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Amy E. Hirsch
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Original: 2206

August 31, 2001

Edward Zogby, Director
Bureau of Policy
Rm. 431-Health & Welfare Building
Harrisburg, PA 17120

Re: Proposed Rulemaking on
Lump Sum Income

RECEIVED
2001 SEP -7 AM 9:55
REVIEW COMMISSION

Dear Mr. Zogby:

We are writing to comment on the Proposed Rulemaking published in the Pennsylvania Bulletin on August 4, 2001 entitled "Income" concerning the treatment of lump sum income in the TANF and GA programs. These comments are submitted on behalf of our affected clients.

First, we want to express strong support for this rule change. Our clients have experienced significant harm as a result of the current lump sum rule, and we expect that the rule change will increase family stability, make it more likely that families will be able to find and keep decent housing, obtain reliable transportation, and steady employment, and make it easier for families to not only leave welfare but also ultimately leave poverty. We are therefore very pleased that the Department is taking this step.

Although we are supportive of the rule change, and do not want to delay issuance of a final rule, we do have several concerns about the drafting of the proposed rule. We therefore urge you to make the following changes in the final rulemaking:

1. **§183.105(4)(i).** We have two concerns with the last sentence of this paragraph.
 - a. The wording of the last sentence is somewhat confusing, since most of the regulations referenced do not mention "lump sum income deductions." We assume the intent was to apply the income deductions in those regulations to lump sum income.
 - b. Second, and more seriously, we do not understand why the reference to §183.98 is limited to subsections (1)-(3), rather than including all subsections of §183.98. **The remaining subsections (4)-(7) contain deductions which should be included, particularly since §183.98 specifically deals with deductions from**

lump sum income. We also do not understand why §183.92 is not included in the list.

We therefore suggest revising the last sentence of §183.105(4)(i) as follows:

The income deductions specified in §§183.91, 183.92, 183.93, 183.94, 183.95 and 183.98 are applied to the lump sum.

2. **§183.105(4)(v).** We find the wording of this subsection confusing.

We suggest revising it as follows, for clarification:

Any portion of the lump sum retained by the sponsor of an alien subsequent to the month of receipt is a resource to the alien in subsequent months, provided the alien entered into the United States within 3 years prior to the month in which the resource would be counted. Once the alien has been in the United States for three years, income and resources of the sponsor are no longer deemed to the alien.

3. **The regulation should clarify that individuals who are currently in a period of ineligibility due to a prior lump sum under the old rules will no longer be barred from receiving benefits if they are otherwise eligible. Individuals who have previously been found ineligible due to a lump sum should be notified that the lump sum disqualification no longer applies, and that they can now reapply for benefits without waiting for the period of ineligibility to expire.**

We suggest adding the following section:

§183.105(4)(viii) An individual who has previously been found ineligible due to receipt of a lump sum may reapply at any point, and may receive benefits if the remaining amount of the lump sum does not exceed the resource limit and if the individual is otherwise eligible.

We also urge the Department to notify affected individuals of this rule change and that they can now reapply for benefits. Individuals who can be identified from the Department's computer system as having been previously told that they could not receive benefits for an ongoing period of ineligibility as a result of a lump sum will otherwise have no way of knowing that the period of disqualification is no longer in effect.

Thank you for considering these comments. We would be happy to discuss them with you or your staff at your convenience. Again, we strongly support the proposed rule change, and hope that the revisions we have suggested will not delay issuance of the final rule.

Sincerely,



Amy E. Hirsch
Supervising Attorney
Community Legal Services, Inc.
(215) 227-2400 ext. 2415



Peter Zurflieh, Esq.
Community Justice Project
(717) 236-9486

cc: Senator Mowery
Senator Hughes
Representative O'Brien
Representative Oliver
Independent Regulatory Review Commission

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Lump Sum Income

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2001 SEP -5 AM 8:48
DEPARTMENT OF STATISTICS
REVIEW COMMISSION

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3. **The regulation should clarify that individuals who are currently in a period of ineligibility due to a prior lump sum under the old rules will no longer be barred from receiving benefits if they are otherwise eligible.** Individuals who have previously been found ineligible due to a lump sum should be notified that the lump sum disqualification no longer applies, and that they can now reapply for benefits without waiting for the period of ineligibility to expire.

We suggest adding the following section:

§183.105(4)(viii) An individual who has previously been found ineligible due to receipt of a lump sum may reapply at any point, and may receive benefits if the remaining amount of the lump sum does not exceed the resource limit and if the individual is otherwise eligible.

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Peter Zurflieh, Esq.
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cc: Senator Mowery
Senator Hughes
Representative O'Brien
Representative Oliver
Independent Regulatory Review Commission

Original: 2206

LUMP SUM INCOME

2001 SEP 25 09:01:50

In October 2001, the adult in a three-person TANF family receives a lump sum amount of \$10,000 for a settlement from a car accident. There were expenses for attorney fees and reimbursement. There is no other income in the family.

Current Lump Sum Policy	Proposed Lump Sum Policy
<p>\$10,000 - 1,000 Attorney Fees <u>9,000</u> - 700 Reimbursement To DPW 8,300 Net Lump Sum Income</p>	<p>\$10,000 - 1,000 Attorney Fees <u>9,000</u> - 700 Reimbursement To DPW 8,300 Net Lump Sum Income</p>
<p>Standard of Need for 3 persons = 587</p> <p>Net Lump Sum/ Standard of Need = Number of months of ineligibility</p> <p>8,300/ 587 = 14 months</p> <p>This family would be ineligible for cash assistance from October 2001 through December 2002.</p>	<p>The \$8,300 would be income in October 2001. The family would not be eligible for cash assistance in October, the month of receipt. In November, if the amount of the lump sum were less than \$1000 (the resource limit for cash assistance for a family), the family would again be eligible for cash assistance, if otherwise eligible.</p> <p>Note: By October 31, 2001, this client would need to account for \$7,300 to qualify for TANF benefits in November. There is no restriction on how the money is spent. Some money could be added to a Family Savings Account (through DCED), some could be used for home repairs, school clothes etc. And, \$1000 could be kept in a savings account if there were no other resources. There is still a \$1000 maximum on resource limit.</p>

DWRI
 GAIL BEAN
 772-7829