange of property; early-withdrawal penalties levied by financial institutions; school tuition, fees, and student loan interest (exceptions and limits usually apply); jury duty pay turned over to a filer's employer; and some business-related expenses incurred by performing artists, teachers, fee-basis government officials, and reservists

⁹⁹ According to the IRS, the following is considered taxable earned income: wages, salaries, tips, and other taxable employee compensation; union strike benefits; disability retirement benefits received prior to minimum retirement age; and net earnings from self-employment. See <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income>.

Net Income and Deductions

See above.

Asset Tests

No asset tests.

Value of Benefits Determination

The CDCTC is calculated by multiplying the amount of expense—a maximum of \$3,000 if the taxpayer has one qualifying individual, and up to \$6,000 if the taxpayer has two or more qualifying individuals—by the appropriate credit rate. The credit rate depends on the taxpayer's AGI, with a maximum credit rate of 35 percent—declining as AGI increases—to 20 percent for taxpayers with an AGI above \$43,000.

Special Rules and Provisions

American Rescue Plan Act of 2021

The American Rescue Plan Act of 2021 expanded Federal Child and Dependent Care Tax Credit in the following ways:

- Made the credit fully refundable
- Expanded eligible expenses from \$3,000 for one child and \$6,000 for two or more children to \$8,000 and \$16,000, respectively
- Increased the full credit amount from 35 percent of qualifying expenses to 50 percent
- Full credit amount begins to phase out at \$125,000 (was \$15,000), and plateaus for those making over \$400,000 (was \$43,000)
- 20 percent credit rate phases out for households making over \$400,000 at 0.05 percent rate per \$1

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Number of qualifying dependents under the age of 13 - **{NumberOfKidsUnder13}**
- Adjusted gross income - **{income.AGI}**
- Earned income - **{income.earned}**
- Earned income of a spouse - **{income.spouse.earned}**

- Total federal tax liability (federal personal income tax and FICA) - **{tax.income.federal}**
- Qualifying childcare-related expense - **{expense}**
- Year of fiscal rules - **{ruleYear}**
- Disability status of family members - **{disability_i}**

Calculations

Step 1: Compute the value of the tax credit.

if {filingStatus} != 2 & if {income.earned} < 1, then Benefit = 0

if {filingStatus} == 2 & if ({income.earned} < 1 & {income.spouse.earned} < 1), then Benefit = 0

if {income.AGI} <= [IncomeBin1Max], then Benefit = [MaxCredit]*(min(min({qualifying expense}, income.AGI), [MaxExpense]))

if {income.AGI} > [IncomeBin1Max], then Benefit =

(max([MaxCredit]-({income.AGI}-[IncomeBin1Max],MinCredit)*[PhaseOutRate]))*(min(min({qualifying expense}, income.AGI), [MaxExpense]))

Step 2: Adjust for nonrefundability.

If Refundable=="Yes" then

Benefit = min(Benefit, {tax.income.federal})

Implementation-Specific Assumptions

- The PRD calculations assume that a family does not have people who are living in institutional settings or people who require care (from medical professionals or aides) beyond that which the family can provide.

Limitations

- The CDCTC rule specifies that a taxpayer can claim the taxpayer's spouse or dependent who is incapable of caring for himself or herself as a qualifying individual. The PRD does not include this calculation.
- In addition to the CDCTC, taxpayers can exclude from their income up to \$5,000 of employer-sponsored child- and dependent-care benefits, often as a flexible spending account. The PRD does not include this provision. For details, see <https://fas.org/sgp/crs/misc/R44993.pdf>.

2.2.10 State Child and Dependent Care Tax Credit

Overview

As of 2020, 28 states and the District of Columbia had enacted their own CDCTCs to help families meet their child and dependent care costs. States are free to create the structure of their credits. For example, some states have set their credits as a share of the federal credit while other states calculate it as a share of expenses. In some states, the credit is fully refundable, while in others it is nonrefundable.

Eligibility Determination

Some states replicate the eligibility rules of the federal credit. See the Federal CDCTC section for details. Other states set their own income eligibility thresholds. See the PRD for details.

Countable Income, Net Income, and Asset Tests

Countable Income

See the Federal CDCTC section for details.

Net Income & Deductions

See the Federal CDCTC section for details.

Asset Tests

See the Federal CDCTC section for details.

Value of Benefits Determination

Most states set their credit as a share of the federal credit. In some states, it is a fixed share, while in others it changes with the family's income. Some states set their credits as either a share of a family's income or a share of eligible expenses. See the PRD for details.

Special Rules and Provisions

Special State-Level Rules

Some states have special CDCTC provisions that are briefly described here. Each state has a different maximum credit value, and some do not allow filers to claim expenses outside of childcare. For example, Montana and New Mexico do not allow filers to claim dependent expenses for children aged 15 and older. See the PRD for details. Not all state-specific rules are included in the PRD. See the Limitations section for details.

District of Columbia

1. DC Keep Childcare Affordable Tax Credit

In addition to its district-specific child and dependent care tax credit, the District of Columbia also has a separate credit—the DC Keep Childcare Affordable Tax Credit (schedule ELC¹⁰⁰)—compensating families when they do not receive childcare subsidies. (In the code below, the lack of receiving childcare subsidies is reflected by the variable `child_care_recd_flag_child.i`).

This can be captured by the following pseudocode:

`elc_max_income = 151900`: the max income or DC's early learning credit, or Keep Childcare Affordable Credit, for single, head of household, and married filing jointly tax filers.

`elc_max_perchild = 1010`: the maximum Keep Childcare Affordable Credit per child

Start with `elc_recd = 0`

if (`child_care_expenses > 0 AND gross_income <= elc_max_income`)

for(`my i=1, i<=child_number, i++`)

if (`child_care_recd_flag_child.i == 0 AND unsub_child.i > 0 && child.i._age < 4`)

`elc_recd = elc_recd + MIN(unsub_child.i, elc_max_perchild)`

Limitation: Payment of this credit also partly depends on when a child turns three; payments are limited to covering childcare through the September in the year that a child turns three. The rationale for this seems to be that when September of that year starts, the child is eligible to start pre-K. Since the CLIFF tool reduces childcare for pre-K attendees during the school year anyway, we do not consider a lower unsubsidized payment amount for three-year-olds in September through December. However, this does mean that when pre-K is not selected, the code for this credit may overestimate the value of this credit.

2. DC Property Tax Credit

The District of Columbia also provides a fully refundable property tax credit¹⁰¹ to individuals making below a set amount of gross income.

¹⁰⁰ https://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/2020_Schedule_ELC.pdf and <https://otr.cfo.dc.gov/page/keep-child-care-affordable-tax-credit-frequently-asked-questions-faqs>

¹⁰¹ <https://otr.cfo.dc.gov/node/1575916>

The below pseudocode includes code that will not need to be updated each year, but a set of hard-coded variables that can be updated regularly here or in the PRD.

The variable `prop_tax_percent_{x}` refers to the percentage of adjusted gross income for which rent paid can be considered an excess amount and therefore can be covered by the property tax credit, for incomes below the different income bins. The maximum incomes for those bins are indicated by `prop_tax_incomelimit_bin{x}`, for bins 1 and 2, and for `prop_tax_incomelimit` for the income limit of the credit itself, the same as the income limit for bin 3.

Variable definitions:

`rent_portion_floor`: the portion of total rent paid considered to be equivalent for the amount of property tax paid on the housing Unit.

`prop_tax_credit_max`: the maximum property tax credit.

`prop_tax_percent`: the applicable portion of `prop_tax_percent_bin{x}`, depending on income

`prop_tax_credit_recd`: the value of the property tax credit for renters.

- `prop_tax_percent_bin1` = .03
- `prop_tax_percent_bin2` = .04
- `prop_tax_percent_bin3` = .05
- `prop_tax_incomelimit_bin1` = \$24,999
- `prop_tax_incomelimit_bin2` = \$51,999
- `prop_tax_incomelimit` = \$56,200
- `rent_portion_floor` = .2
- `prop_tax_credit_max` = 1225

Notes for year-on-year adjustments:

- 1) `prop_tax_incomelimit` is \$56,200 in 2021, an increase from \$55,700 in 2020.
- 2) `Prop_tax_credit_max` is \$1,225 in 2021, an increase from \$1,200 in 2020.

IF `income.AGI` <= `prop_tax_incomelimit` THEN

`prop_tax_rent_portion` = `prop_tax_rent_portion` * (`exp_rent` - rent subsidies)

IF `income.AGI` <= `prop_tax_incomelimit_bin1` THEN

`prop_tax_percent` = `prop_tax_percent_bin1`

ELSE IF `income.AGI` <= `prop_tax_incomelimit_bin2` THEN

prop_tax_percent = prop_tax_percent_bin2

ELSE

prop_tax_percent = prop_tax_percent_bin3

prop_tax_credit_recd = ROUND(MIN(MAX(exp_rent - rent_subsidies -
income.AGI * prop_tax_percent, 0), prop_tax_credit_max)))

Note: Households with individuals 70 years old or older have a separate threshold of \$76,700 in 2021 (\$75,900 in 2020) and are due a credit for the amount of property tax exceeding 3.0 percent of the AGI. But we are not yet including people of this age in these tools.

Louisiana

In Louisiana, the tax credit is refundable if the federal AGI is \$25,000 or less.

Maine

In Maine, the tax credit is refundable up to \$500.

Montana

The Montana state income tax code has a provision that allows filers to deduct certain childcare expenses. See the State Personal Income Tax section for details.

Nebraska

The Nebraska tax credit is refundable for families with income below \$29,000.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. There are four filing statuses: individual; married filing jointly; head of household, and married filing separately.
- Number of qualifying dependents under the age of 13 - **{NumberOfKidsUnder13}**
- Adjusted gross income - **{income.AGI}**
- Total state personal income tax liability - **{tax.income.state}**
- Qualifying childcare-related expense - **{expense}**
- Value of federal CDCTC - **{value.cdctc.fed}**

Calculations

Step 1: Calculate the value of a credit.

if {income.AGI} <= [IncomeBin1Max] then

Benefit=max([PercentOfFederalBin1]*{value.cdctc.fed}, [PercentOfExpensesBin1]*{expense})

if {income.AGI} > [IncomeBin1Max] & {income.AGI} <= [IncomeBin2Max] then

Benefit=max([PercentOfFederalBin2]*{value.cdctc.fed}, [PercentOfExpensesBin2]*{expense})

if {income.AGI} > [IncomeBin2Max] & {income.AGI} <= [IncomeBin3Max] then

Benefit=max([PercentOfFederalBin3]*{value.cdctc.fed}, [PercentOfExpensesBin3]*{expense})

if {income.AGI} > [IncomeBin3Max] & {income.AGI} <= [IncomeBin4Max] then

Benefit=max([PercentOfFederalBin4]*{value.cdctc.fed}, [PercentOfExpensesBin4]*{expense})

if {income.AGI} > [IncomeBin4Max] & {income.AGI} <= [IncomeBin5Max] then

Benefit=max([PercentOfFederalBin5]*{value.cdctc.fed}, [PercentOfExpensesBin5]*{expense})

if {income.AGI} > [IncomeBin5Max] & {income.AGI} <= [IncomeBin6Max] then

Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin6Max] & {income.AGI} <= [IncomeBin7Max] then

Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin76]*{expense})

if {income.AGI} > [IncomeBin7Max] & {income.AGI} <= [IncomeBin8Max] then

Benefit=max([PercentOfFederalBin7]*{value.cdctc.fed}, [PercentOfExpensesBin8]*{expense})

if {income.AGI} > [IncomeBin8Max] & {income.AGI} <= [IncomeBin9Max] then

Benefit=max([PercentOfFederalBin8]*{value.cdctc.fed}, [PercentOfExpensesBin9]*{expense})

if {income.AGI} > [IncomeBin9Max] & {income.AGI} <= [IncomeBin10Max] then

Benefit=max([PercentOfFederalBin9]*{value.cdctc.fed}, [PercentOfExpensesBin10]*{expense})

if {income.AGI} > [IncomeBin10Max] & {income.AGI} <= [IncomeBin11Max] then

Benefit=max([PercentOfFederalBin10]*{value.cdctc.fed},
[PercentOfExpensesBin11]*{expense})

Step 2: Adjust for nonrefundability.

If [Refundable] == “Yes”, then Benefit = Benefit
If [Refundable] == “No”, then Benefit = min(Benefit, {tax.income.state})

Step 3: Reflect special state-level rules.

If stateFIPS==22 (Louisiana)

if {income.AGI} <= [IncomeBin1Max] then

Benefit=max([PercentOfFederalBin1]*{value.cdctc.fed}, [PercentOfExpensesBin1]*{expense})

if {income.AGI} > [IncomeBin1Max] & {income.AGI} <= [IncomeBin2Max] then

Benefit=max([PercentOfFederalBin2]*{value.cdctc.fed}, [PercentOfExpensesBin2]*{expense})

if {income.AGI} > [IncomeBin2Max] & {income.AGI} <= [IncomeBin3Max] then

Benefit=max([PercentOfFederalBin3]*{value.cdctc.fed}, [PercentOfExpensesBin3]*{expense})

if {income.AGI} > [IncomeBin3Max] & {income.AGI} <= [IncomeBin4Max] then

Benefit=max([PercentOfFederalBin4]*{value.cdctc.fed}, [PercentOfExpensesBin4]*{expense})

if {income.AGI} > [IncomeBin4Max] & {income.AGI} <= [IncomeBin5Max] then

Benefit=max([PercentOfFederalBin5]*{value.cdctc.fed}, [PercentOfExpensesBin5]*{expense})

if {income.AGI} > [IncomeBin5Max] & {income.AGI} <= [IncomeBin6Max] then

Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin6Max] & {income.AGI} <= [IncomeBin7Max] then

Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin7Max] & {income.AGI} <= [IncomeBin8Max] then

Benefit=max([PercentOfFederalBin7]*{value.cdctc.fed}, [PercentOfExpensesBin8]*{expense})

if {income.AGI} > [IncomeBin8Max] & {income.AGI} <= [IncomeBin9Max] then

Benefit=max([PercentOfFederalBin8]*{value.cdctc.fed}, [PercentOfExpensesBin9]*{expense})

if {income.AGI} > [IncomeBin9Max] & {income.AGI} <= [IncomeBin10Max] then

Benefit=max([PercentOfFederalBin9]*{value.cdctc.fed}, [PercentOfExpensesBin10]*{expense})

if {income.AGI} > [IncomeBin10Max] & {income.AGI} <= [IncomeBin11Max] then

Benefit=max([PercentOfFederalBin10]*{value.cdctc.fed},
[PercentOfExpensesBin11]*{expense})

If {income.AGI} <= [IncomeBin1Max], then Benefit = Benefit
If {income.AGI} > [IncomeBin1Max], then Benefit = min(Benefit, {tax.income.state})

If stateFIPS==23 (Maine)

if {income.AGI} <= [IncomeBin1Max] then
Benefit=max([PercentOfFederalBin1]*{value.cdctc.fed}, [PercentOfExpensesBin1]*{expense})

if {income.AGI} > [IncomeBin1Max] & {income.AGI} <= [IncomeBin2Max] then
Benefit=max([PercentOfFederalBin2]*{value.cdctc.fed}, [PercentOfExpensesBin2]*{expense})

if {income.AGI} > [IncomeBin2Max] & {income.AGI} <= [IncomeBin3Max] then
Benefit=max([PercentOfFederalBin3]*{value.cdctc.fed}, [PercentOfExpensesBin3]*{expense})

if {income.AGI} > [IncomeBin3Max] & {income.AGI} <= [IncomeBin4Max] then
Benefit=max([PercentOfFederalBin4]*{value.cdctc.fed}, [PercentOfExpensesBin4]*{expense})

if {income.AGI} > [IncomeBin4Max] & {income.AGI} <= [IncomeBin5Max] then
Benefit=max([PercentOfFederalBin5]*{value.cdctc.fed}, [PercentOfExpensesBin5]*{expense})

if {income.AGI} > [IncomeBin5Max] & {income.AGI} <= [IncomeBin6Max] then
Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin6Max] & {income.AGI} <= [IncomeBin7Max] then
Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin7Max] & {income.AGI} <= [IncomeBin8Max] then
Benefit=max([PercentOfFederalBin7]*{value.cdctc.fed}, [PercentOfExpensesBin8]*{expense})

if {income.AGI} > [IncomeBin8Max] & {income.AGI} <= [IncomeBin9Max] then
Benefit=max([PercentOfFederalBin8]*{value.cdctc.fed}, [PercentOfExpensesBin9]*{expense})

if {income.AGI} > [IncomeBin9Max] & {income.AGI} <= [IncomeBin10Max] then
Benefit=max([PercentOfFederalBin9]*{value.cdctc.fed}, [PercentOfExpensesBin10]*{expense})

if {income.AGI} > [IncomeBin10Max] & {income.AGI} <= [IncomeBin11Max] then
Benefit=max([PercentOfFederalBin10]*{value.cdctc.fed},
[PercentOfExpensesBin11]*{expense})

if Benefit <=500 then Benefit=Benefit
if Benefit >500 then Benefit=min(Benefit,{state income tax})

If stateFIPS==31 (Nebraska)

if {income.AGI} <= [IncomeBin1Max] then
Benefit=max([PercentOfFederalBin1]*{value.cdctc.fed}, [PercentOfExpensesBin1]*{expense})

if {income.AGI} > [IncomeBin1Max] & {income.AGI} <= [IncomeBin2Max] then
Benefit=max([PercentOfFederalBin2]*{value.cdctc.fed}, [PercentOfExpensesBin2]*{expense})

if {income.AGI} > [IncomeBin3Max] & {income.AGI} <= [IncomeBin4Max] then
Benefit=max([PercentOfFederalBin4]*{value.cdctc.fed}, [PercentOfExpensesBin4]*{expense})

if {income.AGI} > [IncomeBin4Max] & {income.AGI} <= [IncomeBin5Max] then
Benefit=max([PercentOfFederalBin5]*{value.cdctc.fed}, [PercentOfExpensesBin5]*{expense})

if {income.AGI} > [IncomeBin5Max] & {income.AGI} <= [IncomeBin6Max] then
Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin6Max] & {income.AGI} <= [IncomeBin7Max] then
Benefit=max([PercentOfFederalBin6]*{value.cdctc.fed}, [PercentOfExpensesBin6]*{expense})

if {income.AGI} > [IncomeBin7Max] & {income.AGI} <= [IncomeBin8Max] then
Benefit=max([PercentOfFederalBin7]*{value.cdctc.fed}, [PercentOfExpensesBin8]*{expense})

if {income.AGI} > [IncomeBin8Max] & {income.AGI} <= [IncomeBin9Max] then
Benefit=max([PercentOfFederalBin8]*{value.cdctc.fed}, [PercentOfExpensesBin9]*{expense})

if {income.AGI} > [IncomeBin9Max] & {income.AGI} <= [IncomeBin10Max] then
Benefit=max([PercentOfFederalBin9]*{value.cdctc.fed}, [PercentOfExpensesBin10]*{expense})

if {income.AGI} > [IncomeBin10Max] & {income.AGI} <= [IncomeBin11Max] then
Benefit=max([PercentOfFederalBin10]*{value.cdctc.fed},
[PercentOfExpensesBin11]*{expense})

If {income.AGI} <= [IncomeBin82Max], then Benefit = Benefit
If {income.AGI} > [IncomeBin82Max], then Benefit = min(Benefit, {tax.income.state})

Implementation-Specific Assumptions

See the Federal Child and Dependent Care Tax Credit section.

Limitations

The following state-specific rules are not included in the PRD.

Arkansas

Arkansas has a refundable version of the CDCTC called the Early Childhood Program Tax Credit. It is available for children under the age of six in an “approved childcare facility, which is defined as a facility that provides an “appropriate early childhood program.” That is itself defined as a “developmentally appropriate program for young children...approved by the Department of Education as complying with the regulatory guidelines” of the Department of Human Services and the Department of Education. Ark. Code Ann. § 26-51-502(c)(1)(C); Ark. Code Ann. § 6-45-103(1). For details, see https://nwlc-ciww49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/12/Final_Report_NWLC_MCLT.pdf.

Louisiana

This state has a separate Childcare Expense Tax Credit, which is one of the School Readiness Tax Credits. Credit is calculated as a percentage of the Louisiana CDCTC received for care for a child under age six at a childcare facility rated two stars or higher by the state’s quality rating system (200 percent per child for a 5-star facility; 150 percent for a 4-star facility; 100 percent for a 3-star facility; and 50 percent for a 2-star facility).

Louisiana has a separate Household Expense for Physically and Mentally Incapable Persons Credit, which is equal to 100 percent of the federal CDCTC received for employment-related expenses related to the care of any dependent who is physically or mentally incapable of self-care.

For details, see https://nwlc-ciww49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/12/Final_Report_NWLC_MCLT.pdf.

Maine

The credit rate as a share of the federal CDCTC increases to 50 percent (from 25 percent) of the federal credit if a child attends a quality childcare facility certified

through the Maine Department of Health and Human Services. For details, see <http://www.taxcreditsforworkersandfamilies.org/state-tax-credits/maine/>.

Maine has a separate, refundable Adult Dependent Care Credit. This credit is equal to a percentage, based on the federal AGU, of dependent care expenses not claimed for the federal CDCTC, up to \$3,000 for one dependent and \$6,000 for two or more dependents. For details, see https://www.maine.gov/revenue/forms/credits/2017/17_adult%20dep%20care%20credit%20wksht.pdf.

New Mexico

The tax credit is equal to 40 percent of qualifying childcare expenses. For a filer with a federal tax liability, this percentage is reduced by the amount that the filer's federal CDCTC offsets the liability. The PRD does not include this logic.

Oklahoma

Families can claim *either* 5 percent of the federal CTC *or* 20 percent of the federal CDCTC, whichever is greater.

Oregon

Families can claim a percentage of childcare expenses eligible for the federal CDCTC according to how close they are to the FPL and the age of their youngest child at the close of the tax year. The credit is not to exceed \$12,000 for one qualifying dependent or \$24,000 for two or more qualifying dependents. Rather than accounting for variation in the family's position relative to the FPL or by the age of the youngest child, the PRD approximates the share of childcare expenses a family can claim using average values. For details, see <http://www.taxcreditsforworkersandfamilies.org/state-tax-credits/oregon/>.

Vermont

This state has a separate refundable Low-Income Child and Dependent Care Credit. This credit is calculated as 50 percent of the federal CDCTC received, if care was provided by a regulated childcare provider with federal accreditation or a 3-, 4-, or 5-STAR quality designation in the state's quality recognition and improvement system, known as STARS (Step Ahead Recognition System). Find eligible providers: https://dcf.vermont.gov/sites/dcf/files/CDD/Docs/Eligible_programs_for_tax_credit.pdf.

2.2.X (In Progress) Federal Credit for the Elderly or the Disabled

Overview

The federal credit for the elderly or the disabled is a nonrefundable tax credit that reduces a taxpayer's federal income tax liability. The policy objective of this credit is to assist elderly individuals and those who can no longer engage in substantial gainful activity.

Eligibility Determination

A qualifying individual for this credit is either (1) age 65 or older, or (2) under the age of 65 and a. retired on permanent and total disability, b. received taxable disability income, and c. had not reached the age set by one's employer for mandatory retirement, if the employer has set a mandatory retirement age. Taxpayers who are under age 65 and disabled must have taxable disability income paid under their employer's accident, health, or pension plan which are included as wages for time when they were absent from work due to permanent and total disability. One must also have income under the Adjusted Gross Income limit or have disability income less than the allowable limit in order to be eligible.

Countable Income, Net Income, and Asset Test

Countable Income

The amount of the credit is dependent on AGI, and, if under age 65, the amount of taxable disability income and nontaxable disability benefits.

The list of countable income used by the PRD includes:

- Annual Gross Income

Net Income

See above.

Asset Test

No asset tests.

Value of Benefits Determination

The value of the benefit is a function of AGI, filing status, and the amount of nontaxable disability income. The value of the benefit cannot be more than the federal tax owed as it is a nonrefundable credit.

Using the PRD: List of Inputs and Calculations

List of Inputs

The required family-level information for determining eligibility modeled in the PRD are:

- Filing status of the individual - **{filingStatus}**. There are four filing statuses: individual, married filing jointly, head of household, and married filing separately.
- The age of the filer and their spouse applying for the credit - **{ageFiler}**, **{ageSpouse}**
- Adjusted gross income - **{income.AGI}**
- Year of fiscal rules - **{ruleYear}**
- Amount of taxable disability income - **{taxable.dis.incomeFiler}**, **{taxable.dis.incomeSpouse}**
- Amount of nontaxable social security, pensions, and disability income - **{nontaxable.dis.income}**

Calculations

Step 1: Determine whether you are a qualified individual

If ({filingStatus} = single or head of household):

if ({mandatory.retirement.ageFiler} = 1 & {taxable.dis.income} > 0),
then qualified.credit = 1

If ({filingStatus} = married filing jointly):

If ({taxable.dis.incomeFiler} > 0 OR {taxable.dis.incomeSpouse} > 0),
then qualified.credit = 1

Step 2: Determine whether income requirements for the credit are met

If qualified.credit = 1:

If ({income.AGI} < [agi.max] & {nontaxable.dis.income} < [nontaxable.dis.max] &
[initial_amount] <= {taxable.dis.income}),
then eligible.credit = 1

Step 4: Determine Excess Adjusted Gross income

If eligible.credit = 1

excess_AGI = ({income.AGI} - [deduction])/2

Step 5: Determine amount of credit

Credit = Max (0, ([initial_amount] - ({nontaxable.dis.income}+excess_AGI)) *.15,
{tax.income.federal})

Limitations

- The PRD does not include individuals aged 65 or older.
- The PRD assumes that employers do not impose a mandatory retirement age on tax filers/employees

2.3 Policy Interactions

Public assistance programs and tax policies are often interrelated. For example, one can deduct net childcare expenses (total childcare expenses net of any government subsidies such as from the CCDF, Head Start, or pre-K) and net utility expenses (the family's spending on utility net of LIHEAP subsidies) for the determination of eligibility for and value of SNAP funds. TANF cash assistance is counted as income across several benefit programs, including SNAP. The value of state tax credits is often proportional to the size of federal credits. Moreover, when several health insurance options are available to the household, some behavioral assumptions are made on how families make decisions regarding the source of health care coverage.

In this section, we provide descriptions of how public assistance programs and tax policies interact and suggest algorithms that minimize the out-of-pocket costs to families.

2.3.1 Childcare Cost Minimization Algorithm

The PRD includes three sources of subsidized childcare: CCDF subsidies, Head Start (including Early Head Start), and Voluntary Pre-K. Depending on the state of residency and income level, a family can be eligible for more than one of these programs and may need to choose which program to participate in.

The PRD calculations assume that for all income-eligible families with age-eligible children, pre-K is the best option, Head Start is the second-best option, and childcare providers accepting CCDF subsidies separate from any Voluntary Pre-K or Head Start program are the third-best option. This ordering minimizes the total out-of-pocket costs to the family.

2.3.2 Health Insurance Costs Minimization Algorithm

There are three sources of health insurance available to families: employer-sponsored, Medicaid/CHIP, and the Health Insurance Marketplace (subsidized and unsubsidized). Availability of employer-sponsored health insurance does not automatically make families

ineligible for public health care programs; families can still receive Medicaid/CHIP as well as Marketplace subsidies if they pass those programs' income tests.

The PRD calculations assume that all families decide about the source of health insurance using the following cost-minimization algorithm. Algorithms are slightly different for families who have access to health insurance through their employers and for those who do not.

Those families who **do not have access to employer-sponsored health care** follow these steps:

1. An *income-eligible family* enrolls all qualifying family members in Medicaid/CHIP, as it is the cheapest option.
2. The *income-eligible family* enrolls all remaining members to the subsidized health insurance plan through the Marketplace.
3. *Income-ineligible families* purchase unsubsidized insurance through the Marketplace.

Those families who **have access to employer-sponsored health care** follow these steps:

1. An *income-eligible family* enrolls all family members in Medicaid/CHIP, as it is the cheapest option.
2. To get access to subsidies, families who are *income-eligible for the Marketplace subsidies and have access to employer-sponsored health insurance* must prove that the employer-provided plan is not affordable (see the Health Insurance Marketplace Subsidies section for details).
3. If employer-provided insurance is unaffordable, determine which insurance the person purchases by comparing the cost of purchasing insurance through the employer to the costs of buying subsidized health care on the Marketplace, and choose the cheapest option. The individual's premium for employer sponsored health insurance is on the tab "Employer Sponsored Health Insur" in the PRD. If the individual or family chooses employer-sponsored health insurance, there is an implied value that must be included in benefits calculations. The employer contribution to the total premium is the implied value of health insurance obtained through an employer. It is determined by subtracting the total cost of health insurance (from the Cost Database) from the employee's premium amount in the PRD. Both the employee premium and the employer contribution amount depend on whether the person purchases coverage for just themselves or their entire family.

2.3.3 Interactions between Public Assistance Programs

Several public assistance programs interact either directly through the categorical eligibility provisions or gross income calculations, or indirectly through net expense deductions. The

following list shows the suggested order of calculating values of public assistance programs to ensure accurate calculations.

1. Calculate all child-care-related subsidies (Childcare Development Fund, or CCDF; Head Start; and Voluntary Pre-K and compute net childcare costs.
2. Compute the value of the Housing Choice Voucher Program (Section 8). Take into account the deduction of net childcare expenses from Step 1 that can affect eligibility for and value of the subsidy. Calculate corresponding net housing expenses.
3. Compute the value of LIHEAP subsidies along with the corresponding value of net utility expenses
4. Calculate the value of the SNAP subsidies. SNAP calculations take net childcare expenses (from Step 1), net housing expenses (from Step 2), and net utility expenses (from Step 3) as inputs to produce an accurate subsidy value. Deduct these net expenses from the family's income to determine eligibility for and value of a subsidy.
5. Calculate the federal CDCTC using net childcare costs (from Step 1). See the Interactions between Taxes and Tax Credits section for details.

2.3.4 Interactions between Taxes and Tax Credit

A family's tax liabilities and corresponding tax credits must be computed in a specific order to get accurate estimates. The following list shows the suggested order, as implemented in the PRD.

1. Calculate total federal tax liabilities: federal personal income tax liabilities and the employee portion of the FICA tax liabilities.
2. Calculate the total federal tax liability (which is the sum of the family's federal personal income tax and FICA tax from Step 1).
3. Calculate payroll taxes.
4. Calculate the values of federal EITC, CTC, and CDCTC. Calculations of federal CTC and CDCTC take as an input the total federal tax liability (Step 2). Calculations of federal CDCTC use net childcare expenses as an input, so you must estimate this value first. See the Interactions between Public Assistance Programs section for details.
5. Calculate the value of total federal tax credits (the sum of federal EITC, CTC, and CDCTC from Step 3).
6. Calculate the state personal income tax, taking total federal tax liability (Step 2) and total federal tax credits (Step 4) as inputs for the calculations.
7. Calculate the values of state EITC, CTC, and CDCTC, taking corresponding federal tax credits (Step 3) and state personal income tax (Step 5) as inputs.

2.3.5 Interactions between SSI and TANF

TANF and SSI interact according to a combination of federal and state rules.

First, federal SSI program rules count TANF cash assistance received by SSI recipients as income in benefit determinations, but, as described in the preceding section on SSI, most states exclude SSI recipients from TANF assistance units. This suggests that, except in cases of income deeming (described below), models that seek to estimate both SSI benefits and TANF benefits can first estimate SSI, regardless of any potential TANF a family might be eligible to receive. In addition, at some time later (such as after estimations for other benefits), these models can partially estimate TANF benefits depending on whether SSI receipt may exclude any household members from the relevant TANF assistance unit(s).

However, TANF cash assistance that anyone in the household receives—as well as any other income that TANF recipients receive counted in TANF determinations—is also excluded from the income of non-SSI recipients that is considered deemable to potential SSI recipients (people with disabilities) living in the home. This aspect of SSI policy indicates that, even among states that exclude SSI recipients from TANF assistance units, the receipt of TANF by other members of the household can be an important component of SSI calculations for individuals in the household who may be eligible for SSI.

For researchers attempting to model both TANF and SSI, this interaction—deeming calculations in SSI based partially on TANF receipt, and TANF based partially by which household members receive SSI—raises the possibility of a never-ending cycle between the calculations of outputs for these two programs, with no clear “steady state” for the outputs these programs generate. This would occur when a household is eligible for TANF as long as a household member with a disability is included in the assistance unit (TANF cash assistance > 0, SSI cash assistance = 0), but would not be eligible for TANF if that person is excluded from the assistance unit (TANF cash assistance = 0, SSI cash assistance > 0). A household seeking the highest total amount of annual cash assistance between TANF and SSI could therefore alternate between TANF receipt for the entire household and SSI enrollment for SSI-eligible individuals, at least based solely on the rules described above. This would be especially relevant for a household that includes a child with a disability, who would likely be eligible for the maximum child SSI cash assistance amount in these fluctuating scenarios, compared to non-maximal TANF amounts for the other members of the household during the other end of this fluctuation.

Further examination of TANF and SSI administrative procedures shows that while TANF and SSI could theoretically be maximized in the way just described, based on benefit calculation formulas alone, both TANF and SSI cash assistance payments to households engaging in this particular pattern of fluctuating between TANF and SSI would technically be defined as

overpayments. Both SSA¹⁰² and county or state TANF agencies¹⁰³ are obligated to request reimbursement from households when overpayments are made. In the above scenario, a TANF case manager (during initial determination, a redetermination, or any point in between) would determine that as soon as the family became eligible for SSI (due to deemor 's receipt of TANF), they would immediately become ineligible for TANF, including any TANF payments they might have been paid after the beginning of SSI receipt. Similarly, during the first SSI redetermination this household experiences, an SSI administrator could determine that any SSI payments the household received were incorrect because they were based on a TANF overpayment. Once these incorrect payments are identified, federal law requires that any future benefits the family might receive should be reduced by the amount of these overpayments.¹⁰⁴ Furthermore, a household that receives SSI payments periodically in this situation and, as a result, no TANF cash assistance would be entitled to the TANF cash assistance they would have otherwise received during periods of SSI receipt once that SSI receipt is identified as erroneous. Assuming households are charged no other penalties beyond what they would have been entitled to had they not attempted to use TANF receipt to incorrectly claim SSI eligibility, the outcome of rectifying these payments would therefore be the same amount that the family would have received in TANF had they never attempted this strategy in the first place. Since there is minimal benefit to this approach compared to never applying for SSI in the first place (aside from potential gains from “gaming the system” that could result in stiffer penalties¹⁰⁵), one can reasonably model this situation by assuming that the household would forgo any SSI cash assistance and, between SSI and TANF, only apply for TANF.

Combining the considerations above, models that estimate both TANF and SSI can use the following approach to incorporate interactions between the two programs:

1. **Calculate SSI first**, assuming no TANF receipt by any household members. After generating SSI outputs, generate a duplicate set of “initial” or “firstrun” SSI outputs.
2. **Calculate TANF** according to state and federal rules, excluding any SSI recipients from the assistance unit in states that exclude such individuals from the TANF unit. Generate a binary variable that identifies whether SSI cash assistance is \$0 and TANF cash

¹⁰² <https://www.aarp.org/retirement/social-security/questions-answers/ssi-redetermination.html>

¹⁰³ <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2006-03-collecting-and-repaying-overpayments-made-families-under#>

¹⁰⁴ <https://www.hhs.gov/guidance/document/tanf-acf-pi-2006-03-collecting-and-repaying-overpayments-made-families-under-aid-families>, <https://www.ssa.gov/ssi/text-overpay-ussi.htm>.

¹⁰⁵ <https://www.ssa.gov/ssi/text-overpay-ussi.htm>

assistance is greater than \$0 at this point. After generating TANF outputs, also generate a duplicate set of “initial” or “firstrun” TANF outputs.

3. **Recalculate SSI.** Consider TANF receipt by potential deemors (people in TANF households who do not receive SSI) by excluding all TANF cash assistance and other countable income of deemors who receive TANF cash assistance in determining eligibility for individuals who may receive SSI.
4. **Recalculate TANF** to develop TANF outputs once again. If, at this point, the amount of TANF cash assistance is 0 and the amount of SSI cash assistance is positive, and the amount of ANY household members’ SSI cash assistance is greater than it was in the “initial” or “firstrun” set of SSI outputs, revert all SSI and TANF outputs to their “initial” or “firstrun” values. Otherwise, continue with other calculations using these final SSI and TANF outputs.

Appendix A. List of Abbreviations Used in the PRD

AABD	Aid to the Aged, Blind, and Disabled
Abbreviation	Definition
ABAWD	Able-Bodied Adult without Dependents
ACA	Affordable Care Act
AGI	Adjusted gross income
AIME	Average indexed monthly earnings
AMI	Area median income
ARPA	American Rescue Plan Act
BBCE	Broad-based categorical eligibility
CCDF	Childcare and Development Fund
CDCTC	Child and Dependent Care Tax Credit
CDR	Continuous disability reviews
CEP	Community Eligibility Provision
CHIP	Children's Health Insurance Program
CLD	Cost-of-Living Database
CLIFF	Career Ladder Identifier and Forecaster
CTC	Child Tax Credit
EITC	Earned Income Tax Credit
ELC	Early earning coalition
FBR	Federal benefit rate

FFCRA	Families First Coronavirus Relief Act
FICA	Federal Insurance Contributions Act
FIPS	Federal Information Processing Standards
FMR	Fair Market Rent
FPG	Federal poverty guidelines
FPL	Federal poverty level
FSD	Family share deduction
HCSUA	Heating and cooling standard utility allowance
HSA	Healthcare Savings Account
HUD	Department of Housing and Urban Development
LIHEAP	Low-Income Home Energy Assistance Program
MAGI	Modified adjusted gross income
NCCP	National Center for Children in Poverty
NSBP	National Student Breakfast Program
NSLP	National Student Lunch Program
PHA	Public housing agencies
PIA	Primary insurance amount
PRD	Policy Rules Database
RCMA	Redlands Christian Migrant Association
RSDI	Retirement, Survivors, and Disability Program
SAFMRS	Small Area Fair Market Rents

SBP	School Breakfast Program
SFSP	Summer Food Service Program
SGA	Substantial gainful activity
SMI	State median income
SNAP	Supplemental Nutrition Assistance Program
SPR	State payment rate
SSDI	Social security disability income
SSI	Social security income
SSP	State supplemental program
SUA	Standard utility allowance
TANF	Temporary Assistance for Needy Families
TTP	Total Tenant Payment
TWP	Trial work period
USDA	United States Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children