
POLICY TRANSMITTAL NO. 06-37	DATE: SEPTEMBER 25, 2006
FAMILY SUPPORT SERVICES DIVISION	DEPARTMENT OF HUMAN SERVICES OFFICE OF LEGISLATIVE RELATIONS & POLICY

TO: ALL OFFICES

SUBJECT: MANUAL MATERIAL

OAC 340:10-3-33.

EXPLANATION: **Policy revisions were approved by the Commission and the Governor as required by the Administrative Procedures Act.**

340:10-3-33 revisions reflect an increase in the standard deduction for work related expenses for Temporary Assistance for Needy Families (TANF) applicants and recipients who are employed 30 or more hours per week.

Original signed on 8-17-06

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WF # 06-08 (NAP)

INSTRUCTIONS FOR FILING MANUAL MATERIAL

OAC is the acronym for Oklahoma Administrative Code. If OAC appears before a number on an Appendix or before a Section in text, it means the Appendix or text contains rules or administrative law. Lengthy internal policies and procedures have the same Chapter number as the OAC Chapter to which they pertain following a “DHS” number, such as personnel policy at DHS:2-1 and personnel rules at OAC 340:2-1. The “340” is the Title number that designates DHS as the rulemaking agency; the “2” specifies the Chapter number; and the “1” specifies the Subchapter number.

The chronological order for filing manual material is: (1) OAC 340 by designated Chapter and Subchapter number; (2) if applicable, DHS numbered text for the designated Chapter and Subchapter; and (3) all OAC Appendices with the designated Chapter number. For example, the order for filing personnel policy is OAC 340:2-1, DHS:2-1, and OAC 340:2 Appendices behind all Chapter 2 manual material. Any questions or assistance with filing manual material will be addressed by contacting Policy Management Unit staff at (405) 521-6392.

REMOVE

340:10-3-33

INSERT

340:10-3-33, pages 1-4, revised 10-1-06

340:10-3-33. Individual earned income exemptions

Exemptions from each individual's earned income include a monthly standard work related expense and one-half of the remaining earned income. Exemptions are also allowed for child and adult dependent care expenses the individual is responsible for paying if expenses are not paid through other state and federal funds and the dependent care is in a licensed facility or home. 1 Exempt income is income which by law is not considered in determining need for financial assistance in the Temporary Assistance for Needy Families (TANF) category. 2 & 3 Income exempt for one individual is not taken into consideration in determining the need of any other individual for assistance in the State Supplemental Payment (SSP) for the aged, blind, and disabled and TANF.

(1) **Work related expenses.** The standard deduction for work related expenses such as income tax payment, Social Security taxes, and transportation to and from work, is automatically determined monthly for each full-time or part-time employed member of the assistance unit.

(A) The standard deduction for work related expenses is:

(i) \$240 for a recipient employed a minimum of 30 hours per week;

(ii) \$120 for a recipient employed less than 30 hours per week; and

(iii) \$120 for an individual whose income is considered in determining the amount of the TANF cash assistance. 4 & 5

(B) The standard deduction for work related expenses is not applied to earnings of participants in the Work Supplementation Program (WSP).

(2) **One-half remainder.** For all countable income earned by each member included in the assistance unit, as well as a stepparent who is not included in the assistance unit, one-half of the remaining earned income is exempted. [OAC 340:10-3-57(f)(1)] The one-half remainder exemption is not applied to earnings received by participants in WSP. An applicant is only eligible for one-half of the remainder exemption when:

(A) an individual in the TANF assistance unit was included in a TANF benefit in any of the 50 states in addition to the Virgin Islands, Puerto Rico, and Guam, during one of the four months preceding the application; or

(B) the total income of all members minus work related expenses and dependent

care expenses is less than the TANF need standard found on Oklahoma Department of Human Services (OKDHS) Appendix C-1, Maximum Income, Resource, and Payment Standards, for the appropriate number of individuals

(3) **Dependent care expenses.** Dependent care expenses are applied after all other earned income exemptions.

(A) Dependent care expenses are not deducted from earnings of participants in WSP. Dependent care expenses may be deducted when:

(i) suitable care for a child or incapacitated adult included in the TANF assistance unit is not available from responsible individuals living in the home or through other sources;

(ii) the employed TANF assistance unit member whose income is considered in computing the amount of the benefit must purchase care;

(iii) the gross earned income equals or exceeds the work related and dependent care expenses combined; 7

(iv) the child or incapacitated adult receives care in a properly licensed facility or from an approved in-home provider as required by Oklahoma law; and
8

(v) the stepparent of the child(ren) for whom TANF is requested is living in the home and has dependents not included in the assistance unit who are also living in the home. [OAC 340:10-3-57(f)(1)]

(B) Dependent care expenses must be verified. The actual amount paid per month is deducted up to a maximum of \$200 for a dependent under the age of two or \$175 for a dependent age two or older or for an incapacitated adult. In considering the dependent care expense, only actual work hours and travel time between work and the care facility is allowed. Payment for dependent care is the individual's responsibility. The individual must immediately report any changes in the plan of care. 9

(C) Dependent care provided by another individual in the household who is not a member of the assistance unit may be considered as long as the caregiver meets applicable state, local, or tribal law.

INSTRUCTIONS TO STAFF

1. The work related expenses, one half of the remainder, and adult and child dependent care exemptions, are not applied in determining the amount of overpayment for a month any individual included in the assistance unit or whose income is considered in determining the amount of the benefit has failed without good cause to make a timely report of earned income.
2. In calculating these exemptions, dollars and cents are used to determine the monthly amount for each individual's exemption. After the monthly amount of each exemption has been determined, cents are rounded to the nearest dollar for each exemption. For example: 1 cent - 49 cents, round down; 50 cents - 99 cents, round up.
3. Refer to OAC 340:10-3-59(a). Formulas used to determine net earned income to be considered against the budgetary requirements are:
 - (1) net earned income from self-employment. Gross income:
 - (A) minus business expenses;
 - (B) minus work related;
 - (C) minus one half of the remainder;
 - (D) minus dependent care;
 - (E) equals net income; and
 - (2) net earned income from employment other than self-employment. Gross income:
 - (A) minus work related;
 - (B) minus one half of the remainder;
 - (C) minus dependent care;
 - (D) equals net income.

4. Updates on Family Assistance/Client Services (FACS) Financial Assistance

tab, determines the amount of work related expense.

- 5.** See OAC 340:10-3-57(f)(1)(3)(4).
- 6.** When dependent care services are needed for reasons other than employment, the worker makes a determination of dependent care as outlined in OAC 340:40.
- 7.** When the work related and dependent care expenses exceed the gross amount of earned income, the worker determines dependent care as outlined in OAC 340:40.
- 8.** In situations where licensed dependent care facilities and approved in-home providers are not available and the individual arranges for care outside the home, an immediate referral is made on Form 08MP013E, Information/Referral - Social Services. The cost of dependent care is considered until the worker receives notification from the Division of Child Care (DCC) licensing worker that the home does not meet licensing standards or registration. If licensing or registration is denied, the recipient is allowed 30 calendar days after notification to make other dependent care arrangements, during which time the dependent care exemption continues to be allowed.
- 9.** The worker is responsible for helping the family select a caregiver capable of providing adequate dependent care, training, and supervision. See OAC 340:40. The worker is responsible for advising the individual that payment for dependent care is the individual's responsibility and that changes in the plan of care must be reported immediately.