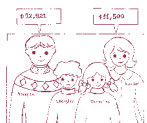




**3** EIC Curriculum Now Available

Earnings Disregards Jump-Start Salaries



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Welcome to our inaugural issue of the newsletter of RefugeeWorks! We intend to publish it bimonthly and to focus each issue on a theme. In addition, each issue will have such regular features as "Washington Update" covering legislative and agency developments, an "Online Connection" column providing annotated website information, a "From the Field" section to showcase best practices throughout the RefugeeWorks network and a "Comings and Goings" column reporting recent and upcoming activities of our office. We hope to hear from you with suggestions for articles and your news of latest happenings in the refugee employment arena.

The theme of our first issue is, "Making Work Pay"—helping refugees make the transition from cash assistance to work to self-sufficiency. The issue highlights several opportunities to increase incomes of working families and offer them financial motivation along the path to economic independence.

## EIC Campaign Gets Underway

The Earned Income Credit is a special tax benefit for working people who earn low or moderate incomes. It has several important purposes: to reduce the tax burden on these workers, to supplement their wages and to make work more attractive than welfare. This year the credit can boost paychecks higher than ever before. It is worth more than \$3,800 for some families.

The EIC Campaign 2000, a national outreach effort to ensure that eligible workers get the credit, began in January with the mailing of outreach kits. The kits include posters, flyers and an outreach strategy guide. **RefugeeWorks is making available** at no charge EIC flyers in the following languages: Bosnian, Cambodian, Chinese, Ethiopian, French, Haitian-Creole, Hmong, Italian, Korean, Laotian, Polish, Portugues, Russian, Somali, Tagalog, Ukrainian and Vietnamese.

EIC benefits to low-income workers can be substantial. For example, workers who raised one child in their home and had a family income between \$7,000 and \$12,000 in 1999 are eligible for an EIC of \$2,312, a \$41 increase from the 1998 benefit. Workers who raised more than one child and had a family income between \$9,500 and \$12,000 in 1999 earn an EIC of \$3,816—a \$60 increase.

### Eligibility

Refugees, asylum seekers and those granted Temporary Protected Status qualify for the credit if they and family members have legal work authorization. Their children must have lived with them in the United States for more than six months out of the year to be considered "qualifying children" for the EIC. In most cases, receiving EIC benefits does not affect eligibility for other benefits such as welfare, Medicaid, food stamps or subsidized housing. Also **wages from subsidized employment such as those provided under the Community Service Employment program of the U.S. Office of Refugee Resettlement count as earned income for the EIC.**

*continued on page 2*

### SAMPLE OF 1999 EIC BENEFITS BY INCOME

1999 Household Income	EIC for workers not raising a child	EIC for workers raising one child	EIC for workers raising two or more children
1,000	\$78	\$349	\$410
3,000	\$231	\$1,029	\$1,210
5,000	\$347	\$1,709	\$2,010
7,000	\$243	\$2,312	\$2,810
10,000	\$13	\$2,312	\$3,816
17,000	\$0	\$1,583	\$2,855
24,000	\$0	\$464	\$1,380
30,500	\$0	\$0	\$12

continued from page 1

## State EIC

Eleven states now have EICs that build on the federal credits. They are Colorado, Iowa, Kansas, Maryland, Massachusetts, Minnesota, New York, Oregon, Rhode Island, Vermont and Wisconsin. State EIC benefits range from 10 percent to 25 percent of the federal credit. For example, a family raising more than one child and qualifying for a federal EIC of \$3,888 would receive an additional state credit of \$972 in Vermont for a total of \$4,860. State credits, when added to federal benefits, make the advantages of filing for the credits compelling.

To order a complete EIC campaign kit, contact the Center on Budget and Policy Priorities by phone at 202/408-1080 or on the Internet at [www.cbpp.org](http://www.cbpp.org).

## STATE EARNED INCOME TAX CREDITS

STATE	PERCENTAGE OF FEDERAL CREDIT	Notes:	
<b><u>Refundable credits:</u></b>			
Colorado	8.5%	<p>a. A Maryland taxpayer may claim either the refundable credit or the larger non-refundable credit (50 percent), but not both credits.</p> <p>b. Minnesota's credit for families with children, unlike the other credits shown in this table, is not expressly structured as a percentage of the federal credit. Depending on income level, the credit may range from 20 percent to 42 percent of the federal credit; the average state credit is about 25 percent of the federal credit.</p> <p>c. Rhode Island's credit is phasing down to 25 percent of the federal credit over five years as part of an overall reduction in state income tax.</p>	
Kansas	10%		
Maryland	10%		
Massachusetts	10%		
Minnesota	15% - 46% (depending on earnings)		
New York	20%		
Vermont	25%		
Wisconsin	4% - 1 child 14% - 2 children 43% - 3 children		
<b><u>Non-refundable credits:</u></b>			
Iowa	6.5%		
Oregon	5%		
Rhode Island	26.5%		

## NEWS FLASH

### President Proposes EIC Expansion

On January 12 President Clinton revealed his intention to expand the Earned Income Credit by \$21 billion over the next 10 years. This expansion is made possible by the EIC's success since it was last expanded in 1993, contributing to the largest drop in poverty in the United States in more than three decades. The poverty rate fell from 15.1 percent in 1993 to 12.7 percent in 1998.

The president's plan calls for the following four major changes in EIC policy:

- Expand the maximum credit for working families with three or more children by \$500. This targeting of families with multiple children is sparked by the fact that 60 percent of all poor children are in families with three or more children.
- Expand the credit for married, two-earner couples by allowing them to earn an additional \$1,450 before beginning to see a reduction in their EIC benefits.
- Increase the incentive to work while expanding the EIC for families with two or more children. Such families will receive a more gradual rate of EIC reduction at progressively higher incomes than they currently receive.
- Encourage savings by eliminating EIC penalties for nontaxable earned income such as 401(k) contributions.

These changes are expected to provide tax relief for 6.4 million more low-income families than the 20 million now assisted by the EIC program.

# EIC Curriculum is Now Available

Peter Daniels, program coordinator at Catholic Charities in Orange County, Calif., and Tre Tran, a Ph.D. candidate, have created an English as a Second Language curriculum for Earned Income Credits. Utilizing materials from EIC programs designed for refugees, the two collaborated in developing an ESL curriculum on the first and second levels for use at Santa Ana (Calif.) College and Rancho Santiago Community College (Orange, Calif.). Tre Tran, who is trilingual, has developed the EIC curriculums in English, Vietnamese and Spanish.

“The curriculum was developed as a way to say ‘thank you’ for all of the years

of free ESL service provided to our clients,” notes Daniels. He has generously offered to make the curriculum available free of charge through RefugeeWorks.

The curriculum will soon form the basis of a special tax-time seminar. A more advanced version covering the EIC in greater depth is currently in production.

For a copy of the beginning first and second level curriculum including teacher’s notes, classroom exercises, overhead transparencies and handouts, please contact *RefugeeWorks* by e-mail: [kwillard@lirs.org](mailto:kwillard@lirs.org).

## Sample Case Study Handout used in the EIC Curriculum

\$12,921      \$11,500

Young Lee      Chang Lee      Tammi Lee      Suk Lee

Total Income : \$ \_\_\_\_\_  
 Number of Children : \_\_\_\_\_  
 Qualified for EIC? : Yes - No  
 What Category? : A - B - C

# Earnings Disregards Jump-Start Salaries

Like the Earned Income Credit, Earnings Disregards are designed to supplement the income of low-wage employees. But this program targets recipients of Transitional Assistance to Needy Families who become employed by allowing them to keep a portion of their TANF benefits after placement. The percentage of income “disregarded” in determining benefits for employed TANF beneficiaries differs from state to state (see *state-by-state listing and map on pages 4 and 5*).

To demonstrate tangibly that work pays more than welfare, follow the steps outlined here and compute comparisons on a “dollars-and-sense” basis. First, check out your state’s levels of earnings disregards on the list. We will use California and Massachusetts as examples. Next, using a case size of five, do the math. As you can see from our computations, a refugee family will make \$1,263 vs. \$767 per month in California and \$1,200 vs. \$760 per month in Massachusetts, not including more than \$3,000 each year in Earned Income Credits! EIC does not count as income when calculating TANF payments. Nor does participation in the Earnings Disregards program prohibit a recipient from claiming other benefits such as child care and Medicaid.

## DO THE MATH

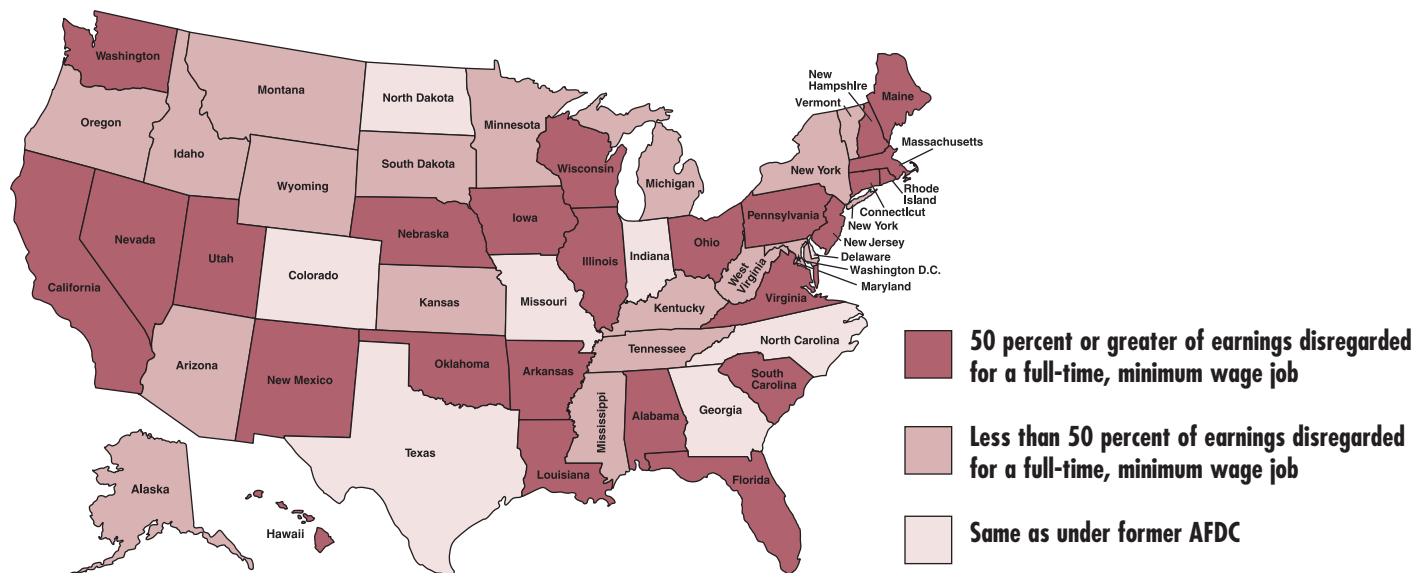
	CALIFORNIA	MASSACHUSETTS
<b>WELFARE</b>		
Monthly TANF Payment (family of 5)	\$767	\$760
Annual TANF Payment	\$9,204	\$9,120
<b>WORK</b>		
Monthly Salary	\$767	\$760
Earnings Disregard	\$225 and 50% \$767 - \$225=\$542 \$542 x 50%=\$271	\$120 and 50% \$760 - \$120=\$640 \$640 x 50%=\$320
Income Considered by TANF (i.e. Amount by which TANF payment is reduced)	\$271	\$320
Transitional TANF Payment (Monthly TANF Payment - Reduction)	\$767 - \$271= \$496	\$760 - \$320= \$440
TOTAL MONTHLY INCOME (Salary + Transitional TANF Payment)	\$767 + \$496= \$1,263	\$760 + \$440= \$1,200
INCREASE IN INCOME FROM WORK	+64%	+58%
WAGE LEVEL AT WHICH WELFARE DISAPPEARS	\$12.50/35 hrs. per wk. \$1,750 per month	\$11.70/35 hrs. per wk. \$1,640 per month
Earned Income Tax Credit (per annum)	\$3,250	\$3,400
State Earned Income Credit (per annum)	\$325	-
TOTAL INCOME PER ANNUM	\$18,731	\$17,800

# Earnings Disregard Policies for TANF Recipients

<b>Alabama</b>	Disregard 100% for first three months of earnings; 20% for subsequent months	<b>Massachusetts</b>	Disregard \$120 and 50% of the remainder
<b>Alaska</b>	Disregard \$150 and 33% of the remainder in months 1-12, \$150 and 25% (months 13-24)	<b>Michigan</b>	Disregard \$200 and 20% of the remainder
<b>Arizona</b>	Disregard \$90 and 30% of the remainder	<b>Minnesota</b>	Disregard 36%
<b>Arkansas*</b>	Disregard 20% and 50% of the remainder	<b>Mississippi</b>	Disregard 100% of earnings for the first six months
<b>California</b>	Disregard \$225 and 50% of the remainder	<b>Missouri*</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months
<b>Colorado</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months	<b>Montana</b>	Disregard \$200 and 25% of the remainder
<b>Connecticut</b>	All earnings below poverty are disregarded; family is eligible as long as earnings are below poverty	<b>Nebraska</b>	Disregard 20%
<b>Delaware</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months	<b>Nevada</b>	Disregard 100% for first three months, 50% for next 9 months, \$90 or 20% (whichever is greater) after 12 months
<b>District of Columbia</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months	<b>New Hampshire</b>	Disregard 50%
<b>Florida</b>	Disregard \$200 and 50% of the remainder	<b>New Mexico</b>	Disregard \$150 and 50% of the remainder
<b>Georgia</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months	<b>New Jersey</b>	Disregard 100% for first month, 50% in subsequent months
<b>Hawaii</b>	Disregard 20%, then \$200, then 35% of the remainder	<b>New York*</b>	Disregard \$90 and 42% of the remainder
<b>Idaho</b>	Disregard 40%	<b>North Carolina*</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months
<b>Illinois</b>	Disregard 67%	<b>North Dakota</b>	Disregard 27%
<b>Indiana</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months	<b>Ohio*</b>	Disregard \$250 and 50% of the remainder for 18 months
<b>Iowa</b>	Disregard 20% and then 50% of the remainder	<b>Oklahoma</b>	Disregard \$120 and 50% of the remainder
<b>Kansas</b>	Disregard \$90 and 40% of the remainder	<b>Oregon</b>	Disregard 50%
<b>Kentucky</b>	Disregard 100% for the first two months, then disregard \$120 and 33% of the remainder for the next 3 months, \$120 for the next eight months and \$90 after 12 months	<b>Pennsylvania</b>	Disregard 50%
<b>Louisiana</b>	Disregard \$1020 for first six months, \$120 after six months	<b>Rhode Island</b>	Disregard \$170 and 50% of the remainder
<b>Maine*</b>	In eight counties, disregard 20% and \$134 of the remainder; in other eight counties, disregard \$150 and 50% of remaining earnings that are less than the federal poverty level	<b>South Carolina</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months
<b>Maryland*</b>	Disregard 26%	<b>South Dakota</b>	Disregard \$90 and 20% of the remainder
		<b>Tennessee</b>	Disregard \$150
		<b>Texas*</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months
		<b>Utah</b>	Disregard \$100 and 50% of the remainder
		<b>Vermont</b>	Disregard \$150 and 25% of the remainder
		<b>Washington</b>	Disregard 50%
		<b>West Virginia</b>	Disregard varies by amount earned income; average disregard is 40%
		<b>Wisconsin</b>	Disregard \$120 and 33% of the remainder for the first 4 months, \$120 for the next eight months and \$90 after 12 months
		<b>Wyoming</b>	Disregard \$200 for single parents and \$400 for married couples

\*States marked with an asterisk have changed their treatment of earnings for either applicants or recipients (or both) in 1999.

## STATE LEVELS OF EARNING DISREGARDS



(Reprinted from [www.acf.dhhs.gov](http://www.acf.dhhs.gov))

## Frequently Asked Questions About Making Work Pay

### Are working refugees still eligible for food stamps?

The food stamp program has uniform rules on the treatment of earnings because it is a federal program. For a family of three food stamp benefits will not disappear entirely until a family reaches a gross income of \$1,479 per month, which is about \$10.50 per hour for 35 hours per week. As may be obvious, benefits decline gradually as earnings rise. If refugees are part of a family that is larger than three, their gross income could be higher before food stamp benefits would disappear.

### Are transportation subsidies allowed for working refugees?

If recipients of Transitional Assistance to Needy Families are working, the transportation support will not count as "assistance" and thus will not subject working families to federal work requirements and time limits. Some states provide transportation subsidies to families based on income, others based on time. Virginia, for example, provides transitional allowances for up to 24 months after families leave welfare. Pennsylvania provides refugees leaving welfare for work with up to \$750 as a down payment for the purchase of a car and Michigan provides up to \$1,200.

### What about Medicaid?

As refugees face leaving welfare for work, a primary concern is health insurance and medical coverage. The good news is that once a refugee exceeds the level of earnings for regular Medicaid, most working refugees can be covered under the Transitional Medical Assistance program for up to one year. Anyone who was on Medicaid for three out of the six previous months and has a dependent child may qualify for at least six months of TMA. Recipients can request TMA coverage for an additional six months as long as their gross earnings less expenses for child care are below 185 percent of the federal poverty level for their household size. Thus to receive the second six months, a family of three must have earnings below \$2,100 per month and a family of six, earnings below \$3,399 per month. To receive a full year of TMA, families must report earnings on a quarterly basis.

### And child care?

Many states authorize expenditures for post-employment and job retention services, which can include child care and other support services. Contact local welfare offices to arrange for post-employment services. Under the final regulations for Transitional Assistance to Needy Families, TANF funds used for child care services for families who are working do not trigger federal time limits or work requirements.

# WASHINGTON UPDATE



## 'Ticket to Work' Act Becomes Law

Just enacted is the [Ticket to Work and Work Incentives Improvement Act](#) designed to remove some of the barriers to work for people with disabilities.

The act:

- Extends Medicare coverage for disability beneficiaries from its current four to more than eight years of employment.
- Allows persons with disabilities to buy into Medicaid when they become employed.
- Authorizes pilot projects to allow states to offer similar Medicaid buy-ins for persons with degenerative diseases such as multiple sclerosis and AIDS.
- Permits states to establish new Medicaid eligibility categories for disabled persons whose income or resources would otherwise have made them ineligible for welfare.
- Renews a number of expiring tax provisions, including the Welfare-to-Work Tax Credit.

The provisions of the new act will be made effective by the end of the 2000 calendar year.

## From the Field

### Charlotte Provider Receives W2W Grant

The Refugee Resettlement Office of Catholic Social Services in Charlotte, N.C., recently received a third-round, Welfare-to-Work discretionary grant from the U.S. Department of Labor. The office joins first-round awardee, Cambodian Family in Santa Ana, Calif., as the two refugee-specific employment providers to win the department's W2W competitive grants.

The Charlotte grant of more than \$1 million will enable the office to provide the following services to recipients of Transitional Assistance to Needy Families: cultural and work orientation as a "job readiness" strategy, job placement, on-the-job training and post-employment services. The latter include English as a Second Language training, vocational skills training, job retention and support services. Employers will also contribute resources for post-employment support services which include on-site ESL classes for refugees with limited English proficiency, tuition reimbursement and certification training.

Because the Labor Department initiative required collaboration with and sign-off from the local Private Industry Council, the Refugee Resettlement Office in Charlotte received this year's coveted RefugeeWorks Take-Your-PIC-to-Lunch T-shirt.



**Ciria Ponce, Director, Refugee Resettlement Office of Charlotte's Catholic Social Services is this year's winner of the RefugeeWorks Take-Your-PIC-to-Lunch Award. Ms. Ponce is shown proudly displaying her prize.**

## Comings and Goings

In a whirlwind of activities in recent months, RefugeeWorks organized and facilitated two workshops at last November's **national conference of the Office of Refugee Resettlement**. The workshops were on "Youth Employment" and "Responsive Job Development: Partnering With Employers."

For the **first National Bosnian Conference** also in November, RefugeeWorks Director Jane Bloom conducted a career planning workshop with a panel of three Bosnian professionals—a dentist, attorney and psychiatrist. The lively discussion covered such topics as the mechanics of credential review, transferability of skills, lost documents and job upgrading.

For ORR's network of specialized Community Service Employment grantees, we recently conducted a two-day training session for the **Long Beach, Calif., CSE grantee consortium** with peer expert Peter Daniels; trained the trainers at a consultation on job readiness training for the **Fresno, Merced and Stockton, Calif., CSE grantees** with advisor Brigitte Marshall; and provided on-site training and technical assistance to the new **West Springfield, Mass., CSE grantee**. We have also paid visits to Alternative Project grantees, including the **Baltimore Resettlement Center** and the **San Diego affiliate of the International Rescue Committee** to help with strategic planning.

Upcoming activities include RefugeeWorks sessions at the **LIRS matching grant conference** March 1-3 in Phoenix, Ariz.; a regional conference of the **United States Catholic Conference Regional Convening** in Chicago; and a **state of Michigan Providers Conference** in Bellaire. We will also play a part in ORR's April conferences for CSE and Alternative Project grantees.

**Meeting of the Minds:** San Diego's IRC caseworkers share insights with the agency's job readiness training coordinator (*right*) at January's Strategic Planning Alternative Project Summit, facilitated by RefugeeWorks.



Mt. Carmel Cambodian Center staff members meet with security guard industry representative (*left*) at last quarter's RefugeeWorks Long Beach CSE Consultation.



RefugeeWorks Director, Jane Bloom, pictured at ORR's National Conference with HHS Secretary, Donna Shalala; McDonald's Human Services Director, Barry Mehrman; and ORR Director, Lavinia Limon.



## ONLINE CONNECTION

The “Online Connection” column offers a guide to useful websites which we hope will serve to connect you to additional information concerning subjects discussed in the issue. Each underlined website is followed by the name of the host organization for the site and a brief description of the site’s contents.

### EARNED INCOME CREDIT

[www.cbpp.org/11-12-99sfp-sum.htm](http://www.cbpp.org/11-12-99sfp-sum.htm).

*Center on Budget and Policy Priorities.* This site provides additional information on state EIC programs, including why states choose to enact them, how to differentiate between refundable and nonrefundable credits and how states finance the programs.

[www.irs.ustreas.gov/prod/ind\\_info/eitc4.html](http://www.irs.ustreas.gov/prod/ind_info/eitc4.html).

*U.S. Internal Revenue Service.* On this site you will find information about EIC for employers and questions and answers concerning the program such as “Who is a qualifying child?” and “How do I get advance payments?” You can also browse or order a free copy of the official IRS publication on EIC.

### EARNINGS DISREGARDS

[www.spdp.org](http://www.spdp.org). *State Policy Documentation Project of the Center for Law and Social Policy and the Center on Budget and Policy Priorities.* The

website’s home page provide information concerning policy issues such as Transitional Assistance to Needy Families, reproductive health and Medicaid. Its topics are searchable by state. A synopsis of legislation on Earnings Disregards is available. Under the TANF Categorical and Financial Eligibility Rules, you can download a table to the levels of Earnings Disregards by states.

[www.welfareinfo.org/income.htm](http://www.welfareinfo.org/income.htm). *Welfare Information Network.* This network provides

information concerning the criteria used by individual states to determine their policies on Earnings Disregards, research findings concerning the affect of increases under the program and contact information—which is generally out-of-date.

### TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT

[www.ncsl.org/statefed/health/ticktowrk.htm](http://www.ncsl.org/statefed/health/ticktowrk.htm). *National Conference of State Legislatures.* A copy of each provision of the act is available online.

## REFUGEEWORKS

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## REFUGEEWORKS

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