

**DATE:** September 17, 2020

**OPERATIONS MEMORANDUM #20-09-02**

**SUBJECT:** New Work Expense Deduction

**TO:** Executive Directors

**FROM:** Inez Titus  
Director  
Bureau of Operations

**PURPOSE**

To inform County Assistance Offices (CAOs) of the implementation of the Work Expense Deduction (WED), a new income deduction used to determine eligibility, benefit amounts, and patient pay for specific categories of Cash Assistance and Medical Assistance (MA).

**BACKGROUND**

Currently, applicants and recipients for Cash and MA may be entitled to earned income deductions when determining eligibility, benefit amounts, and patient pay. As part of Governor Wolf's focus on supporting families in achieving long-term economic stability, the Department of Human Services will initiate a WED from employment income when determining eligibility and benefit amounts for these programs to assist in transition to work.

**DISCUSSION**

Effective September 28, 2020, the WED will be considered in eligibility determinations for applicants and recipients of Temporary Assistance for Needy Families (TANF), Refugee Cash Assistance (RCA), Repatriated Nationals Cash Assistance (RNC), TANF-Related MA, and Refugee Medical Assistance (RMA). The WED is an allowed deduction to account for increased expenses incurred when employed. It increases the working families' available monthly net income to improve their ability to transition from TANF to self-sufficiency by reducing the financial burden experienced with the loss or reduction of other benefits.

The CAO will deduct \$200 from each budget member's earned income when the individual is eligible for the Earned Income Disregard (EID). The WED is not used in the

determination of eligibility for EID. The WED is deducted from the remaining earned income after the EID deduction in determining the monthly benefit amount.

**NOTE:** Sanctioned, excluded, and disqualified members are eligible for the WED when they are eligible for the EID.

If eligibility ends or a benefit or patient pay amount changes, the CAO will send the corresponding notice.

## **PROCEDURES**

Effective September 28, 2020, the WED will be considered each time eligibility is determined for TANF, RCA, RNC and TANF-Related MA (TC/TU 00,22) and RMA (PC 02). The CAO will do the following when eligibility and benefit amount or patient pay is determined:

- Determine eligibility for the EID for each household member with earned income (including self-employment) using [CAH 160.211 Eligibility for the TANF Earned Income Disregard](#) and [MAEH 360.212](#) and [MAEH 361.213](#);
- If the individual is eligible for the EID, calculate and subtract the EID and subsequently subtract the \$200 WED;
- If an individual is not eligible for the EID, the CAO will not deduct the WED.

If there is a change in eligibility, benefit amount, or patient pay for a budget, the system will send the corresponding notice. The notice will list the WED in the Cash or MA eligibility calculation table when there is a decrease in benefit amount, an increase in patient pay or an individual is determined ineligible due to income.

The system will automatically apply and display the correct WED amount on the benefit Income Eligibility Details Screen accessed from the Eligibility Results Summary Screen when eligibility is run. The WED will display on the Income Eligibility Details Screen in the Electronic Case Information System History module. The Cash Benefit Calculation functionality in the Standalone Module will also apply the correct WED, but the WED amount will not display on the screen.

## **NEXT STEPS**

1. Share this information with appropriate members of your staff.
2. Contact your Area Manager with any questions.
3. Submit requests for clarifications through the Policy Clarifications Unit.