

HOUSE BILL REPORT

ESSB 6462

As Reported by House Committee On: Early Learning & Human Services

Title: An act relating to determination of income and resources for the purposes of eligibility for public assistance.

Brief Description: Redefining "income" and "resource" with regard to eligibility for public assistance programs.

Sponsors: Senate Committee on Human Services & Corrections (originally sponsored by Senators Fraser, Carrell, Regala, Stevens, Hargrove and Shin).

Brief History:

Committee Activity:

Early Learning & Human Services: 2/20/12, 2/21/12 [DPA].

Brief Summary of Engrossed Substitute Bill (As Amended by Committee)

- Modifies public assistance eligibility criteria to include profits of a business owned or controlled by an applicant or recipient, where the applicant or recipient receives a salary from the business.

HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

Majority Report: Do pass as amended. Signed by 8 members: Representatives Kagi, Chair; Walsh, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Dickerson, Goodman, Johnson, Orwall and Overstreet.

Minority Report: Do not pass. Signed by 1 member: Representative Roberts, Vice Chair.

Staff: Linda Merelle (786-7092).

Background:

Public assistance includes cash assistance, medical programs for children, pregnant women and families, and food assistance. In its eligibility determination, the Department of Social

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

and Health Services (DSHS) considers income, resources, and real property owned by or available to the applicant or recipient.

Income.

The DSHS counts all available income owned or held by individuals in the assistance unit.

The income of an applicant or member of an assistance unit is counted if:

- the person receives or expects to receive the income in the month;
- the person owns the income, as determined by state and federal property ownership laws;
- the income is actually available to the person; the DSHS considers this income available to the person if the person has a representative payee, protective payee, or other person who manages the income; or
- the person is able to use the income to meet current needs; the DSHS counts the gross amount of available income in the month the person receives it.

The DSHS considers income to be owned by someone else and available to the applicant or recipient when the applicant or recipient receives the income and can use the income to meet his or her needs for food, clothing, and shelter.

Resources.

With some exceptions, the DSHS counts the following resources toward an assistance unit's resource limits for cash assistance and family medical programs to determine eligibility for benefits:

- liquid resources; i.e., those that are easily changed into cash, including cash on hand, money in checking or savings accounts, money market accounts or certificates of deposit less any withdrawal penalty, available retirement funds or pension benefits less any withdrawal penalty, stocks, bonds, annuities, or mutual funds less any early withdrawal penalty, available trusts or trust accounts, or lump sum payments;
- the cash surrender value of whole life insurance policies;
- the cash surrender value, in excess of \$1,500, of revocable burial insurance policies or funeral agreements;
- the amount of a child's irrevocable educational trust fund in excess of \$4,000 per child;
- funds withdrawn from an individual development account for a purpose other than postsecondary expenses, a qualified residence, or business capitalization;
- any real property, including a home, land, or buildings not specifically excluded;
- the equity value of vehicles in excess of \$5,000 when the vehicle is used as means of transportation for any member of the assistance unit; or
- personal property that is not a household good, needed for self-employment, or of great sentimental value, due to personal attachment or hobby interest.

Liquid resources that do not count when determining eligibility are:

- bona fide loans, including student loans;
- basic food benefits;
- income tax refunds for 12 months from the date of receipt;
- earned income tax credit in the month received and for up to 12 months;

- advance earned income tax credit payments;
- federal economic stimulus payments that are excluded for federal and federally assisted state programs;
- established individual development accounts;
- retroactive cash benefits or temporary assistance for needy families or state food assistance benefits resulting from a court order modifying a decision of the DSHS;
- underpayments received;
- educational benefits such as grants, loans, or work study;
- the income and resources of a Supplemental Security Income (SSI) recipient;
- a bank account jointly owned with a SSI recipient if the Social Security Administration already counted the money for SSI purposes;
- foster care payments provided under federal law or state foster care maintenance payments;
- adoption support payments;
- self-employment accounts receivable that the applicant or recipient has billed to the customer but has been unable to collect; and
- resources specifically excluded by federal law.

Real Property.

When it determines an applicant's eligibility, the DSHS does not count real property:

- that is the applicant's or recipient's home residence, including the surrounding property;
- that is a house the applicant or recipient does not live in because of employment, training, illness or natural disaster, but plans to return to;
- that the applicant or recipient is making a good faith effort to sell;
- on which the applicant or recipient, who does not already own a home, intends to build a home;
- that produces income consistent with its fair market value, even if used only on a seasonal basis; or
- that a household member needs for employment or self-employment.

Summary of Amended Bill:

The definition of income, for purposes of determining eligibility for public assistance, is amended to include profits of a business owned or controlled, in whole or in part, by the applicant or recipient, and from which the applicant or recipient receives a salary. The share of the business included as income must be proportionate to the applicant's or recipient's share of ownership or control of the asset.

If the language in the bill regarding the definition of income conflicts with federal Medicaid requirements, those provisions do not apply to the income eligibility requirements for Medicaid.

The definition of resources, for purposes of determining eligibility for public assistance, is amended to include ownership in a business, whether it is a sole proprietorship, partnership,

corporation, or limited liability company that is owned by, available to, or whose assets are available to the applicant or recipient.

Amended Bill Compared to Engrossed Substitute Bill:

Under the bill that passed out of the committee, the DSHS must consider "profits" of a business owned or controlled by an applicant or a recipient instead of "appreciable gains" when determining income eligibility for public assistance.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill originated with a telephone call from a constituent who reported that some individuals were improperly receiving public assistance benefits because they found a way to shelter their income with a business they control. The salary paid by the business allows the individual to meet the income threshold for public assistance. Small businesses should be exempt, and it is important to make sure that the state does not lose its Medicaid funding. The main point is to close a loophole to prevent public assistance benefits from going to persons who appear to be eligible but who are not.

(Opposed) None.

Persons Testifying: Senator Fraser, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.