

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

- 1) Heading of the Part: Temporary Assistance for Needy Families
- 2) Code Citation: 89 Ill. Adm. Code 112
- 3) Section Numbers:
112.54
112.150
- Adopted Action:
Amendment
Amendment
- 4) Statutory Authority: Implementing Article IV and authorized by Section 12-13 of the Illinois Public Aid Code [305 ILCS 5/Art. IV and 12-13].
- 5) Effective Date of Amendments: April 1, 2005
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Do these amendments contain incorporations by reference? No
- 8) A copy of the adopted amendments, including any material incorporated by reference, is on file in the agency's principal office and is available for public inspection.
- 9) Notice of Proposal Published in Illinois Register: July 30, 2004; 28 Ill. Reg. 10505
- 10) Has JCAR Issued a Statement of Objection to these amendments? No
- 11) Differences between proposal and final version: No substantive changes were made in the text of the proposed amendments.
- 12) Have all the changes agreed upon by the agency and JCAR been made as indicated in the agreements issued by JCAR? Yes
- 13) Will these amendments replace any emergency amendments currently in effect? No
- 14) Are there any amendments pending on this Part? Yes

<u>Section Numbers</u>	<u>Proposed Action</u>	<u>Illinois Register Citation</u>
112.9	Amendment	28 Ill. Reg. 14340; 11-5-04
112.40	Amendment	28 Ill. Reg. 15424; 12-3-04
112.65	Amendment	28 Ill. Reg. 14340; 11-5-04
112.69	Amendment	28 Ill. Reg. 14340; 11-5-04
112.101	Amendment	28 Ill. Reg. 11656; 8-13-04

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

112.110	Amendment	28 Ill. Reg. 11656; 8-13-04
112.127	Amendment	28 Ill. Reg. 14340; 11-5-04
112.130	Amendment	28 Ill. Reg. 11656; 8-13-04
112.150	Amendment	28 Ill. Reg. 14340; 11-5-04
112.151	Repeal	28 Ill. Reg. 14340; 11-5-04
112.152	Repeal	28 Ill. Reg. 14340; 11-5-04
112.153	Repeal	28 Ill. Reg. 14340; 11-5-04
112.305	Amendment	28 Ill. Reg. 14340; 11-5-04
112.320	Amendment	28 Ill. Reg. 15424; 12-3-04
112.307	Amendment	28 Ill. Reg. 14340; 11-5-04

- 15) Summary and Purpose of Rulemaking: This rulemaking is being adopted in accordance with an option provided under Title IV of the Farm Bill (HR 2646-The Food Stamp Reauthorization Act of 2002). Under this provision, states may exclude certain types of resources from consideration as an asset when determining eligibility. This rulemaking exempts pension plans, including accounts solely owned by an individual such as an Individual Retirement Account (IRA), 401 K and Keogh Plan, from consideration as an asset for TANF. Implementing this change will simplify the way these assets are considered for the TANF Program. This rulemaking also corrects the reference for appeals from 89 Ill. Adm. Code 104 to 89 Ill. Adm. Code 14.

Companion amendments are also being adopted in 89 Ill. Adm. Code 114 and 89 Ill. Adm. Code 121.

- 16) Information and questions regarding these adopted amendments shall be directed to:

Tracie Drew, Bureau Chief
Bureau of Administrative Rules and Procedures
Department of Human Services
100 South Grand Avenue East
3rd Floor, Harris Bldg.
Springfield, Illinois 62762

Telephone number: (217) 785-9772

The full text of Adopted Amendments begins on the next page:

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

TITLE 89: SOCIAL SERVICES
CHAPTER IV: DEPARTMENT OF HUMAN SERVICES
SUBCHAPTER b: ASSISTANCE PROGRAMSPART 112
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SUBPART A: GENERAL PROVISIONS

Section	
112.1	Description of the Assistance Program and Time Limit
112.2	Time Limit on Receipt of Benefits for Clients Enrolled in Post-Secondary Education
112.3	Receipt of Cash Benefits Beyond the 60 Month Lifetime Limit
112.5	Incorporation by Reference
112.6	The Family Violence Option

SUBPART B: NON-FINANCIAL FACTORS OF ELIGIBILITY

Section	
112.8	Caretaker Relative
112.9	Client Cooperation
112.10	Citizenship
112.20	Residence
112.30	Age
112.40	Relationship
112.50	Living Arrangement
112.52	Social Security Numbers
112.54	Assignment of Medical Support Rights
112.60	Basis of Eligibility
112.61	Death of a Parent (Repealed)
112.62	Incapacity of a Parent (Repealed)
112.63	Continued Absence of a Parent (Repealed)
112.64	Unemployment of the Parent (Repealed)
112.65	Responsibility and Services Plan
112.66	Alcohol and Substance Abuse Treatment
112.67	Restriction in Payment to Households Headed by a Minor Parent
112.68	School Attendance Initiative
112.69	Felons and Violators of Parole or Probation

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

SUBPART C: TANF EMPLOYMENT AND WORK ACTIVITY REQUIREMENTS

Section	
112.70	Employment and Work Activity Requirements
112.71	Individuals Exempt from TANF Employment and Work Activity Requirements
112.72	Participation/Cooperation Requirements
112.73	Adolescent Parent Program (Repealed)
112.74	Responsibility and Services Plan
112.75	Teen Parent Personal Responsibility Plan (Repealed)
112.76	TANF Orientation
112.77	Reconciliation and Fair Hearings
112.78	TANF Employment and Work Activities
112.79	Sanctions
112.80	Good Cause for Failure to Comply with TANF Participation Requirements
112.81	Responsible Relative Eligibility for JOBS (Repealed)
112.82	Supportive Services
112.83	Teen Parent Services
112.84	Employment Retention and Advancement Project
112.85	Four Year College/Vocational Training Demonstration Project (Repealed)

SUBPART E: PROJECT ADVANCE

Section	
112.86	Project Advance (Repealed)
112.87	Project Advance Experimental and Control Groups (Repealed)
112.88	Project Advance Participation Requirements of Experimental Group Members and Adjudicated Fathers (Repealed)
112.89	Project Advance Cooperation Requirements of Experimental Group Members and Adjudicated Fathers (Repealed)
112.90	Project Advance Sanctions (Repealed)
112.91	Good Cause for Failure to Comply with Project Advance (Repealed)
112.93	Individuals Exempt From Project Advance (Repealed)
112.95	Project Advance Supportive Services (Repealed)

SUBPART F: EXCHANGE PROGRAM

Section	
112.98	Exchange Program (Repealed)

SUBPART G: FINANCIAL FACTORS OF ELIGIBILITY

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

Section	
112.100	Unearned Income
112.101	Unearned Income of Stepparent or Parent
112.105	Budgeting Unearned Income
112.106	Budgeting Unearned Income of Applicants
112.107	Initial Receipt of Unearned Income
112.108	Termination of Unearned Income
112.110	Exempt Unearned Income
112.115	Education Benefits
112.120	Incentive Allowances
112.125	Unearned Income In-Kind
112.126	Earmarked Income
112.127	Lump-Sum Payments
112.128	Protected Income (Repealed)
112.130	Earned Income
112.131	Earned Income Tax Credit
112.132	Budgeting Earned Income
112.133	Budgeting Earned Income of Employed Applicants
112.134	Initial Employment
112.135	Budgeting Earned Income For Contractual Employees
112.136	Budgeting Earned Income For Non-contractual School Employees
112.137	Termination of Employment
112.138	Transitional Payments (Repealed)
112.140	Exempt Earned Income
112.141	Earned Income Exemption
112.142	Exclusion from Earned Income Exemption
112.143	Recognized Employment Expenses
112.144	Income from Work-Study and Training Programs
112.145	Earned Income From Self-Employment
112.146	Earned Income From Roomer and Boarder
112.147	Income From Rental Property
112.148	Payments from the Illinois Department of Children and Family Services
112.149	Earned Income In-Kind
112.150	Assets
112.151	Exempt Assets
112.152	Asset Disregards
112.153	Deferral of Consideration of Assets
112.154	Property Transfers (Repealed)
112.155	Income Limit

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

SUBPART H: PAYMENT AMOUNTS

Section	
112.250	Grant Levels
112.251	Payment Levels
112.252	Payment Levels in Group I Counties
112.253	Payment Levels in Group II Counties
112.254	Payment Levels in Group III Counties
112.255	Limitation on Amount of TANF Assistance to Recipients from Other States (Repealed)

SUBPART I: OTHER PROVISIONS

Section	
112.300	Persons Who May Be Included in the Assistance Unit
112.301	Presumptive Eligibility
112.302	Reporting Requirements for Clients with Earnings
112.303	Budgeting
112.304	Budgeting Schedule
112.305	Strikers
112.306	Foster Care Program
112.307	Responsibility of Sponsors of Non-Citizens Entering the Country Prior to 8/22/96
112.308	Responsibility of Sponsors of Non-Citizens Entering the Country On or After 8/22/96
112.309	Institutional Status
112.310	Child Care for Representative Payees
112.315	Young Parents Program (Renumbered)
112.320	Redetermination of Eligibility
112.330	Extension of Medical Assistance Due to Increased Income from Employment
112.331	Four Month Extension of Medical Assistance Due to Child Support Collections
112.332	Extension of Medical Assistance Due to Loss of Earned Income Disregard (Repealed)
112.340	New Start Payments to Individuals Released from Department of Corrections Facilities (Repealed)

SUBPART J: CHILD CARE

Section	
112.350	Child Care (Repealed)

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

- 112.352 Child Care Eligibility (Repealed)
- 112.354 Qualified Provider (Repealed)
- 112.356 Notification of Available Services (Repealed)
- 112.358 Participant Rights and Responsibilities (Repealed)
- 112.362 Additional Service to Secure or Maintain Child Care Arrangements (Repealed)
- 112.364 Rates of Payment for Child Care (Repealed)
- 112.366 Method of Providing Child Care (Repealed)
- 112.370 Non-JOBS Education and Training Program (Repealed)

SUBPART K: TRANSITIONAL CHILD CARE

Section

- 112.400 Transitional Child Care Eligibility (Repealed)
- 112.404 Duration of Eligibility for Transitional Child Care (Repealed)
- 112.406 Loss of Eligibility for Transitional Child Care (Repealed)
- 112.408 Qualified Child Care Providers (Repealed)
- 112.410 Notification of Available Services (Repealed)
- 112.412 Participant Rights and Responsibilities (Repealed)
- 112.414 Child Care Overpayments and Recoveries (Repealed)
- 112.416 Fees for Service for Transitional Child Care (Repealed)
- 112.418 Rates of Payment for Transitional Child Care (Repealed)

AUTHORITY: Implementing Article IV and authorized by Section 12-13 of the Illinois Public Aid Code [305 ILCS 5/Art. IV and 12-13].

SOURCE: Filed effective December 30, 1977; preemptory amendment at 2 Ill. Reg. 17, p. 117, effective February 1, 1978; amended at 2 Ill. Reg. 31, p. 134, effective August 5, 1978; emergency amendment at 2 Ill. Reg. 37, p. 4, effective August 30, 1978, for a maximum of 150 days; preemptory amendment at 2 Ill. Reg. 46, p. 44, effective November 1, 1978; preemptory amendment at 2 Ill. Reg. 46, p. 56, effective November 1, 1978; emergency amendment at 3 Ill. Reg. 16, p. 41, effective April 9, 1979, for a maximum of 150 days; emergency amendment at 3 Ill. Reg. 28, p. 182, effective July 1, 1979, for a maximum of 150 days; amended at 3 Ill. Reg. 33, p. 399, effective August 18, 1979; amendment at 3 Ill. Reg. 33, p. 415, effective August 18, 1979; amended at 3 Ill. Reg. 38, p. 243, effective September 21, 1979; preemptory amendment at 3 Ill. Reg. 38, p. 321, effective September 7, 1979; amended at 3 Ill. Reg. 40, p. 140, effective October 6, 1979; amended at 3 Ill. Reg. 46, p. 36, effective November 2, 1979; amended at 3 Ill. Reg. 47, p. 96, effective November 13, 1979; amended at 3 Ill. Reg. 48, p. 1, effective November 15, 1979; preemptory amendment at 4 Ill. Reg. 9, p. 259, effective February 22, 1980; amended at 4 Ill. Reg. 10, p. 258, effective February 25, 1980; amended at 4 Ill. Reg. 12, p. 551, effective March 10, 1980; amended at 4 Ill. Reg. 27, p. 387, effective June 24, 1980; emergency

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

amendment at 4 Ill. Reg. 29, p. 294, effective July 8, 1980, for a maximum of 150 days; amended at 4 Ill. Reg. 37, p. 797, effective September 2, 1980; amended at 4 Ill. Reg. 37, p. 800, effective September 2, 1980; amended at 4 Ill. Reg. 45, p. 134, effective October 27, 1980; amended at 5 Ill. Reg. 766, effective January 2, 1981; amended at 5 Ill. Reg. 1134, effective January 26, 1981; preemptory amendment at 5 Ill. Reg. 5722, effective June 1, 1981; amended at 5 Ill. Reg. 7071, effective June 23, 1981; amended at 5 Ill. Reg. 7104, effective June 23, 1981; amended at 5 Ill. Reg. 8041, effective July 27, 1981; amended at 5 Ill. Reg. 8052, effective July 24, 1981; preemptory amendment at 5 Ill. Reg. 8106, effective August 1, 1981; preemptory amendment at 5 Ill. Reg. 10062, effective October 1, 1981; preemptory amendment at 5 Ill. Reg. 10079, effective October 1, 1981; preemptory amendment at 5 Ill. Reg. 10095, effective October 1, 1981; preemptory amendment at 5 Ill. Reg. 10113, effective October 1, 1981; preemptory amendment at 5 Ill. Reg. 10124, effective October 1, 1981; preemptory amendment at 5 Ill. Reg. 10131, effective October 1, 1981; amended at 5 Ill. Reg. 10730, effective October 1, 1981; amended at 5 Ill. Reg. 10733, effective October 1, 1981; amended at 5 Ill. Reg. 10760, effective October 1, 1981; amended at 5 Ill. Reg. 10767, effective October 1, 1981; preemptory amendment at 5 Ill. Reg. 11647, effective October 16, 1981; preemptory amendment at 6 Ill. Reg. 611, effective January 1, 1982; amended at 6 Ill. Reg. 1216, effective January 14, 1982; emergency amendment at 6 Ill. Reg. 2447, effective March 1, 1982, for a maximum of 150 days; preemptory amendment at 6 Ill. Reg. 2452, effective February 11, 1982; preemptory amendment at 6 Ill. Reg. 6475, effective May 18, 1982; preemptory amendment at 6 Ill. Reg. 6912, effective May 20, 1982; emergency amendment at 6 Ill. Reg. 7299, effective June 2, 1982, for a maximum of 150 days; amended at 6 Ill. Reg. 8115, effective July 1, 1982; amended at 6 Ill. Reg. 8142, effective July 1, 1982; amended at 6 Ill. Reg. 8159, effective July 1, 1982; amended at 6 Ill. Reg. 10970, effective August 26, 1982; amended at 6 Ill. Reg. 11921, effective September 21, 1982; amended at 6 Ill. Reg. 12293, effective October 1, 1982; amended at 6 Ill. Reg. 12318, effective October 1, 1982; amended at 6 Ill. Reg. 13754, effective November 1, 1982; rules repealed, new rules adopted and codified at 7 Ill. Reg. 907, effective January 11, 1983; rules repealed and new rules adopted and codified at 7 Ill. Reg. 2720, effective February 28, 1983; amended (by adding Sections being codified with no substantive change) at 7 Ill. Reg. 5195; amended at 7 Ill. Reg. 11284, effective August 26, 1983; amended at 7 Ill. Reg. 13920, effective October 7, 1983; amended at 7 Ill. Reg. 15690, effective November 9, 1983; amended (by adding Sections being codified with no substantive change) at 7 Ill. Reg. 16105; amended at 7 Ill. Reg. 17344, effective December 21, 1983; amended at 8 Ill. Reg. 213, effective December 27, 1983; emergency amendment at 8 Ill. Reg. 569, effective January 1, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 4176, effective March 19, 1984; amended at 8 Ill. Reg. 5207, effective April 9, 1984; amended at 8 Ill. Reg. 7226, effective May 16, 1984; amended at 8 Ill. Reg. 11391, effective June 27, 1984; amended at 8 Ill. Reg. 12333, effective June 29, 1984; amended (by adding Sections being codified with no substantive change) at 8 Ill. Reg. 17894; preemptory amendment at 8 Ill. Reg. 18127, effective October 1, 1984; preemptory amendment at 8 Ill. Reg. 19889, effective October 1, 1984; amended at 8 Ill. Reg. 19983, effective October 3, 1984; emergency

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

amendment at 8 Ill. Reg. 21666, effective October 19, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 21621, effective October 23, 1984; amended at 8 Ill. Reg. 25023, effective December 19, 1984; amended at 9 Ill. Reg. 282, effective January 1, 1985; amended at 9 Ill. Reg. 4062, effective March 15, 1985; amended at 9 Ill. Reg. 8155, effective May 17, 1985; emergency amendment at 9 Ill. Reg. 10094, effective June 19, 1985, for a maximum of 150 days; amended at 9 Ill. Reg. 11317, effective July 5, 1985; amended at 9 Ill. Reg. 12795, effective August 9, 1985; amended at 9 Ill. Reg. 15887, effective October 4, 1985; amended at 9 Ill. Reg. 16277, effective October 11, 1985; amended at 9 Ill. Reg. 17827, effective November 18, 1985; emergency amendment at 10 Ill. Reg. 354, effective January 1, 1986, for a maximum of 150 days; amended at 10 Ill. Reg. 1172, effective January 10, 1986; amended at 10 Ill. Reg. 3641, effective January 30, 1986; amended at 10 Ill. Reg. 4885, effective March 7, 1986; amended at 10 Ill. Reg. 8118, effective May 1, 1986; amended at 10 Ill. Reg. 10628, effective June 1, 1986; amended at 10 Ill. Reg. 11017, effective June 6, 1986; Sections 112.78 through 112.86 and 112.88 recodified to 89 Ill. Adm. Code 160 at 10 Ill. Reg. 11928; emergency amendment at 10 Ill. Reg. 12107, effective July 1, 1986, for a maximum of 150 days; amended at 10 Ill. Reg. 12650, effective July 14, 1986; amended at 10 Ill. Reg. 14681, effective August 29, 1986; amended at 10 Ill. Reg. 15101, effective September 5, 1986; amended at 10 Ill. Reg. 15621, effective September 19, 1986; amended at 10 Ill. Reg. 21860, effective December 12, 1986; amended at 11 Ill. Reg. 2280, effective January 16, 1987; amended at 11 Ill. Reg. 3140, effective January 30, 1987; amended at 11 Ill. Reg. 4682, effective March 6, 1987; amended at 11 Ill. Reg. 5223, effective March 11, 1987; amended at 11 Ill. Reg. 6228, effective March 20, 1987; amended at 11 Ill. Reg. 9927, effective May 15, 1987; amended at 11 Ill. Reg. 12003, effective November 1, 1987; emergency amendment at 11 Ill. Reg. 12432, effective July 10, 1987, for a maximum of 150 days; amended at 11 Ill. Reg. 12908, effective July 30, 1987; emergency amendment at 11 Ill. Reg. 12935, effective August 1, 1987, for a maximum of 150 days; amended at 11 Ill. Reg. 13625, effective August 1, 1987; amended at 11 Ill. Reg. 14755, effective August 26, 1987; amended at 11 Ill. Reg. 18679, effective November 1, 1987; emergency amendment at 11 Ill. Reg. 18781, effective November 1, 1987, for a maximum of 150 days; amended at 11 Ill. Reg. 20114, effective December 4, 1987; Sections 112.90 and 112.95 recodified to Sections 112.52 and 112.54 at 11 Ill. Reg. 20610; amended at 11 Ill. Reg. 20889, effective December 14, 1987; amended at 12 Ill. Reg. 844, effective January 1, 1988; emergency amendment at 12 Ill. Reg. 1929, effective January 1, 1988, for a maximum of 150 days; amended at 12 Ill. Reg. 2126, effective January 12, 1988; SUBPARTS C, D and E recodified to SUBPARTS G, H and I at 12 Ill. Reg. 2136; amended at 12 Ill. Reg. 3487, effective January 22, 1988; amended at 12 Ill. Reg. 6159, effective March 18, 1988; amended at 12 Ill. Reg. 6694, effective March 22, 1988; amended at 12 Ill. Reg. 7336, effective May 1, 1988; amended at 12 Ill. Reg. 7673, effective April 20, 1988; amended at 12 Ill. Reg. 9032, effective May 20, 1988; amended at 12 Ill. Reg. 10481, effective June 13, 1988; amended at 12 Ill. Reg. 14172, effective August 30, 1988; amended at 12 Ill. Reg. 14669, effective September 16, 1988; amended at 13 Ill. Reg. 70, effective January 1, 1989; amended at 13 Ill. Reg. 6017, effective April 14, 1989;

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

amended at 13 Ill. Reg. 8567, effective May 22, 1989; amended at 13 Ill. Reg. 16006, effective October 6, 1989; emergency amendment at 13 Ill. Reg. 16142, effective October 2, 1989, for a maximum of 150 days; emergency expired March 1, 1990; amended at 14 Ill. Reg. 705, effective January 1, 1990; amended at 14 Ill. Reg. 3170, effective February 13, 1990; amended at 14 Ill. Reg. 3575, effective February 23, 1990; amended at 14 Ill. Reg. 6306, effective April 16, 1990; amended at 14 Ill. Reg. 10379, effective June 20, 1990; amended at 14 Ill. Reg. 13652, effective August 10, 1990; amended at 14 Ill. Reg. 14140, effective August 17, 1990; amended at 14 Ill. Reg. 16937, effective September 30, 1990; emergency amendment at 15 Ill. Reg. 338, effective January 1, 1991, for a maximum of 150 days; emergency amendment at 15 Ill. Reg. 2862, effective February 4, 1991, for a maximum of 150 days; emergency expired July 4, 1991; amended at 15 Ill. Reg. 5275, effective April 1, 1991; amended at 15 Ill. Reg. 5684, effective April 10, 1991; amended at 15 Ill. Reg. 11127, effective July 19, 1991; amended at 15 Ill. Reg. 11447, effective July 25, 1991; amended at 15 Ill. Reg. 14227, effective September 30, 1991; amended at 15 Ill. Reg. 17308, effective November 18, 1991; amended at 16 Ill. Reg. 9972, effective June 15, 1992; amended at 16 Ill. Reg. 11550, effective July 15, 1992; emergency amendment at 16 Ill. Reg. 11652, effective July 1, 1992, for a maximum of 150 days; emergency amendment at 16 Ill. Reg. 13629, effective September 1, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 17724, effective November 9, 1992; amended at 16 Ill. Reg. 20147, effective December 14, 1992; amended at 17 Ill. Reg. 357, effective December 24, 1992; amended at 17 Ill. Reg. 813, effective January 15, 1993; amended at 17 Ill. Reg. 2253, effective February 15, 1993; amended at 17 Ill. Reg. 4312, effective March 25, 1993; emergency amendment at 17 Ill. Reg. 6325, effective April 9, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 6792, effective April 21, 1993; amended at 17 Ill. Reg. 15017, effective September 3, 1993; amended at 17 Ill. Reg. 19156, effective October 25, 1993; emergency amendment at 17 Ill. Reg. 19696, effective November 1, 1993, for a maximum of 150 days; amended at 18 Ill. Reg. 5909, effective March 31, 1994; amended at 18 Ill. Reg. 6994, effective April 27, 1994; amended at 18 Ill. Reg. 8703, effective June 1, 1994; amended at 18 Ill. Reg. 10774, effective June 27, 1994; amended at 18 Ill. Reg. 12805, effective August 5, 1994; amended at 18 Ill. Reg. 15774, effective October 17, 1994; expedited correction at 19 Ill. Reg. 998, effective October 17, 1994; amended at 19 Ill. Reg. 2845, effective February 24, 1995; amended at 19 Ill. Reg. 5609, effective March 31, 1995; amended at 19 Ill. Reg. 7883, effective June 5, 1995; emergency amendment at 19 Ill. Reg. 10206, effective July 1, 1995, for a maximum of 150 days; emergency amendment at 19 Ill. Reg. 12011, effective August 7, 1995, for a maximum of 150 days; amended at 19 Ill. Reg. 12664, effective September 1, 1995; emergency amendment at 19 Ill. Reg. 15244, effective November 1, 1995, for a maximum of 150 days; amended at 19 Ill. Reg. 15661, effective November 3, 1995; emergency amendment at 19 Ill. Reg. 15839, effective November 15, 1995, for a maximum of 150 days; emergency amendment at 19 Ill. Reg. 16295, effective December 1, 1995, for a maximum of 150 days; amended at 20 Ill. Reg. 845, effective January 1, 1996; amended at 20 Ill. Reg. 3538, effective February 15, 1996; amended at 20 Ill. Reg. 5648, effective March 30, 1996; amended at 20 Ill. Reg. 6018, effective April 12, 1996;

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

amended at 20 Ill. Reg. 6498, effective April 29, 1996; amended at 20 Ill. Reg. 7892, effective June 1, 1996; emergency amendment at 20 Ill. Reg. 12499, effective September 1, 1996, for a maximum of 150 days; amended at 20 Ill. Reg. 14820, effective November 1, 1996; amendment at 20 Ill. Reg. 15983, effective December 9, 1996; emergency amendment at 21 Ill. Reg. 662, effective January 1, 1997, for a maximum of 150 days; amended at 21 Ill. Reg. 940, effective January 7, 1997; amended at 21 Ill. Reg. 1366, effective January 15, 1997; amended at 21 Ill. Reg. 2655, effective February 7, 1997; amended at 21 Ill. Reg. 7391, effective May 31, 1997; emergency amendment at 21 Ill. Reg. 8426, effective July 1, 1997, for a maximum of 150 days; recodified from the Department of Public Aid to the Department of Human Services at 21 Ill. Reg. 9322; amended at 21 Ill. Reg. 15597, effective November 26, 1997; emergency amendment at 22 Ill. Reg. 4466, effective February 24, 1998, for a maximum of 150 days; emergency amendment at 22 Ill. Reg. 12197, effective July 1, 1998, for a maximum of 150 days; amended at 22 Ill. Reg. 14420, effective July 24, 1998; amended at 22 Ill. Reg. 14744, effective August 1, 1998; amended at 22 Ill. Reg. 16256, effective September 1, 1998; emergency amendment at 22 Ill. Reg. 16365, effective September 1, 1998, for a maximum of 150 days; emergency amendment at 22 Ill. Reg. 18082, effective October 1, 1998, for a maximum of 150 days; amended at 22 Ill. Reg. 19840, effective November 1, 1998; emergency amendment at 23 Ill. Reg. 598, effective January 1, 1999, for a maximum of 150 days; amended at 23 Ill. Reg. 942, effective January 6, 1999; emergency amendment at 23 Ill. Reg. 1133, effective January 7, 1999, for a maximum of 150 days; amended at 23 Ill. Reg. 1682, effective January 20, 1999; emergency amendment at 23 Ill. Reg. 5881, effective May 1, 1999, for a maximum of 150 days; amended at 23 Ill. Reg. 6958, effective May 30, 1999; amended at 23 Ill. Reg. 7091, effective June 4, 1999; amended at 23 Ill. Reg. 7896, effective July 1, 1999; emergency amendment at 23 Ill. Reg. 8672, effective July 13, 1999, for a maximum of 150 days; emergency amendment at 23 Ill. Reg. 10530, effective August 1, 1999, for a maximum of 150 days; amended at 23 Ill. Reg. 12648, effective September 27, 1999; amended at 23 Ill. Reg. 13898, effective November 19, 1999; amended at 24 Ill. Reg. 289, effective December 28, 1999; amended at 24 Ill. Reg. 2348, effective February 1, 2000; amended at 25 Ill. Reg. 10336, effective August 3, 2001; emergency amendment at 25 Ill. Reg. 11584, effective September 1, 2001, for a maximum of 150 days; amended at 25 Ill. Reg. 14865, effective November 1, 2001; amended at 26 Ill. Reg. 138, effective January 1, 2002; amended at 26 Ill. Reg. 924, effective January 15, 2002; emergency amendment at 26 Ill. Reg. 3329, effective February 19, 2002, for a maximum of 150 days; amended at 26 Ill. Reg. 9803, effective June 24, 2002; amended at 26 Ill. Reg. 10492, effective July 1, 2002; emergency amendment at 26 Ill. Reg. 10994, effective July 1, 2002, for a maximum of 150 days; amended at 26 Ill. Reg. 17182, effective November 15, 2002; amended at 27 Ill. Reg. 4545, effective February 28, 2003; amended at 27 Ill. Reg. 7240, effective April 7, 2003; amended at 27 Ill. Reg. 18417, effective November 20, 2003; amended at 28 Ill. Reg. 1090, effective December 31, 2003; amended at 28 Ill. Reg. 5655, effective March 22, 2004; amended at 29 Ill. Reg. 5473, effective April 1, 2005.

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

SUBPART B: NON-FINANCIAL FACTORS OF ELIGIBILITY

Section 112.54 Assignment of Medical Support Rightsa) Rights to Support

- 1) As a condition of eligibility for medical assistance under the TANF AFDC program, each applicant or recipient by operation of State law, automatically assigns to the Department any rights to support which the applicant or recipient may have. This assignment gives the Department the right to collect support money directly from the absent parent in order to be reimbursed for assistance given to the dependent children.
- 2) This right includes support money paid in the applicant/ recipient own behalf, such as alimony, and money paid in behalf of any other family member for whom assistance is requested, such as child support.

b) As a condition of eligibility for medical assistance under the TANF AFDC program each legally able applicant and recipient must cooperate (see 89 Ill. Adm. Code 120.320(b)) with the Department in obtaining medical support or payments. ("Legally able" means the applicant/recipient has the legal authority to execute an assignment of medical support rights.) This includes support or payments for the applicant/recipient and/or for any person for whom the applicant/recipient receives medical assistance.c) Refusal/Failure to Cooperate

- 1) If the applicant/recipient refuses to cooperate with the Department in obtaining medical support or payments, he/she is ineligible for medical assistance and will be removed from the assistance unit for medical assistance. (Non-cooperation is failure/refusal to comply with the requirements of 89 Ill. Adm. Code 120.320(b).) However, the applicant/recipient remains eligible for TANFAFDC cash benefits.
- 2) Cooperation in obtaining medical support and/or payments includes enrolling dependents for no cost dependent health insurance coverage.
- 3) If the applicant/recipient fails/refuses to cooperate in obtaining medical support/payments or sign up for no cost medical insurance, he/she is ineligible for medical assistance as long as he/she continues to fail/refuse

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

to cooperate. If the applicant/recipient later wishes to receive medical assistance then he/she must cooperate by complying with the ~~requirements~~ requirement(s) (see 89 Ill. Adm. Code 120.320(b)) that he/she previously failed/refused to meet.

- 4) An applicant/recipient can appeal the Department's determination that he/she refused to cooperate in obtaining medical support/payments or that he/she refused to sign up for no cost medical insurance. Such appeal shall be in accordance with 89 Ill. Adm. Code ~~14104~~: Subpart A.
- d) The Department will provide or continue to provide medical assistance to any applicant or recipient who is not legally able to cooperate in securing medical support, and would otherwise be eligible for medical assistance but for the refusal by a person legally able to cooperate.

(Source: Amended at 29 Ill. Reg. 5473, effective April 1, 2005)

SUBPART G: FINANCIAL FACTORS OF ELIGIBILITY

Section 112.150 Assets

- a) The value of nonexempt assets shall be considered in determining eligibility for an assistance payment.
- b) The entire equity value of a jointly-held liquid asset or the client's proportional share of a jointly-held non-liquid asset shall be considered in determining eligibility for an assistance payment, unless:
 - 1) the asset is a joint income tax refund;
 - 2) the client can document the amount of his or her legal interest in the asset, and that such amount is less than the entire value of the asset, the documented amount shall be considered. Appropriate documentation, may include, but is not limited to, bank documents, trust documents, signature cards, divorce papers, or court orders;
 - 3) the asset is held jointly with a client or clients of any Department assistance program other than food stamps;
 - 4) the client documents that he or she does not have access to the asset.

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

Appropriate documentation may include but is not limited to, bank documents, trust documents, signature cards, divorce papers, or court orders;

- 5) the client documents that the asset or a portion of the asset is not owned by the client and the client's accessibility to the asset is changed (see subsections (b)(2) and (4) of this Section for examples of documentation);
 - 6) the co-owner refuses to make the asset available; or
 - 7) the co-owner has engaged in violent activity against a family member in the past.
- c) Income tax refunds shall be considered available assets and are to be considered against the appropriate non-exempt asset limitation of the assistance unit. One-half of joint tax refunds shall be considered available for each payee. A client who declares that less than one-half of the joint income tax was received may claim an exception. Only the amount claimed to be received shall be considered.
- d) An applicant or recipient can appeal the Department's decision relating to consideration of assets in accordance with 89 Ill. Adm. Code 14104.
- e) Pension plans are exempt from consideration as an asset, including accounts owned solely by an individual, such as an Individual Retirement Account (IRA), 401 K or Keogh Plan.

(Source: Amended at 29 Ill. Reg. 5473, effective April 1, 2005)

November 17, 2004

Tracie Drew, Chief
Bureau of Administrative Rules and Procedures
Illinois Department of Human Services
100 South Grand Avenue East
Harris BLDG., 3d Floor
Springfield, IL 62762

Re: Proposed Amendments to 89 Ill. Adm. Code 112, 113, and 121 (Ill. Reg. Vol. 28, Issue 45, November 5, 2004)

Dear Ms. Drew:

On behalf of the Sargent Shriver National Center on Poverty Law (Shriver Center), I am writing to express our strong support for the proposed rules that would eliminate assets as a consideration in determining eligibility for Temporary Assistance for Needy Families (TANF) and General Assistance (GA), and eliminate vehicles from consideration as assets in the Food Stamp programs.

The Shriver Center is a Chicago-based nonprofit organization that takes action to end poverty through law reform, public policy, and communications strategies in the areas of welfare reform, workforce development, affordable housing, and community development. We believe that cash, nutrition, and healthcare assistance programs are critically important. We support rules that create simpler application processes, align policies across assistance programs, and increase utilization by needy families, especially low-wage working families who have some of the lowest participation rates.

At a time when staff and resources are limited, complex rules regarding assets that vary from program and increase administrative burden and error rates are unnecessary and wasteful. Moreover, asset rules that penalize individuals for saving money and require applicants to spend down assets in order to qualify for assistance are counterproductive to families' long-term self-sufficiency and financial stability.

Having TANF and GA asset policies consistent with the Family Health Plan's medical assistance asset policy makes it easier for caseworkers, service providers, applicants and recipients to understand the rules. The proposed rules simplify program administration. In addition, we agree with the Department that a major advantage of this proposal is that the Department can actively encourage families "to build a savings fund that would assist them in maintaining self-sufficiency when they experience an employment setback," thereby promoting greater financial security and less dependence on assistance programs.

Encouraging saving and asset building is consistent with the goals of the IDHS-funded Financial Links for Low-Income People (FLLIP) financial education program, which is coordinated by the Shriver Center. TANF recipients can receive “work activity” credit for participating in the FLLIP financial education classes.

Similarly, aligning the Food Stamp Program’s vehicle asset policy with the TANF vehicle asset policy (no asset limit on vehicles) will simplify administration of the Food Stamp Program. By no longer considering vehicles when determining countable assets for Food Stamps, this rule will help recipients, especially persons in suburban and rural areas, to obtain and retain jobs and promote greater self-sufficiency. In drafting the proposed rule change, however, it appears that the Department inadvertently deleted vehicles from the list of exempt assets. By eliminating all of section 121.58 (i), the Department has inadvertently placed vehicles into the category of nonexempt assets. The final rule should include “vehicles” in the list of exempt assets in section (i) in order to effectuate the intent of the rule change.

In future rulemaking, IDHS should use the full extent of its authority to align asset policies across programs and eliminate asset barriers by using categorical eligibility to eliminate asset rules entirely in the Food Stamp Program. Under categorical eligibility, states may not count the resources of individuals when determining Food Stamp eligibility. See 7 C.F. R. section 273.8(e)(17). To date, eleven states have adopted various forms of categorical eligibility in their Food Stamp Programs.

The Shriver Center would be interested in working with the Department to adopt categorical eligibility for Food Stamps and decrease administrative burden and error rates in the Food Stamp Program.

Sincerely,

Dory Rand, Supervising Attorney, Community Investment

cc: Dr. Carol Adams, Director Marva Arnold

October 5, 2005

Honorable Rod R. Blagojevich
Office of the Governor
JRTC, 15th Floor
Chicago, Illinois

Re: New TANF, GA and Food Stamp asset limit rules (approved by JCAR August 16, 2005)

Dear Governor:

I am writing to express my strong support for the rules proposed by the Illinois Department of Human Services and approved by the Joint Committee on Administrative Rules that would eliminate assets as a consideration in determining eligibility for Temporary Assistance for Needy Families (TANF) and General Assistance (GA), and eliminate vehicles from consideration as assets in the Food Stamp programs. Please allow these rules to become effective immediately.

At a time when government resources are limited, the new asset rules are good fiscal policy. Complex asset rules significantly increase administrative costs and error rates. Ohio and Virginia, states that have already abolished asset limits, determined that the cost of administering asset rules far exceeds the cost of providing benefits to the households who become eligible for benefits under the new rules. Prior to the rule change in Virginia, for example, caseworkers screened every applicant for assets, but only 1,200 of 60,000 applications (one-half of one percent) were ineligible due to excess resources. The Virginia Department of Social Services found that its asset limit changes in TANF and Food Stamps (effective Dec. 1, 2003) had little impact on caseloads (as of March 2005). Similarly, any increase in the number of eligible households under these Illinois rules will be more than offset by the administrative savings.

Asset rules that penalize Illinois households for saving money or owning a car are counterproductive to families' financial stability. We have seen the unfortunate effects of Hurricane Katrina on those who did not have the savings, credit, and vehicles necessary to evacuate in an emergency or to survive after becoming unemployed or homeless. The new rules encourage families "to build a savings fund that would assist them in maintaining self-sufficiency when they experience an employment setback" or other crisis, thereby promoting greater financial security and investment in the Illinois economy and less dependence on government.

Illinois is a recognized leader in promoting financial education and asset building. Illinois policies, programs, and initiatives have been featured in papers published by the Brookings Institution, the Urban Institute, and the Fannie Mae Foundation and at conferences hosted by the National Conference of State Legislatures, FDIC, National Community Tax Coalition, and others. Please continue your leadership in promoting assets and opportunity for all people in Illinois.

Sincerely,

June 9, 2004

Marva Arnold, Director
Division of Human Capital Development
Illinois Department of Human Services
401 South Clinton St., Seventh Floor
Chicago, IL 60607

Dear Ms. Arnold:

On behalf of the Sargent Shriver National Center on Poverty Law (Shriver Center), thank you for the opportunity to submit recommendations to improve access to services at Illinois Department of Human Services (IDHS) Family Community Resource Centers. As you know, the Shriver Center's Community Investment unit coordinates the Financial Links for Low-Income People (FLLIP) coalition and the financial education program that was developed in partnership with IDHS to help low-income families make sound financial decisions and build assets.

The myriad income and asset limits and exemptions for means-tested programs are very confusing to applicants/recipients and caseworkers. The lack of simple and consistent rules imposes an enormous administrative burden and cost on IDHS at a time when it is understaffed and cannot afford to spend a lot of time requiring and checking a lot of paperwork from clients. Moreover, research and anecdotal information confirm that this confusion about who is eligible for what contributes to underutilization of needed work support programs and discourages saving and asset building that increase self-sufficiency and decrease reliance on public benefits. See, for example, www.brookings.edu/urban/publications/20040413_doryrand.htm; www.povertylaw.org/advocacy/community_investment/fllip_evaluation_exec_summary.cfm; and www.ers.usda.gov/publications/efan03013/efan03013-2/efan03013-2.pdf.

To simplify the income and asset eligibility issues for IDHS, clients, and other social service providers, and to encourage saving and asset building, IDHS should simplify and align asset rules across programs.

Illinois has authority under federal TANF, Medicaid, SCHIP, child care, and Food Stamps, to eliminate resource/asset rules for these means-tested programs. The best way to do this is through a combination of IDHS rule changes and development of a "categorical eligibility" plan under Food Stamps (which will require sign-off by Regional USDA).

States have authority to determine eligibility for TANF under federal block grants. Under the Illinois Public Aid Code (Code), IDHS sets resource limits by rule and has explicit authority to disregard resources to the maximum extent. (305 ILCS 5/3-1.2) States also have full flexibility to establish resource rules for Medicaid, SCHIP and child care. (CBPP paper 1/6/2004).

1. Eliminate asset limits for TANF. This helps with food stamps categorical eligibility, too.
2. Establish categorical eligibility for Food Stamps.

The Food Stamp program allows states to confer "categorical eligibility" (cat el) to households in which all members receive a benefit that is funded with either TANF or MOE funds. This benefit does not have to meet the TANF definition of "assistance." Cat el households are not subject to the resource test that would otherwise apply to the Food Stamp program. (CBPP paper)

At least 6 other states have already established cat el programs, including Michigan, which is in the same USDA region as Illinois. Illinois is one of the states for which CBPP provided Technical Assistance. An easy way to do a low-cost cat el program is to use TANF or MOE funds to produce a brochure that is given to every Food Stamp applicant (with income up to the maximum 185% of the federal poverty level) and advises them of a program or service available to them; the applicant/recipient does not have to use the service. For example, a brochure could advise of rights and responsibilities and availability of DV hotline and services (Michigan), pregnancy prevention services (Delaware), other services (Oregon, Maine), or online services (Washington-see www1.dshs.wa.gov/esa/pdf/categorical%20eligibility.pdf). We would need to develop a written plan and get it approved by Regional USDA in Chicago.

IDHS could allocate MOE funds for expansion of the FLLIP financial education program and distribute brochures to every food stamp applicant advising them of these free classes. Structuring the cat el program in this way would not only decrease administrative burdens and increase eligibility but also provide a real service to Illinois residents through a proven program. A cheaper alternative might be to provide a rights and responsibilities type brochure with information relating to the new online DHS benefit info and application resources and/or the RealBenefits program.

3. Raise the income eligibility limit to 3 months' income based on the Self-Sufficiency Standard. (Women Employed determined these amounts for Illinois).

If we want a standard amount (not based on family size), use the standard for a family of 3 or 4, whichever is most prevalent in the IDHS caseload. This wouldn't require raising the TANF payment, but people over the income limit would count as no-grant TANF recipients and be eligible for related benefits (e.g., child care and transportation subsidies, categorically eligible for TANF can apply TANF rules to food stamps).

4. At a minimum, expand the income and asset exemptions to exclude deposits and interest earned in the SEED Initiative's college savings accounts. See <http://seed.cfed.org>. The Shriver Center is one of nine nonprofits participating in the national SEED Policy & Practice Initiative designed to test the efficacy of children's savings program and move toward a national policy of opening an account for every child at birth. Fifty SEED families in Chicago are saving for college in 529 college savings plans.

Ideally, IDHS would exempt similar accounts set up for long-term savings (one year or more?) that include a penalty or forfeiture for early withdrawal or for use for other than the intended purpose. So this could be Certificates of Deposit, IRAs, IDAs (not limited to TANF-funded IDAs), 529 college savings accounts, retirement accounts (401k, 403b, SEP, pensions, annuities, etc.). This would be an expansion of the current narrow exemptions for trust funds, and AFIA- or TANF-funded IDAs. This rewards good saving behavior, increases self-sufficiency, and avoids forfeiture or spend downs for the sole purpose of meeting IDHS eligibility requirements. Expanding asset exemptions would be consistent with the goal of the recent Farm Bill to allow states greater flexibility in exempting assets from counting toward the food stamp asset limit (although the proposed rule implementing this law is too narrow and must be changed-see www.workwelfareandfamilies.org/PDF/FLLIPLetter.PDF).

Dory Rand (doryrand@povertylaw.org)
Supervising Attorney, Community Investment
Sargent Shriver National Center on Poverty Law
312.368.2007

Subject: need Gov office action on DHS asset rules
From: Dory Rand <doryrand@povertylaw.org>
Date: Mon, 28 Mar 2005 16:39:56 -0600
To: teyonda.wertz@dhs.state.il.us
CC: John Bouman <johnbouman@povertylaw.org>

Dear Ms. Wertz,

Judith Davis suggested that I contact you regarding the Governor's office inaction on DHS proposed rules that would eliminate assets as a consideration in determining eligibility for TANF and GA, and eliminate vehicles from consideration as assets in the Food Stamp programs. (Proposed Amendments to 89 Ill. Adm. Code 112, 113, and 121, Ill. Reg. Vol. 28, Issue 45, November 5, 2004). The Shriver Center and others submitted letters strongly supporting these policies. No letter was submitted in opposition.

I am seeking your help to contact the Governor's Office and get approval of these rules so that they can go to second reading at JCAR. If you think I should contact someone at the Governor's Office directly or someone else at DHS, please let me know.

I am scheduled to speak at several events in April and May on Illinois's successes in promoting smart asset policies such as these proposed rules, which do not penalize recipients for saving and building assets, including the national SEED Initiative meeting in San Francisco April 13-15, the State IDA and Asset Policy national conference in St. Louis on April 21, the Welpan meeting of midwest welfare agencies on April 22, and at events May 20 in Springfield and May 23 at the Federal Reserve Bank of Chicago announcing the Assets and Opportunities Scorecard and implications for Illinois. (The Scorecard grades each state on its levels of asset ownership and policies that promote asset building and asset preservation.) I would like to provide an update to these audiences on the status of these proposed DHS asset rules and show Illinois as a leader on these issues.

Thank you for your help. I would appreciate a response by March 31, if possible.

Sincerely,

Dory Rand
Supervising Attorney, Community Investment
Sargent Shriver National Center on Poverty Law
50 East Washington, Suite 500
Chicago, IL 60602
312.368.2007

Subject: [Fwd: IDHS asset rules]
From: John Bouman <johnbouman@povertylaw.org>
Date: Mon, 11 Jul 2005 15:00:21 -0500
To: Dory Rand <doryrand@povertylaw.org>

Just sent this to Louanner.

Subject: IDHS asset rules
From: John Bouman <johnbouman@povertylaw.org>
Date: Mon, 11 Jul 2005 14:59:52 -0500
To: louanner_peters@gov.state.il.us

Hi Louanner --

Hope you're having a good and restful summer (one can wish!). I wanted to send a quick note about an IDHS proposed rule change that I think it would be good for you to approve. It has been pending (on your desk) for several months, but I did not want to trouble you about it during the session. The rule change would remove or reduce the asset limits in public benefit programs, notably TANF.

This long overdue step would allow TANF families to have savings without losing their TANF eligibility. The relatively few TANF families that are able to save money should be encouraged to do so, not punished for doing so. Savings promote all kinds of positive behavior, and they allow families to build a nest egg to get them through tough times, allow them to attend college, or allow them to start a business, among other things.

The rule has another excellent effect: it takes a large amount of administrative busywork off of the shoulders of DHS. The administration of the asset limits is time-consuming and mostly unnecessary. The reduction of administrative tasks (and the associated savings) are what persuaded other states to take this step in spite of difficult budget times (Ohio and Virginia). It is unlikely that this rule change will cause much in the way of new costs, but whatever is caused should be offset by these administrative savings.

Please let me know if you have any questions about this that I can help to answer. I hope you will quickly approve this rule so that it can proceed through the JCAR process.

Thanks!!

John Bouman

IDHS asset rules **Content-Type:** message/rfc822
 Content-Encoding: 7bit

Subject: asset rules

From: John Bouman <johnbouman@povertylaw.org>

Date: Mon, 21 Nov 2005 09:58:36 -0600

To: louanner_peters@gov.state.il.us

Hi Louanner --

I'm writing to ask your advice about the decision by the Governor's office not to finalilze the asset rules for TANF and Food Stamps. It was, of course, extremely disappointing. The rules had been through the full rulemaking process (JCAR, etc.). We felt everyone understood the importance of the issues and the budget neutrality of the rules. The rules were placing Illinois at the lead of a national policy movement to elevate the building of assets as a core strategy to escape poverty and ultimately enter the middle class. Few around the country understand this yet. We feel certain that this Governor and his staff do understand it, which makes this difficult for us to react to.

One of the problems that we now face is how to talk about this publicly. There are advocates and others all around the country who were watching and eagerly anticipating these rules. We have to tell them what happened, and they will want to know why. Since nobody "out here" has been told anything about why the Governor's office stopped the finalization of the rules, I am at a loss for what to say or how to explain it.

If the timing was wrong, and the rules can get done next year, that will be a very useful thing to know in this context. If the rules are to be considered dead, then it would be good to know why. As of now, we would have to speculate on ther reasoning, and I don't want to do that. This Administration has been a leader in many anti-poverty initiatives, especially in health care, and so I would prefer to cooperate with you on how we convey this news to the large number of people inside the state and around the country who have been eagerly watching these rules.

I look forward to hearing from you. Thanks!

John

Illinois should pass an administrative rule abolishing asset limits in TANF and GA and aligning Food Stamp asset rules with TANF asset rules. There was no opposition from the public, advocates, or legislators to the rule proposed in Nov. 2004 and approved by JCAR in Aug. 2005.

1. Asset limits send the wrong message, discourage saving

Clients and caseworkers are confused by complex and inconsistent asset rules and are afraid to open bank accounts and save for fear of losing needed subsistence benefits. See "Do Asset Limits in Social Programs Affect the Accumulation of Wealth?" Henry Chen and Robert Lerman (Urban Institute 2005), www.urban.org
"The Effect of Asset Tests on Saving" Gordon McDonald, Peter R. Orszag, and Gina Russell (www.retirementsecurityproject.org)
To Save Or Not To Save? (www.newamerica.net/events/2006/to_save_or_not_to_save)

2. States have authority to abolish or reform asset rules under PWRORA and Farm Bill

States are not required to have any asset limit in TANF. States can align Food Stamp policies with TANF or Medicaid. States can exempt all vehicles.

3. Other states have reformed asset rules

OH (1997) & VA (2003) abolished TANF limits; IL abolished asset limits in family Medicaid (1998) and exempted retirement accounts in TANF, GA and FS (2005); CO&CA (2006) exempted retirement and education accounts; CO raised limit to \$15,000 (2006); PA and a growing number of states exempt education accounts.

4. Reforming asset limits is good public policy, consistent with state goals: encourages saving and assets, promotes self-sufficiency, reduces dependence

IL already abolished asset limits in family Medicaid (1998) and exempted retirement accounts in TANF.

DHS has a long and successful history of supporting financial education and asset-building programs, including a partnership with the Shriver Center and Financial Links for Low-Income People (FLLIP) coalition (2001-2006). DHS is rolling out AFI IDA program this spring, which leveraged \$1 million federal funds for asset building and exempts funds in IDAs. Failure to exempt others' savings is inequitable.

Families participating in the SEED children's savings program in Chicago have saved over \$50,000 for college. When ownership is transferred from Shriver Center to parents at end of pilot project in Dec. 2007, families should not have to liquidate funds to avoid asset sanctions. Illinois Asset Building Group is advancing a bill to establish a Children's

Savings Account task force in 2007 with a goal of implementing a statewide plan in 2008. Families will be discouraged from participating if asset limits remain.

DHS supports free tax preparation and EITC outreach efforts. With new IRS split refund policy, EITC recipients and working poor should be encouraged to save part of their refunds instead of spending down to avoid asset limits.

With ever-increasing health care and college costs, families need to be able to save for medical care, car repairs, and for future education without fear of losing cash assistance and Food Stamps as they work their way off welfare.

5. Abolishing asset limits simplifies and streamlines policies across programs, reduces administrative burden, does not significantly increase caseload

OH & VA realized significant administrative savings from abolishing the asset limit in TANF. Neither state has experienced an increase in TANF caseload as a result of the change. In Illinois, DHS denies only about 8 cases a year (saving \$37,000 in benefits) due to asset rules through IRS cross match, but spends about \$188,686 per year in staff time to implement the policy, which could be better used to address backlogs and serve customers.

6. Abolishing asset limits does not make one "soft on welfare"

Asset limits are a vestige of the old welfare system, based on fears of so-called "welfare queens" living large on the public dole. Enforcement of income limits and strict federal work requirements, as well as relatively low benefit levels, are sufficient to limit participation in assistance programs to the "deserving" poor. In other states, asset reform passed with broad bipartisan, sometimes unanimous, support.

Dory Rand
Shriver Center
312.368.2007
doryrand@povertylaw.org