

STATE OF MINNESOTA

DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF THE PROPOSED
ADOPTION OF THE STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES RULES
GOVERNING GENERAL ASSISTANCE
AND REDUCED STANDARDS OF ASSISTANCE,
MINNESOTA RULES, PARTS 9500.1205,
9500.1209, AND 9500.1214 TO 9500.1232
(PROPOSED)

STATEMENT OF
NEED AND
REASONABLENESS

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INTRODUCTION

The proposed rules, parts 9500.1205, 9500.1209, and 9500.1214 to 9500.1232, govern general assistance standards of assistance and reduced standards of assistance. The authority for the establishment of these rules is found in Minnesota Statutes, section 256D.01, subdivisions 1a and 1b; section 256D.03, subdivisions 1 and 7; section 256D.04; and section 256D.06.

BACKGROUND

In 1983 the legislature created a flat grant in the general assistance program. The flat grant combined separate standards for shelter and basic needs into one grant amount. At that time, the legislature also implemented reduced standards of assistance for recipients who shared a residence with a responsible relative. The department promulgated emergency rules, Minnesota Rules, parts 9555.3410 to 9555.3412 [Emergency], to implement these statutory provisions.

In 1985 the legislature modified provisions in Minnesota Statutes, chapter 256D, regarding reduced standards of assistance, and increased standards of assistance for families to a level equivalent with AFDC standards. These provisions take effect July 1, 1986.

The proposed rules are needed to implement and make permanent the 1983 and 1985 legislation. The proposed rules contain provisions that define terms, and that govern the treatment of real and personal property, assistance unit composition, full state

assistance standards, reduced state assistance standards, income verification, allocation of income, income evaluation, payment provisions, and state participation. The proposed rules also repeal rules that governed definitions, determination of need, grant amount, state reimbursement of local agencies, and standards of assistance that are no longer consistent with Minnesota Statutes, chapter 256D, or that are replaced within the proposed rules.

The department provided opportunities for public participation and comment during the development of these rules. A Notice of Solicitation of Outside Opinion was published in the State Register on October 21, 1985. The department also received input from the General Assistance County Panel (see exhibit 1) and from the General Assistance Rules Public Advisory Committee (see exhibit 2). All comments and suggestions received have been considered by the department.

The need for and reasonableness of the specific rule provisions are established in the following statement of need and reasonableness.

PART 9500.1205. DEFINITIONS.

This rule part defines words and phrases that have a meaning specific to parts 9500.1200 to 9500.1256, that may have several possible interpretations, or that need exact definitions to be consistent with statute. Terms used in a manner consistent with common use in the income maintenance or human services fields are not defined unless a definition is needed to clarify the rule.

Minnesota Statutes, section 256D.03, subdivision 7, clause (2), requires the commissioner to "Promulgate uniform rules consistent with law for carrying out and enforcing the provisions of sections 256D.01 to 256D.21 to the end that general assistance may be administered as uniformly as possible throughout the state....". The definitions provided in the rule part help to insure that the general assistance rules established by the commissioner will be administered as uniformly as possible throughout the state.

Minnesota Statutes, section 256D.01, subdivision 1a, provides that "The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition." To achieve the legislature's goal of bringing general assistance standards for families up to the level of aid to families with dependent

children standards it is necessary to use terms that have the same defined meaning in the general assistance program and in the AFDC program. It is reasonable to provide definitions that are consistent with AFDC definitions because it helps to insure that assistance unit composition and the size factors that affect standards of assistance are consistent from one program to the other, and the standards of assistance will be equal.

Subpart 1. Scope. This provision is needed to clarify that the definitions apply to the entire sequence of parts 9500.1200 to 9500.1256.

Subpart 2. Affidavit. It is necessary to define this term because it has a specific meaning as used in parts 9500.1200 to 9500.1256. This definition is reasonable because it is consistent with the usual meaning of the term. The department considered adding the requirement that the "affidavit" be notarized, but decided not to at the request of the GA County Panel, who suggested that this requirement would only place an unnecessary burden on the counties to have a notary available.

Subpart 3. Allowable deductions. This definition is needed because the term "allowable deductions" has a specific meaning as used throughout parts 9500.1200 to 9500.1256. This definition, which establishes specific types and amounts of gross income and employment expenses which must not be taken into consideration in determining an individual's or assistance unit's "countable income", is reasonable because it insures that the income of general assistance applicants and recipients is treated uniformly throughout the state. The reasonableness of each item is established below.

Item A. Item A is reasonable because it complies with Minnesota Statutes, section 256D.06, subdivision 1, which states that "[i]n determining eligibility for and the amount of assistance the local agency shall disregard the first \$50 of earned income per month."

Item B to M. Items B to M define employment expenses. Minnesota Statutes, section 256D.02, subdivision 8, defines the term "income" as used throughout the statutes governing the general assistance program. This statute states that income is to be "reduced by the amount attributable to employment expenses as defined by the commissioner." Items B to M are reasonable because they are consistent with employment expenses which have historically been disregarded under the general assistance program. (See G.A. Manual, pages IV-D-2 and IV-D-4-b).

One of the main objectives of the department is to increase the self-sufficiency of public assistance recipients (see exhibit 4, Mission Statement). To achieve this objective, the department has

identified employment expenses which, if not disregarded under these rules, would discourage general assistance applicants and recipients from seeking, obtaining, and retaining employment. The expenses identified in items B to M are not needs which are provided for under the general assistance standards. If an applicant or recipient were not permitted to deduct these expenses from his or her gross income, the total amount of money available to the applicant or recipient would be insufficient to provide both the necessities of life and the expenses of continuing employment. But for these disregards, a recipient who incurs expenses in the course of employment would receive a smaller grant than a recipient who does not work, thereby penalizing a recipient for engaging in employment.

Item N. Minnesota Statutes, section 256D.05, subdivision 1, states that an individual's or family's income must be less than the standard of assistance established by the commissioner in order for general assistance eligibility to exist. Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." Therefore, a minor child's income must be considered in determining the eligibility and monthly payment amount for the family. However, under Minnesota Statutes, section 256D.15, a relative's financial responsibility exists only between spouses and from a parent to a minor or adult child. Because a minor child does not have financial responsibility for a parent under this statute, it is reasonable to exclude the amount of the minor child's income, including support payments, that exceed his or her standard of assistance. By excluding the minor child's income that exceeds his or her standard of assistance, the minor child's income is only considered available to meet his or her own needs.

Item O. Item O is reasonable because Food Stamps are a third party payment to a vendor for food purchases and thus are in-kind income. Under Minnesota Statutes, section 256D.02, subdivision 8, goods and services provided in lieu of cash payments are specifically excluded from the definition of income.

Item P. Item P is reasonable because Minnesota Statutes, section 256D.08, subdivision 1, paragraph (3), requires these payments be excluded when determining eligibility for and amounts of assistance payments for an individual.

Item Q. Item Q is reasonable because cash payments for displaced persons who face relocation are intended for specific needs and are not available to meet basic subsistence needs. Such payments have historically been allowed as a deduction in the general assistance program.

Item R. Item R is reasonable because Minnesota Statutes, section 256D.05, subdivision 3 specifies that the receipt of AFDC by individuals residing in shelter facilities must not affect the eligibility for or payment of shelter costs under the general assistance program.

Item S. Item S is reasonable because Minnesota Statutes, section 4.40, specifies that income received as a stipend under displaced homemaker programs shall be totally disregarded for purposes of determining eligibility for and the amount of a general assistance grant.

Item T. Item T is reasonable because family foster care payments for basic care, difficulty of care and clothing costs are paid to the foster care provider to meet the basic needs of the person placed in foster care. The standards used by the department for these payments do not provide for a profit. Basic need items such as shelter, utility, food, clothing, and transportation are included in the standards for foster care payments and are considered a reimbursement for those expenditures. An individual for whom foster care payments are made is not eligible for general assistance because that person's needs are provided for through the foster care payment. Therefore, the payment made for an individual's foster care is not available to meet the needs of the foster care provider. It is reasonable to exclude these payments as income available to the assistance unit because they are earmarked for the needs of the person in foster care.

Item U. Benefits under the Older Americans Act include benefits from such programs as the Nutrition Program for the Elderly, Retired Senior Volunteer Program, Foster Grandparents Program, and the Senior Companion Program. It is reasonable to exclude these benefits in order to encourage participation in programs designed to improve the quality of life for senior citizens, and to encourage senior citizens to provide valuable volunteer services to the community. These benefits have historically been excluded from countable income in the general assistance program.

Item V. Loans provided under Minnesota Statutes, Chapter 462A are intended to be used primarily for rehabilitation necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. It is reasonable to disregard Title I loans because the proceeds of such loans are not available to meet the basic subsistence needs of the applicant or recipient. These loans have historically been disregarded when determining general assistance eligibility and monthly payments.

Item W. Income from which the amount of state and federal personal income taxes is determined is considered income when determining an individual's or family's eligibility and monthly payment in general assistance. Because an individual must have less countable income than the standard of assistance established by the commissioner, the individual's or family's income will be below the poverty level. The amount of state and federal personal income tax refunds or state property tax refunds are expected to be so low as to be of little consequence. The General Assistance County Panel that provided input to the Department during the development of these rules supported this deduction because they anticipated that the expense of counting the refunds when determining a monthly payment would exceed the savings realized by counting such refunds.

Item X. Item X is reasonable because Minnesota Statutes, section 256D.02, subdivision 8, specifically excludes goods and services provided in lieu of cash payments from the definition of income. The statute does, however, require the payments made for room, board, tuition or fees by a parent on behalf of a child enrolled as a full-time student in a post-secondary institution to be counted as income.

Item Y. Item Y is reasonable because Minnesota Statutes, section 256.99 requires all reverse mortgage loan proceeds to be disregarded for purposes of determining eligibility for and the amount of general assistance payments.

Item Z. This act includes the University Year of Action, Foster Grandparents Program, Retired Senior Volunteer Program, Senior Companion Program, Service Corps of Retired Executives, and the Active Corps of Executives programs. It is reasonable to exclude payments made for services provided under these programs in order to encourage participation in volunteer service programs which benefit the community. Historically, such payments have been excluded when determining general assistance eligibility and monthly payments.

Item AA. The VISTA program provides valuable community and national services. It is reasonable to exclude VISTA payments to VISTA volunteers in order to encourage participation in volunteer services which are of benefit to the community and nation, and to encourage participation in services which may increase the recipient's employability.

Item BB. Item BB is reasonable because the reimbursements paid under JTPA are meant to cover actual expenses incurred by the

recipient, and are not intended to provide for the recipient's basic subsistence needs. It is reasonable to count JTPA payments for on-the-job training because such income is earned income and is intended as payment for employment which can be used to meet the basic living costs of the employee.

Item CC. Out-of-pocket expenses are initially paid for with a recipient's funds. Such amounts would previously have been considered in determining general assistance eligibility and monthly payment amounts. It is therefore reasonable to exclude the reimbursement because it does not represent an additional amount available to the recipient. It is also reasonable to exclude the reimbursement of such expenses in order to encourage participation in services to the community or which will increase the applicant's or recipient's employability.

Item DD. Item DD is reasonable because Minnesota Statutes, section 256D.06, subdivision 1, requires the local agency to determine the amount of nonexempt income actually available to the individual or family. Loans are usually intended for a specific purpose, and by definition create an obligation to repay. Loans are therefore not actually available to meet basic subsistence needs. Since repayment of debts are not allowed as a reduction or offset to current income under part 9500.1224, subpart 2, item C, it is reasonable and consistent to exclude loans from income considered for purposes of determining eligibility for and amounts of monthly payments. Requiring both parties to document the obligation to repay the loan is reasonable because it insures that the loan is not a sham. Educational loans are excluded because part 9500.1226, subpart 2, specifies that the portion of educational loans which exceeds educational expenses may be considered available to meet basic subsistence needs.

Item EE. Item EE is reasonable because the purpose of these payments is to enhance the recipient's employability and decrease his or her dependence on public assistance. It is reasonable to specify that the portion of vocational rehabilitation payments intended to meet current living needs must not be excluded in order to implement the provisions of Minnesota Statutes, section 256D.01, subdivision 1, which states that general assistance is intended to provide for persons not otherwise provided for under state or federal law.

Item FF. General assistance payments made to correct underpayments in a previous month are intended to remedy errors in prospective budgeting. If such corrective payments were considered income in the month of receipt, the error in budgeting would never be corrected. It is reasonable to exclude such corrective payments in order to assure that an assistance unit receives the amount intended under Minnesota Statutes, section 256D.05, subdivision 1.

Item GG. Item GG is reasonable because nonrecurring cash gifts of less than \$30 are inconsequential and cannot be prospectively budgeted when determining an assistance unit's eligibility and monthly payments. Similar provisions exist within the AFDC program.

Items HH and II. The equity value of real or personal property must be determined as provided in part 9500.1209, subpart 4, item A. In order for general assistance eligibility to exist, the assistance unit must not possess real and personal property in excess of the limits established in Minnesota Statutes, section 256.73, subdivision 2. Items HH and II permit an assistance unit to convert resources within program limits without considering the proceeds from such conversion to be income. It is reasonable to exclude the proceeds from conversion of resources within program limits because such proceeds can then be used to acquire other real and personal property within property limits. If the proceeds were counted as income, the proceeds would not be available to purchase other excluded property.

Item JJ. Item JJ is reasonable because these funds are intended for a specific purpose, and are not actually available to the assistance unit to meet basic subsistence needs.

Item KK. Item KK is reasonable because Minnesota Statutes, section 259.40, subdivision 9, specifies that payments made for subsidized adoptions shall not affect eligibility for any other financial payments to which a person may otherwise be entitled.

Item LL. Item LL is reasonable because Minnesota Statutes, sections 256D.01 to 256D.21, govern the general assistance program, and income specifically excluded under these statutes must therefore be excluded under these rules.

Subpart 4. Application. It is necessary to define this term because it is open to several possible interpretations and it has a specific meaning as used within parts 9500.1200 to 9500.1256. Historically, the term "application" has referred to a written request for assistance that is filed with the local agency and that provides basic information about the individuals requesting the assistance. Minnesota Statutes, section 256.01, subdivision 4, clause (4), authorizes the commissioner to prescribe the form of applications. It is necessary for the commissioner to prescribe the form of applications for the general assistance program because Minnesota Statutes, section 256D.04 requires the commissioner to administer general assistance uniformly statewide. This definition is reasonable because it is consistent with the historical use of the term and it identifies the requirement that an application be signed, dated, and submitted by a filing unit on a form prescribed by the commissioner, insuring that the process of applying for general assistance is administered consistently across the state.

Subpart 5. Assistance unit. This definition is needed because the term "assistance unit" has a specific meaning as used throughout parts 9500.1200 to 9500.1256. This definition identifies the individuals in a household who must receive general assistance together. It is reasonable to specify that the assistance unit must include the individuals from a filing unit who are applying for or receiving general assistance together in order to assure that a general assistance family grant is not affected by the inclusion of unrelated persons. This definition is reasonable because it is consistent with Minnesota Statutes, sections 256D.01, subdivision 1a, and 256D.06, subdivision 1, which specifies that assistance shall be granted to both individuals and families.

Subpart 6. Countable income. This definition is needed because the term "countable income" has a specific meaning as used throughout parts 9500.1200 to 9500.1256. Countable income is used in these rules to determine program eligibility and monthly payment amounts. Countable income is the amount of income received by the individual or assistance unit reduced by the first \$50 of earned income as provided by Minnesota Statutes, section 256D.06, subdivision 1, and reduced by the amount attributable to employment expenses as provided by Minnesota Statutes, section 256D.02, subdivision 8. Countable income is the amount used to determine a monthly general assistance payment to the assistance unit as provided by Minnesota Statutes, section 256D.06, subdivision 1. It is reasonable to establish this definition in the rule parts in order to insure that eligibility and monthly payment amounts are determined uniformly throughout the state, and to assure that deductions from income required by statute are made.

Subpart 7. Earned income. It is necessary to define this term because it has a specific meaning as used throughout parts 9500.1200 to 9500.1256. Minnesota Statutes, section 256D.06, subdivision 1, specifies that in determining eligibility for and the amount of assistance, the local agency shall disregard the first \$50 of earned income per month. "Unearned income" is not reduced by a similar \$50 disregard. This definition is reasonable because it identifies income that is commonly regarded as "earned income" and distinguishes it from "unearned income." It is reasonable to provide this definition because it insures that local agencies will uniformly implement this provision.

Subpart 8. Earned income tax credit. This definition is needed to clarify the meaning of this term. It is reasonable to define "earned income tax credit" with a reference to the federal law that governs this payment because it insures that this payment will be uniformly identified and given uniform treatment under these rules, consistent with federal law.

Subpart 9. Equity Value. This definition is needed to clarify the meaning of this term. The term is used when determining the amount of real or personal owned by an individual or family as required by Minnesota Statutes, section 256D.08, subdivision 1, paragraph (1). Minnesota Statutes, section 256D.08, subdivision 1, paragraph (1), specifies that the value of property must be less than the limits used in the AFDC program in order for an individual or family to be eligible for general assistance. The purpose of the statute is to require the individual or family to sell property which exceeds those limits and use the proceeds to support themselves. The outstanding encumbrances owed against real or personal property reduces the amount that the owner could realize by the sale of the property. Therefore, it is reasonable to specify that the value of property which must be compared to the real and personal property limits of AFDC is the amount which could be realized by the sale of the property.

Subpart 10. Federal Insurance Contributions Act or FICA. It is necessary to define this term because it requires an exact definition to be consistent with statute. This definition, which references the federal law governing FICA withholdings, is reasonable because it insures the term will be given the exact definition required by federal law. It is reasonable to use an abbreviation for this term because it deletes unnecessary words and shortens the rule parts.

Subpart 11. Filing unit. It is necessary to define this term because it has a specific meaning as used in parts 9500.1200 to 9500.1256. Minnesota Statutes, section 256D.05, subdivision 1, and 256D.06, subdivision 1, specify that an individual or family must have income and resources less than the standards of assistance established by the commissioner in order for general assistance eligibility to exist. Also, under the provisions of Minnesota Statutes, section 256D.01, subdivisions 1a and 1b, a family will receive reduced standards of assistance. Family members can have varying degrees of relatedness to each other. Historically in general assistance, a family has meant a married couple and any minor children they may have, and an unmarried person and any minor children he or she may have. It is necessary to define those family members who may apply for general assistance as a "family" in order to properly assess the income and resources of those persons, and to determine the amount of a monthly payment consistent with statute. This definition, which refers to the rule part that establishes who must be included together in an application for general assistance, is reasonable because it clarifies the use of the term without oversimplifying its meaning.

Subpart 12. Gross income. It is necessary to define this term because it has a specific meaning as used in parts 9500.1200 to 9500.1256. Minnesota Statutes, section 256D.02, subdivision 8, provides a definition of the term "income" which applies to the general assistance program. Minnesota Statutes, section 256D.06, subdivision 1, provides that "nonexempt income actually available to the individual or family" shall be considered in determining the amount of a general assistance grant. "Gross income" means the total amount of earned or unearned income from which allowable deductions are subtracted as required by Minnesota Statutes, section 256D.02, subdivision 8. This definition is reasonable because it clarifies the meaning of this term and insures that eligibility and the amount of assistance payments are determined uniformly throughout the state.

Subpart 13. In-kind income. This definition is necessary because the term "in-kind income" is used in Minnesota Statutes, section 256D.02, subdivision 8, and has a specific meaning as used in parts 9500.1200 to 9500.1256. With certain exceptions, in-kind income is excluded from an individual's or assistance unit's countable income when determining eligibility and the amount of an assistance payment. This definition is reasonable because it clarifies the meaning of the term and insures that eligibility and the amount of assistance payments are determined uniformly throughout the state.

Subpart 14. Month. It is necessary to define this term because it is open to several possible interpretations and it has a specific meaning as used in parts 9500.1200 to 9500.1256. This definition is reasonable because it clarifies the specific time period referred to by this term and insures that the meaning of the term will be interpreted uniformly throughout the state. This term has historically been interpreted to mean calendar month in all income maintenance programs in Minnesota.

Subpart 15. Parent. It is necessary to define this term because it is open to several possible interpretations and it requires a specific meaning to ensure consistent application of rule provisions related to the composition of filing units and assistance units, and to rule provisions related to income allocation. Minnesota Statutes, section 256D.02, subdivision 5, defines "family" as two or more individuals who are "related by blood, marriage, or adoption...." This definition of "parent" is reasonable because it is consistent with Minnesota Statutes, section 256D.15, which describes the relative responsibility of a parent for a child, and Minnesota Statutes, section 256D.02, which includes both adoptive and blood relatives in the definition of family.

Subpart 16. Payment month. It is necessary to define this term because it is open to several possible interpretations and it has a specific meaning as used in parts 9500.1200 to 9500.1256, specifically in the context of budgeting provisions. This definition is reasonable because it identifies the specific time period referred to by this term and insures that the meaning of the term will be interpreted uniformly throughout the state.

Subpart 17. Prospective budgeting. It is necessary to define this term to clarify its meaning as used in parts 9500.1200 to 9500.1256. These rules require the amount of assistance payments to be determined by looking ahead to the upcoming month, anticipating the amount of income for that month, and basing the next month's payment amount on the anticipated income. This method of determining the amount of assistance is called "prospective budgeting." The definition of this term is reasonable because it provides a common understanding of the term as it is used in these rules and it insures that these determinations are made uniformly throughout the state.

Subpart 18. Recipient. It is necessary to define this term because it has a specific meaning as used throughout parts 9500.1200 to 9500.1256. This definition is reasonable because it insures that the term as used in these rules will be interpreted uniformly throughout the state. It is reasonable to include all recipients whose needs are included in the payment to an assistance unit because such persons' needs have been taken into consideration in the standards of assistance, and such persons' unmet needs are provided for by the payment to the assistance unit.

Subpart 19. Unearned income. It is necessary to define this term in order to distinguish between earned income and unearned income. The term has a specific meaning as used in parts 9500.1200 to 9500.1256. Income, including "unearned income" is used to determine eligibility for general assistance and amounts of assistance payments. This definition is consistent with Minnesota Statutes, section 256D.02, subdivision 8, which specifies that "income" includes "...remuneration for services performed as an employee...." and "...payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, and royalties; and support and maintenance payments." This definition is reasonable because it is consistent with the statute and it ensures that unearned income will be identified and treated uniformly throughout the state.

Subpart 20. Verification. It is necessary to define this term to clarify its meaning as used in parts 9500.1200 to 9500.1256. This definition is reasonable because it provides a common understanding of the way the term is used in these rules and insures that it is used uniformly throughout the state.

9500.1209 ELIGIBILITY DETERMINATION.

This part specifies the local agency duties when determining an applicant's or recipient's eligibility, the family members whose income and resources must be considered together when determining eligibility, and the process which must apply when determining an applicant's or recipient's eligibility for general assistance.

Subpart 1. Local agency duties. Minnesota Statutes, section 256D.05, subdivision 1, specifies that "Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance" if the person or family is a member of one of several eligibility groups. The statute authorizes the commissioner to establish standards of assistance and provides for general assistance eligibility for individuals and family members who meet certain income and categorical eligibility requirements. It is both necessary and reasonable to specify in the rule parts the eligibility requirements which must be met and the process for determining an individual's or family's eligibility for general assistance in order to implement the provisions of statutes and to inform affected parties of the policies which may affect them.

The subparts which follow (subparts 2 to 4) establish a three step process for determining the eligibility of an applicant or recipient.

Step one requires the local agency to determine if the applicant or recipient resides with family members whose income and resources must be looked at together in order to determine if general assistance eligibility exists. This group of family members are called a filing unit. The composition of a filing unit is dictated by statutory provisions governing relative responsibility. The general intent is to insure that families (responsible relatives and the individuals they are financially responsible for) use their own resources before seeking public assistance under the general assistance program.

Under the AFDC program, all members of a filing unit are required to apply for assistance together. The Department has elected not to impose such a requirement for general assistance, but because the members of a filing unit reside together and share living expenses, and because relative responsibility exists regardless of whether a filing unit member chooses to apply for general assistance or chooses not to apply for or accept such assistance,

it is necessary to consider the extent to which a filing unit member (responsible relative) has income and resources that will reduce the family's need for public assistance.

Step two is to determine if the filing unit members are categorically eligible for general assistance. The filing unit members who choose to apply for general assistance and who are categorically eligible are called an assistance unit. It is important to determine the composition of an assistance unit because the income and resources of the assistance unit members must be looked at collectively. Thus, the amount of income or resources of one assistance unit member will affect eligibility for all members of the assistance unit.

Step three is to determine if the assistance unit meets the remaining statutory requirements for eligibility. If the assistance unit has income and resources less than the program limits, all members of the assistance unit will be eligible for general assistance, and will receive a single monthly payment which covers the unmet needs of all of the assistance unit members.

Subpart 2. Filing unit composition. The first provision in this subpart requires the local agency to permit an individual or family who requests general assistance to make an application for general assistance in accordance with Minnesota Statutes, section 256D.07. This statute specifies that the local agency must permit a person requesting general assistance to make an application as soon as administratively possible. It is reasonable to specify in the rule parts that the local agency must permit applications to be made as provided by this statute in order to clarify that the rule parts should not be read in such a manner as to prevent an applicant's exercise of these rights.

The second provision in this subpart requires the local agency to determine the composition of the applicant's or recipient's filing unit. A household may be composed of many individuals with several different degrees of "relatedness" to each other. In order to specify which persons are considered a family when determining eligibility, the amount of income attributed to the family, and to determine the standards of assistance to apply to the family, the Department developed the concept of a "filing unit." The filing unit is the grouping of individuals who live with the applicant or recipient and who are members of the applicant's or recipient's immediate family. The filing unit will include family members who have financial responsibility for the applicant or recipient, and the family members for whom the applicant or recipient has a financial responsibility. The filing unit will not contain individuals other than immediate family members.

In order to determine an individual's or family's eligibility for general assistance, the individual's or family's income must be determined and compared to the standards of assistance established by the commissioner. Minnesota Statutes, section 256D.15 specifies that the financial responsibility of a relative for an applicant or recipient shall not extend beyond the relationship of a spouse or a parent of an adult child who resides with the parent, or the parent of a minor child regardless of where the minor child resides. The statute specifies that a responsible relative who resides with his or her child or spouse has a statutory obligation to provide support to the child or spouse, to the extent possible.

Therefore, if the child or spouse applies for or receives general assistance, the responsible relative's ability to provide support to the child or spouse must be determined. If the responsible relative can provide partial or full support to the child or spouse, the need for general assistance payments is reduced or eliminated. Moreover, Minnesota Statutes, section 256D.01, subdivision 1a, states that general assistance is intended to provide for persons ineligible for federal programs who are unable to provide for themselves. This provision, coupled with the statutory provisions regarding relative responsibility, are clear indications of the legislature's intent to require an individual to look to his or her immediate family for financial support whenever possible, before receiving general assistance.

Parts 9500.1216 to 9500.1222 provide the standards of assistance as authorized by statute. Minnesota Statutes, section 256D.01, subdivision 1a specifies that the standards of assistance shall not be lower for a recipient sharing a residence with another person unless that person is a responsible relative. In addition, the statute states that the standards shall be lowered for recipients who share a residence with a responsible relative who also receives general assistance or AFDC. This statute authorizes the commissioner to establish standards of assistance applicable to individuals and to families in the general assistance program.

Minnesota Statutes, section 256D.01, subdivision 1a, requires standards of assistance for an individual based upon the standards of assistance in effect on February 1, 1983. The statute also requires family standards of assistance based upon AFDC standards for a family of similar size and composition. The statute differentiates between payments when an individual living alone requests assistance and when a family requests assistance.

In order to implement statutory provisions regarding a relative's financial responsibility and the reduced standards to be applied to families, it is necessary to identify the relationships between applicants and recipients that must exist in order to provide

family standards of assistance and to properly implement reduced standards. The general intent of this provision is to identify those groups of individuals who reside together and share expenses together as a family economic unit. These groups of individuals are considered a "filing unit", and the composition of the filing unit defines the individuals whose income and resources must be considered in evaluating an applicant's or recipient's eligibility for general assistance.

The third provision of this subpart specifies that the local agency must require a separate application and conduct a separate eligibility determination for each filing unit. As discussed in items A to E below, a filing unit will be composed of an individual, or family members whose income and standards of assistance must be evaluated together. It is reasonable to require each filing unit to make a separate application and have a separate determination of general assistance eligibility in order to prevent the income of unrelated persons from being considered available to another unrelated person, and to properly determine the standard of assistance that applies to a family. The requirement of a separate application and determination for each assistance unit fosters the statutory intent of considering the income and resources of the family collectively.

The fourth provision of this subpart specifies that the composition of the filing unit shall be limited to the individuals specified in items A to D. It is reasonable to include this provision in the rule parts because it provides a mechanism to group those family members whose income and standards must be jointly assessed, in order to implement the requirements of Minnesota Statutes, section 256D.01, subdivision 1a. It is also reasonable to include this provision in the rule parts in order to inform affected parties of program policies and procedures which will affect them.

The reasonableness of including specific individuals is identified below in items A to D.

Item A. Item A specifies the persons who must be included in a filing unit when the applicant is an adult. Minnesota Statutes, section 256D.15 specifies that the financial responsibility of a relative for an applicant or recipient of general assistance shall not extend beyond the relationship of a spouse or a parent of an adult child who resides with the parent, or the parent of a minor child regardless of where the minor child resides. In order to assure that persons who are not covered by this statute are not included in the adult applicant's or recipient's filing unit, it is necessary to specify in the rule parts who may be included.

Historically, general assistance has considered a person emancipated once the applicant or recipient has achieved the age of 18. In this manner, an adult child (age 18 or older) has had his or her general assistance eligibility and monthly payment determined separately from the eligibility and monthly payment of his or her parents and siblings. This practice has the practical effect of preventing confusion regarding whether the adult child's parents are indirectly financially responsible for the adult child's spouse or minor children, should all of these persons reside together. It also recognizes that the adult child is of age to conduct his or her own affairs and to manage his or her own finances. Moreover, under this provision when an adult child leaves the parental home, monthly general assistance payments to the parents will not be affected because the adult child is not considered part of the parental filing unit. The parent's financial responsibility for the adult child specified in Minnesota Statutes, section 256D.15 is provided for when the adult child meets the conditions for a reduced standard as provided in parts 9500.1220 and 9500.1222. For these reasons, it is reasonable to exclude an applicant's or recipient's parents from the applicant's or recipient's filing unit when the applicant or recipient is an adult.

It is reasonable to include the applicant or recipient in the filing unit because that is the person requesting assistance, and his or her income and standard of assistance must be determined when implementing the provisions of Minnesota Statutes, section 256D.01, subdivision 1a.

The reasonableness of each subitem is discussed below.

Subitem (1). This subitem specifies that if the applicant or recipient is an adult, the applicant's or recipient's spouse must be included in the filing unit. The spouse is a responsible relative of the applicant or recipient as provided by Minnesota Statutes, section 256D.15. It is reasonable to include the spouse in the applicant's or recipient's filing unit in order to properly consider the spouse's income and fulfill the spouse's obligation to provide support to the applicant or recipient. It is also reasonable to include the applicant's or recipient's spouse because the income of the immediate family must be examined together in conformance with Minnesota statutes, section 256D.05, subdivision 1.

Subitem (2). This subitem specifies that the applicant's or recipient's minor children must be included in the filing unit. The applicant or recipient is a responsible relative of the minor children under Minnesota Statutes, section 256D.15, and is

required to support those children. Inclusion of the children in the applicant's or recipient's filing unit is reasonable because it ensures that the applicant's or recipient's ability to support the children will be considered, as well as the children's need for that support. This will be accomplished by inclusion of the minor children in the filing unit. Moreover, if the applicant or recipient and his or her minor child apply for assistance together, such persons will be considered a family for purposes of Minnesota Statutes, section 256D.06, subdivision 1.

It is reasonable to include the minor children of the applicant or recipient in the filing unit to reflect the applicant's or recipient's obligation under Minnesota Statutes, section 256D.15, to provide support to his or her minor children.

This subitem also specifies that the spouse's minor children must be included in the filing unit of the applicant or recipient. It is reasonable to include the minor children of the spouse in the filing unit because of the relationship of financial responsibility between the spouse and the spouse's minor children under Minnesota Statutes, section 256D.15. Their inclusion in the filing unit insures both that the spouse fulfills his or her obligation to provide support to the minor children and that the needs of the minor children are provided for. It is also reasonable to include the spouse's minor children in the filing unit in order to properly determine a standard of assistance applicable to the family as provided by Minnesota Statutes, section 256D.01, subdivision 1a, and to assure that eligibility for general assistance is properly determined for the family under Minnesota Statutes, section 256D.05, subdivision 1a, clause (11). It is reasonable to include the minor children of the applicant or recipient and the applicant's or recipient's spouse because such persons are members of the immediate family and they share in the expenses of the family.

Minnesota Statutes, section 256D.15 states that a parent is financially responsible for an adult child who resides with the parent. The Department has chosen not to include the adult child and the adult child's parents in one filing unit because of the difficulties and confusion that would result in attempting to define the extent of the parent's financial responsibility. For example, if the adult child were married and had minor children, the adult child's parents would not be responsible for those children, but the adult child would be. Considerable confusion would be created as to which of the above persons are responsible for whom, the extent to which they are financially responsible, and who should receive a family general assistance payment.

Further, inclusion of the parent and adult child in the same filing unit could lead to situations in which the parent would be providing support for the adult child's children even though the parent is not financially responsible for those children. In light of these problems, the department believes it is more reasonable to recognize an adult child as a separate filing unit and consider his or her needs along with his or her spouse and minor children, rather than his or her parent. Moreover, Minnesota Statutes, section 256D.01, subdivision 1a, clause (a), specifies that an applicant or recipient who resides with a parent receiving income from a source other than general assistance or AFDC must receive a reduced standard only when the adult child is the only person in an assistance unit. The clear implication of the statute is that the adult child should not be included in the same assistance unit with his or her parents.

Item B. Item B specifies the persons who must be included in a filing unit when the applicant is a minor child. Minnesota Statutes, section 256D.01 specifies that the financial responsibility of a relative for an applicant or recipient of general assistance shall not extend beyond the relationship of a spouse or a parent of an adult child who resides with the parent, or the parent of a minor child regardless of where the minor child resides. In order to assure that persons who are not covered by this statute are not included in the minor child's filing unit, it is necessary to specify in the rule parts who may be included.

It is reasonable to include the applicant or recipient in the filing unit because that is the person requesting assistance, and his or her income and standard of assistance must be determined when implementing the provisions of Minnesota Statutes, section 256D.01, subdivision 1a.

The reasonableness of each subitem is discussed below.

Subitem (1). This subitem specifies that the minor child's parent or parents must be included in the filing unit. A parent is a responsible relative of the minor child under Minnesota Statutes, section 256D.15, and when assistance is requested for the minor child, the parent's or parents' ability to support the minor child must be determined. This will be accomplished by inclusion of the parent or parents in the filing unit. It is also reasonable to specify that the minor child's parent or parents must be included in the minor child's filing unit in order for the parent or parents to fulfill their obligation to provide support to the minor child as provided in Minnesota Statutes, section 256D.15. In addition, it is reasonable to specify that the minor child's parent or parents must be included because such persons are members of the minor child's immediate family with whom expenses for daily living are shared.

Subitem (2). This subitem specifies that the minor child's parent's spouse must be included in the filing unit. The parent is also a responsible relative of his or her spouse, and each of these persons must provide support for the other under Minnesota Statutes, section 256D.15. It is reasonable to include the parent's spouse in the filing unit because these persons comprise a "family" as that term is used in Minnesota Statutes, section 256D.05, subdivision 1. It is also reasonable to include the parent's spouse in the minor child's filing unit in order to ensure that the parent and the parent's spouse fulfill their obligation to each other as provided under Minnesota Statutes, section 256D.15.

Subitem (3). This subitem specifies that the minor children of the applicant's or recipient's parent or parents and the minor children of the parent's spouse must also be included in the filing unit. Minnesota Statutes, section 256D.15 specifies that a parent of a minor child is financially responsible for the minor child. It is reasonable to include the minor child's parent or parents and the parent's spouse's minor children because those persons comprise a "family" as that term is used in Minnesota Statutes, section 256D.05, subdivision 1. It is also reasonable to include such persons in the filing unit in order to ensure that the parent or parents of the minor children fulfill their obligation to support the minor children in accordance with Minnesota Statutes, section 256D.15, and to ensure that the needs of the minor children are taken into consideration when determining the family's eligibility for and the amount of general assistance.

Item C. This item specifies that individuals eligible for or receiving AFDC or AFDC-Emergency Assistance or who are sanctioned from receiving AFDC for failure to comply with AFDC program requirements are not eligible to be included in the general assistance filing unit. Minnesota Statutes, section 256D.01, subdivision 1a, specifies that, "A principal objective in providing general assistance is to provide for persons ineligible for federal programs who are unable to provide for themselves." Minnesota Statutes, section 256D.02, subdivision 4, specifies that, "General assistance" means cash payments to persons unable to provide themselves with a reasonable subsistence compatible with decency and health and who are not otherwise provided for under the laws of this state or the United States.

The statutes clearly specify that general assistance is not intended to provide benefits for persons otherwise provided for by law. Persons who are eligible for or receiving AFDC or AFDC-Emergency Assistance are "otherwise provided for by law" by virtue of receiving benefits from those programs. It is reasonable,

therefore, to exclude from the filing unit individuals who are eligible for or receiving AFDC or AFDC-Emergency Assistance in order to comply with the statutes, and to insure uniform statewide administration of this requirement.

Persons who are sanctioned from receiving AFDC must also be considered "provided for by law." A recipient who is sanctioned or disqualified has generally received AFDC benefits prior to his or her failure to comply with the requirements of that program. In order to encourage compliance with program requirements, the AFDC program has developed negative consequences for the failure to comply. The Department believes that a recipient must be responsible for his or her actions by accepting the consequences of those actions. An individual who is sanctioned in the AFDC program has been subjected to the consequences of his or her actions. Such a person would still be receiving AFDC but for his or her failure to comply with program requirements and therefore must be deemed "provided for by law." If general assistance were then available to a person who failed to comply with AFDC requirements, the negative consequences in the AFDC program would be of no effect. That outcome is not reasonable and is contrary to the intent of the general assistance program as specified in Minnesota Statutes, section 256D.01, subdivision 1. It is more reasonable to specify that an individual who is sanctioned from receiving AFDC benefits for failure to comply with the requirements of that program may not be considered a member of a filing unit and is thus ineligible for general assistance because this policy creates consistency between programs and prevents one program from undermining the integrity of the other.

Item D. This provision specifies that an unmarried couple with a common minor child whose paternity has been adjudicated or attested to through affidavit must comprise two separate filing units. In a previous rule hearing, Peter Erickson, Administrative Law Judge, found that the Department was prevented from considering this grouping of persons as a single family (at that time, assistance unit was synonymous with family). In his findings, Mr. Erickson specified that an unmarried couple does not meet the provisions of Minnesota Statutes, section 265D.15, in that an unmarried couple does not have financial responsibility for each other. Therefore, the Department must require that an unmarried couple with a common minor child be considered two filing units. It is reasonable to specify that the unmarried couple with a common minor child must comprise two separate filing units in order to assure that the income of persons who are not responsible relatives is not counted together with the income and resources of persons for whom they are not responsible.

Both members of the unmarried couple, however, are responsible relatives of the common minor child. Therefore, the minor child

may be included in the filing unit of either parent. Since each parent has equal financial responsibility for the minor child, it is necessary to specify which filing unit the minor child may be included in. It is reasonable to specify that the minor child must be included in the filing unit of the parent who applies first for assistance, and that if the parents apply for assistance on the same date, that the parents must choose whose assistance unit the child must be a member of, because it clarifies how the decision will be made and it insures that the needs of the child will not be taken into consideration more than once.

Subpart 3. Assistance unit composition. This part specifies the procedures which local agencies must follow when determining the composition of an applicant's or recipient's assistance unit.

The department has chosen the concept of a "filing unit" to specify which persons comprise a family for purposes of determining the family's income and resource eligibility, and to determine the amount of the monthly payment for the family. The filing unit contains those responsible relatives who must provide support to other family members. However, some filing unit members may be categorically ineligible for general assistance, or may elect not to apply for or receive general assistance. Therefore, a term is needed to refer to the remaining filing unit members who do elect to receive general assistance and who are categorically eligible. That term is "assistance unit." Minnesota Statutes, section 256D.01, subdivision 1a, specifies the standard of assistance applicable to an "assistance unit" composed of one person, and states that the standards of assistance shall be lowered for recipients who are members of an "assistance unit" composed of more than one person. These statutes, recognize that an assistance unit is the grouping of family members who are categorically eligible for and who choose to receive general assistance.

Some public assistance programs require all family members to apply together for assistance. For example, AFDC requires all members of a family (filing unit) to apply for assistance. If the members of the AFDC filing unit are otherwise eligible, those persons will comprise an assistance unit.

However, under the general assistance program, a filing unit member may elect not to apply for or receive general assistance. A member of the filing unit who elects not to receive general assistance will not be included in the assistance unit (an assistance unit is composed of those members of the filing unit who elect to receive general assistance and who meet a category of eligibility). The local agency must therefore determine the composition of an assistance unit in the general assistance program based on the eligibility of the filing unit members who have applied for and chosen to receive general assistance.

Although the department has chosen to allow family members to elect to hold themselves off of the assistance unit, the option does not mean that a responsible relative can avoid financial responsibility for his or her family merely by choosing to stay off the assistance unit. If a filing unit member who elects not to receive general assistance is a responsible relative of a filing unit member who does choose to receive general assistance, the local agency must still determine to what extent the responsible relative has income or resources that are available to reduce the assistance unit's need for public assistance.

Item A. This item requires the local agency to determine whether an applicant or recipient meets a category of eligibility under part 9500.1102 [EMERGENCY], and requires the local agency to inform the applicant or recipient when he or she is determined ineligible for general assistance.

Minnesota Statutes, section 256D.05, subdivision 1, states that each person or family whose income and resources are less than the limits established by the commissioner shall be eligible for general assistance if the person or family meets the conditions of one or more of the 14 specified eligibility categories. Parts 9500.1105 to 9500.1107 [EMERGENCY], and part 9500.1254, subpart 5, specify that recipients who do not comply with certain program requirements shall be disqualified from receiving general assistance for a specified period of time.

It is necessary and reasonable to require the local agency to determine if an applicant or recipient meets the conditions of one or more category of eligibility under the rule parts specified in order to implement the requirements for general assistance eligibility as stated in Minnesota Statutes, section 256D.05, subdivision 1.

It is reasonable to exclude an applicant or recipient from a determination of his or her categorical eligibility under the parts specified if the applicant or recipient elects not to receive general assistance. An individual's eligibility need be determined only when he or she desires to receive assistance.

It is also necessary and reasonable to require the local agency to determine if an applicant or recipient is disqualified under parts 9500.1105 to 9500.1107 [EMERGENCY] because an individual who has been disqualified is not eligible for general assistance until the period of disqualification has ended.

It is reasonable to inform the applicant or recipient of the determination so the applicant or recipient can attempt to secure other means of support, and so the applicant may determine whether or not to appeal the determination as provided under Minnesota Statutes, section 256D.10.

It is also reasonable to inform the ineligible members of a filing unit of their ineligibility on one form so all members of the filing unit are aware of a determination that will affect each of them, and to reduce the number of notices that the family will receive to a practical level.

Item B. This item specifies that an assistance unit shall be composed of applicants or recipients from a filing unit who have elected to receive general assistance and who are categorically eligible to receive general assistance as provided in item A.

As noted in the discussion of part 9500.1209, subpart 2, the effect of Minnesota Statutes, Chapter 256D, is to provide general assistance to individuals or families. The Department has chosen the concept of a filing unit to specify which persons comprise a family for purposes of determining the family's income and resource eligibility, and to determine the amount of the monthly payment for the family. The filing unit contains those responsible relatives who must provide support to other family members.

However, since some filing unit members may be categorically ineligible for general assistance, or may choose not to apply for or receive general assistance, a term is needed to refer to the remaining filing unit members who do elect to receive general assistance and who are categorically eligible. That term is "assistance unit." Minnesota Statutes, section 256D.01, subdivision 1a, specifies the standard of assistance applicable to an "assistance unit" composed of one person, and states that the standards of assistance shall be lowered for recipients who are members of an "assistance unit" composed of more than one person. These statutes recognize that an assistance unit is the grouping of family members who are categorically eligible for and who choose to receive general assistance.

In order to comply with Minnesota Statutes, section 256D.01, subdivisions 1a and 1b, and to provide a term which clearly identifies those members of a filing unit who are categorically eligible for and who elect to receive general assistance, it is necessary and reasonable to adopt the concept of an "assistance unit."

It is necessary to include all members of the filing unit whose general assistance eligibility has been determined and who have requested general assistance in order to determine the standards of assistance and payment amounts of individuals and family members as provided in Minnesota Statutes, section 256D.05, subdivision 1, and Minnesota Statutes, section 256D.06, subdivision 1. It is reasonable to specify that general assistance eligibility may exist for some filing unit members even

though other members of the filing unit are ineligible in order to clarify that the ineligibility of or election not to receive general assistance by one individual will not defeat the general assistance eligibility of other individuals. It is also reasonable to include this provision in the rule parts in order to inform affected parties of the policies and procedures in the general assistance program which may be applicable to them.

Subpart 4. Assistance unit eligibility. This part requires the local agency to determine the eligibility of an assistance unit for general assistance.

Item A. This item requires the local agency to determine the amount and value of real and personal property available to members of the assistance unit, and to determine if the equity value of the property is below the standards for eligibility for the assistance unit.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that each person or family must have income and resources below certain limits established by the commissioner in order to be eligible for general assistance. Minnesota Statutes, section 256D.08, subdivision 1, clause (1), specifies that in determining the eligibility of a family or individual there shall be excluded real or personal property or liquid assets which do not exceed those permitted under the federally aided program known as aid to families with dependent children. Therefore, if an individual or family possesses property in excess of the limits established for AFDC, the individual or family is ineligible for general assistance, unless the property can be excluded under rules implementing Minnesota Statutes, section 256D.08, subdivision 1 and 2.

It is necessary to require that the local agency determine the equity value of real and personal property available to the applicant or recipient in order to determine if the applicant or recipient has excess property which will cause him or her to be ineligible for general assistance.

Minnesota Statutes, section 256D.08, subdivision 1, specifies that an individual or family will not be eligible for general assistance if the individual or family has property in excess of the limits of the AFDC program. The statute clearly intends that a family's property be considered in the aggregate, and requires the family's property to be compared to the AFDC limits as a total amount. It is reasonable, therefore, to specify that the real and personal property available to a filing unit member who does not apply for or elect to receive general assistance, or who is ineligible for or disqualified from general assistance, should nonetheless be considered real and personal property available to another assistance unit member, provided a relationship of

financial responsibility exists. If a relationship of relative responsibility does not exist between the owner of the property and a member of the assistance unit, the real and personal property should not be considered available to the assistance unit member. Therefore, it is reasonable to specify in the rule parts that the real and personal property of a person who elects not to apply for or receive general assistance, or who is ineligible for or disqualified from general assistance, but who is a responsible relative of an assistance unit member who requests general assistance, is real and personal property available to the member of the assistance unit.

Minnesota Statutes, section 256D.08, subdivisions 1 and 2, require the commissioner to promulgate rules providing for the exclusion of property which exceeds the limits of the AFDC program in certain situations. The commissioner has adopted parts 9500.1210 to implement the provisions of this statute. In order to create consistency within the rule parts, it is reasonable to require that the local agency determine if property in excess of the AFDC limits can be excluded under part 9500.1210.

It is reasonable to require the local agency to notify applicants or recipients of their ineligibility for general assistance when they have excess property which cannot be excluded so they are aware of the local agency decision.

It is reasonable to include this provision in the rule parts so the applicant or recipient can attempt to secure other means of support, and so the applicant may determine whether or not to exercise his or her appeal rights as provided under Minnesota Statutes, section 256D.10.

Item B. This item requires the local agency to determine the standard of assistance and the amount of countable income available to applicants or recipients who are categorically eligible and whose property is within the limits of the general assistance program.

Minnesota Statutes, section 256D.06, subdivision 1, specifies that general assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the standards of assistance established by the commissioner for general assistance. In order to determine an assistance unit's eligibility and the amount of a monthly payment for an eligible assistance unit, it is necessary to determine the standard of assistance applicable to the assistance unit and to determine the amount of the assistance unit's countable income.

The commissioner has, in parts 9500.1216 to 9500.1222 established the standards of assistance required by Minnesota Statutes, section 256D.01, subdivisions 1a and 1b. Additionally, the commissioner has established, in parts 9500.1224 to 9500.1228, the method of determining the amount of an assistance unit's countable income. It is reasonable to require the local agency to determine the standards of assistance applicable to an assistance unit and the amount of an assistance unit's countable income as provided in the specified parts in order to implement the provisions of Minnesota Statutes, sections 256D.05, subdivision 1, and 256D.06, subdivision 1. It is also reasonable to include this provision in the rule parts in order to create consistency between the rule parts and to insure uniform statewide administration of the rule parts.

Item C. This provision requires the local agency to compare the standards of assistance to the amount of countable income determined in item B. The local agency must inform ineligible assistance unit members of their ineligibility, and eligible assistance unit members of their eligibility.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family whose income and resources are less than the standards of assistance established by the commissioner shall be eligible for general assistance if the conditions of an eligibility category are met. Minnesota Statutes, section 256D.01, subdivision 1b, authorizes the commissioner to adopt rules to set standards of assistance and methods of calculating payment to conform with subdivision 1a. The commissioner, in parts 9500.1216 to 9500.1222, is promulgating such standards. Minnesota Statutes, section 256D.06, subdivision 6, specifies that general assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the standard of assistance established by the commissioner.

It is necessary to require that the local agency compare the amount of the assistance unit's countable income against the standards of assistance applicable to the assistance unit in order to implement the provisions of Minnesota Statutes, section 256D.05, subdivision 1, and to determine if the assistance unit is eligible for a general assistance payment.

It is reasonable to require the local agency to inform the assistance unit members whose income equals or exceeds the standards of assistance established by the commissioner of their ineligibility for general assistance so the members are aware of the local agency determination, and so the members can determine whether or not to exercise their appeal rights as provided under Minnesota Statutes, section 256D.10.

It is reasonable to require the local agency to inform the assistance unit members who have met the categorical and property eligibility tests and who have income less than the standards of assistance established by the commissioner of their eligibility for general assistance so the members are aware of the local agency determination and can plan for the use of the support they will receive.

Item D. This item states that an applicant or recipient who resides in a nursing home or facility with a negotiated rate must have countable income less than the total of the standard of assistance provided in part 9500.1218, subpart 2, and the nursing home's or facility's negotiated rate.

Minnesota Statutes, section 256D.06, subdivision 3, specifies that when a recipient resides in a state hospital, nursing home, or facility with a negotiated rate, the recipient must receive an allowance for clothing and personal needs equal to that paid for medical assistance recipients under Minnesota Statutes, section 256B.35. The commissioner has designated this amount as the standard of assistance applicable to the applicant or recipient under part 9500.1218, subpart 2.

In addition to the personal needs allowance, Minnesota Statutes, section 256D.06, subdivision 6, authorizes the commissioner to use general assistance funds for the payment of room and board needs for persons placed in a licensed facility for the purpose of physical, mental, or rehabilitative care. Minnesota Statutes, section 256D.06, subdivision 4, permits the use of general assistance for a negotiated rate in a licensed or certified facility. Minnesota Statutes, section 256D.01, subdivision 1b, specifies that the commissioner's rules governing standards of assistance shall authorize the payment of rates negotiated by local agencies for recipients living in a room and board setting. The commissioner, in part 9500.1230, subpart 4, has established provisions for payment of negotiated rates for recipients residing in congregate care settings.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual is not eligible for general assistance if he or she has income equal to or in excess of the standard of assistance established by the Commissioner. However, the standard of assistance established under part 9500.1218, subpart 2, applicable when the applicant or recipient resides in a nursing home or facility with a negotiated rate, is only \$40. If the applicant or recipient had income over \$40 monthly, he or she would not be eligible for general assistance payment of the negotiated rate for the facility. Often, the services provided by the facility are

necessary for the health or rehabilitation of the applicant or recipient. In order to assure that the applicant or recipient is able to receive services necessary to his or her physical, mental, or rehabilitative health through general assistance, it is reasonable to determine general assistance eligibility by comparing the applicant's or recipient's countable income to the total of the standard of assistance established by part 9500.1218, subpart 2, and the facility's negotiated rate.

Item E. Subpart 3 specifies that a member or members of a filing unit may choose not to apply for or receive general assistance. Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must meet a category of eligibility for general assistance. Part 9500.1209, subpart 2, item D, specifies that the unmarried parents of a common minor child may not be included in the same filing unit. Moreover, parts 9500.1105 [EMERGENCY] to 9500.1107 [EMERGENCY], and part 9500.1254, subpart 5, specify that a person who does not comply with certain provisions of the general assistance program shall be disqualified from receiving general assistance. However, such persons may have a financial obligation under Minnesota Statutes, section 256D.15, to provide support to the members of the assistance unit.

It is reasonable to require the local agency to assess the ability of responsible relatives to provide support to members of the assistance unit as provided by part 9500.1226 in order to comply with the provisions of Minnesota Statutes, section 256D.15 and Minnesota Statutes, section 256D.06, subdivision 1.

Part 9500.1214 VERIFICATION OF INCOME.

Part 9500.1214 establishes procedures for the verification of an applicant's or recipient's income and the income of an applicant's or recipient's responsible relative. The statutory authority to establish these rules is contained in Minnesota Statutes, section 256D.07, which requires the commissioner to establish, by rule, any verifications required of an applicant.

Subpart 1. Verification of an applicant's or recipient's income and circumstances. Minnesota Statutes, section 256D.05, subdivision 1, provides that "Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance...." Minnesota Statutes, section 256D.06, subdivision 1, establishes that "General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the applicable standard of assistance established by the commissioner for general assistance." These statutes require general

assistance eligibility and the amount of general assistance grants to be determined based on income. It is necessary to require verification of income and other circumstances relevant to the local agency's determination of an assistance unit's eligibility and standard of assistance because it ensures that these determinations are based on the most accurate and complete information. It is reasonable to require the applicant or recipient to provide verification of the assistance unit's income and circumstances because the applicant or recipient is the person most likely to be able to provide verification (i.e. a check stub, a tax return, etc.)

Under some circumstances, an applicant or recipient may have difficulty providing the required verification. It is necessary to establish a procedure to be followed when an applicant or recipient is unable to obtain the required verification to ensure that such situations are treated uniformly throughout the state, as required under Minnesota Statutes, section 256D.04, paragraph (2). It is reasonable to require the local agency to assist the applicant or recipient who is unable to provide the required verification because as a service providing agency, the local agency has resources and contacts that will enable it to obtain the required verification. Furthermore, it is the responsibility of the local agency to ensure that general assistance is provided in accordance with the standards established by the commissioner.

It is necessary to provide an alternative to verification requirements because under some circumstances verification may not be available or attainable even with the local agency's assistance. Requiring the local agency in such circumstances to determine the assistance unit's eligibility and standard of assistance based on information the applicant or recipient has sworn to through affidavit is reasonable because it ensures that eligibility determinations are based on the most accurate information available and ensures that an assistance unit is not denied assistance due to circumstances it cannot prevent. The applicant's or recipient's signed declaration may be the best available information, and is trustworthy considering the local agency's authority under Minnesota Statutes, section 256D.07, to investigate and refer to the county attorney any matters in which "...it appears that the applicant provided false information...."

It is necessary to establish sanctions for refusal to provide the required verification to encourage compliance with the verification requirements and to ensure that the consequences are uniform throughout the state, as required under Minnesota Statutes, section 256D.04, paragraph (2). It is reasonable to deny eligibility to an assistance unit for refusal to provide the

required verification because under Minnesota Statutes, section 256D.07, the local agency cannot properly determine either eligibility or the standard of assistance until "...the required verifications are received by the local agency...." Denying eligibility is also a reasonable consequence for refusing to provide the required verifications because the applicant or recipient can avoid the adverse action by providing the verification or requesting local agency assistance in providing the verification.

Subpart 2. Verification of responsible relative's income and circumstances. Minnesota Statutes, section 256D.05, subdivision 1, provides that "Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance...." Minnesota Statutes, section 256D.01, subdivision 1a, requires the standards of assistance to be "...lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit...." Minnesota Rules, parts 9500.1220 to 9500.1222, establish reduced standards of assistance. Under these statutes and rules, the reduced standard of assistance is based on a consideration of the income and circumstances of the responsible relative(s) with whom the applicant or recipient resides. It is necessary, therefore, to require verification of the responsible relative's income and circumstances relevant to the determination of the reduced standard applicable to the assistance unit to ensure that this determination is based on the most accurate and complete information available. It is reasonable to require responsible relatives to provide verification of their income because the responsible relative is most likely to be able to provide verification of his or her income (i.e. a check stub, tax return, etc.).

Under some cases a responsible relative may have difficulty providing the required verification. It is necessary to establish a procedure to be followed when a responsible relative is unable to obtain the required verification to ensure that such situations are treated uniformly throughout the state, as required under Minnesota Statutes, section 256D.04, paragraph (2). It is reasonable to require the local agency to assist the responsible relative who is unable to provide the required verification because as a service agency the local agency has resources and contacts that will enable it to obtain the required verification. Furthermore, the local agency is responsible for ensuring that general assistance is provided in accordance with the standards established by the commissioner.

It is necessary to provide an alternative to verification because in some circumstances verification may not be available or obtainable even with the local agency's assistance. Requiring the local agency to determine the applicable reduced state assistance standard based on information the responsible relative has sworn to through affidavit is reasonable because it ensures that this determination is based on the most complete and accurate information available and that the assistance unit receives the amount of assistance it is eligible to receive.

It is necessary to establish a sanction for refusal to provide the required verification both to encourage compliance with verification requirements and to ensure that the sanction is uniform throughout the state, as required under Minnesota Statutes, section 256D.04, paragraph (2). It is reasonable to deny eligibility to an assistance unit when the responsible relative refuses to provide the required verification because the local agency cannot properly determine the standard of assistance applicable to the assistance unit without complete and accurate information on the responsible relative's income. Denying eligibility to the assistance unit is also a reasonable consequence because the responsible relative is able to avoid the consequence by either providing the required verifications or requesting local agency assistance in obtaining the verifications.

Part 9500.1216 FULL STANDARDS.

This part establishes the full standards of assistance on which general assistance eligibility determinations and monthly payments amounts are based. The provisions in this part are authorized by Minnesota statutes, section 256D.01, subdivision 1a, which directs the commissioner to establish minimum standards of assistance for general assistance. The following explains the substance of, the need for, and the reasonableness of the provisions contained in this rule part.

Minnesota Statutes, section 256D.01, subdivision 1a, requires the commissioner to establish minimum standards of assistance for general assistance. Such minimum standards of assistance are herein referred to as the full standards. Because the statute also requires lowered (herein referred to as reduced) standards, it is necessary for the rule to clarify to whom and when the full standards of assistance apply. Applying the full standards of part 0500.1216 to all assistance units except for those who meet the criteria provided under parts 9500.1218 to 9500.1222 is reasonable because it insures that the local agency can consistently interpret and apply the provisions on this rule part when determining eligibility for general assistance and monthly payment amounts. It is also consistent with the statute to apply the full standards of assistance except in the specific situations described in parts 9500.1218 to 9500.1222.

Item A. This item establishes the full standard of assistance for an assistance unit composed of one individual when that individual is an adult. It is necessary to specify an "adult only" standard because Minnesota Statutes, section 256D.01, subdivision 1a, specifies that "The standards of assistance shall not be lower for a recipient sharing a residence with another person unless that person is a responsible relative." This provision is reasonable because it is consistent with the statutory provisions that require that the standard established for a one-person assistance unit to be different than the standards established for an assistance unit composed of more than one member. The need for and reasonableness of the dollar amount of this standard is provided under Part 9500.1217, subpart 1.

Item B. This item establishes the standards of assistance for adults in an assistance unit that is composed of more than one member. Minnesota Statutes, section 256D.01, subdivision 1a, requires that "The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition." Under the AFDC program, separate standards for the first and second adult in an assistance unit are applied to adult members of an assistance unit. It is necessary to establish "adult standards" in these rules to insure that the standards for adults in a general assistance unit composed of more than one member will be equal to the AFDC standards. It is reasonable to include the provisions of this item in these rules because it insures that affected parties are informed of the applicable standards used to determine eligibility for general assistance and monthly payment amounts. The need for and reasonableness of the dollar amount of the adult standards is provided under part 9500.1217, subpart 2.

The current standard for a general assistance unit with one member is \$16 more than the first adult standard under AFDC. The department has established an "adult only" standard separate from the standards for adults who are members of an assistance unit with more than one member because Minnesota Statutes, section 256D.01, subdivision 1a, requires that "For a recipient who is a member of a one-person assistance unit, the standards of assistance shall not be less than the combined total of the minimum standards of assistance for shelter and basic needs in effect on February 1, 1983."

Item C. This item establishes the standards of assistance for minor children in an assistance unit that is composed of more than one member. Minnesota Statutes, section 256D.01, subdivision 1a,

requires that "The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition." Under the AFDC program, a child standard of assistance is applied to minor children in an assistance unit with more than one member. It is necessary to establish "child standards" in these rules to insure that the standard of assistance for minor children in a general assistance unit are equal to the AFDC standards. It is reasonable to include the provisions of this item in these rules because it insures that affected parties are informed of the applicable standards used to determine eligibility for general assistance and monthly payment amounts. The need for and reasonableness of the dollar amounts of the child standards is provided under part 9500.1217, subpart 3.

Item D. This item establishes a standard of assistance applicable to a minor child or children in an assistance unit that contains no adults because the minor child's parent or parents are disqualified from receiving general assistance. This item provides that if the disqualified parent or parents do not have countable income to meet their own needs, the child or children will receive a special child standard. Certain basic needs, such as housing, are shared by parents and their children who reside with them. The adult standards provide for a portion of such needs and the child standards provide for a portion of such needs. When a parent is disqualified the monthly payment no longer includes an amount for the parent's needs. The special child standards are designed to insure that children's needs do not go unmet because of their parent's disqualification. It is necessary to include these provisions in these rules to inform affected parties of the circumstances under which the "special child" standard applies.

The provisions in this item are consistent with provisions for a special child only standard under the AFDC program. Although the provisions under Minnesota Statutes, section 245D.01, subdivision 1a, do not mandate that this standard be applied to an assistance unit with only one member, the special child standard would have to be applied to an assistance unit with more than one member to insure that their standards would be equal to AFDC standards. The department believes it is more reasonable to apply the special child standards consistent with their application in the AFDC program, where they are applied to one-child and multiple-child assistance units alike, rather than to require a different application of the special child standard under the general assistance program. Application of the standard in both situations avoids confusion and insures a more consistent application of the standard. The need for and reasonableness of the dollar amount of the special child standard is provided under part 9500.1217, subpart 4.

Part 9500.1217 AMOUNT OF FULL STANDARDS.

This rule part specifies the dollar amounts of the full standards of assistance. Minnesota Statutes, section 256D.01, subdivision 1a, states that "...the commissioner shall establish minimum standards of assistance for general assistance." This part is necessary for the commissioner to carry out this responsibility. In carrying out this responsibility, it is necessary to specify the dollar amounts of the full standards in the rules, so that affected parties can determine program eligibility and payment amounts.

It is reasonable to specify these dollar amounts in a separate rule part, because the specific dollar amounts are subject to change by the legislature. Specifying the dollar amounts in a separate rule part enables the commissioner to implement changes more quickly through non-controversial amendments to a single rule part if the legislature changes the standards

Subpart 1. Adult only standard. This subpart establishes the dollar amount of the full standard for an "adult only" assistance unit. The dollar amount specified (\$203) equals the combined minimum standards for shelter and basic needs that were in effect under the general assistance program on February 1, 1983, as adjusted by the 1985 Minnesota legislature. It is reasonable to establish this dollar amount as the "adult only" standard because it is consistent with the requirement in Minnesota Statutes, section 256D.01, subdivision 1a, which states that "For a recipient who is a member of a one-person assistance unit, the standard shall not be less than the combined total of the minimum standards of assistance for shelter and basic needs in effect on February 1, 1983."

Subpart 2. Adult standards. This subpart establishes the dollar amounts of the full standards for adults in an assistance unit with more than one member. The dollar amounts specified (\$187 and \$73) equal the first and second adult standards of assistance in the AFDC program. It is reasonable to establish the same dollar amounts in the GA program as in the AFDC program because it is consistent with the requirement in Minnesota Statutes, section 256D.01, subdivision 1a, which states that "The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition."

Subpart 3. Child standards. This subpart establishes the dollar amount of the full standards for minor children in an assistance unit with more than one member. The dollar amounts specified in

this subpart equal the child standards of assistance in the AFDC program. It is reasonable to establish the same dollar amounts in the GA program as in the AFDC program because it is consistent with the requirement in Minnesota Statutes, section 256D.01, subdivision 1a, which states that "The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families of dependent children standard of assistance for a family of similar size and composition."

Subpart 4. Child only standard. This subpart establishes the dollar amount of the full standard for an assistance unit composed of only one member when that individual is a minor child. The dollar amount specified (\$337) equals the special child standard of assistance in the AFDC program. It is reasonable to include this special standard, and to establish it at the same dollar amount as the AFDC standard because it is consistent with the requirement under Minnesota Statutes, section 256D.01, subdivision 1a, to raise GA standards to the level of AFDC standards.

Subpart 5. Tie to AFDC standards. This subpart is needed to tie the dollar amounts of full standards of assistance under the general assistance program to the dollar amounts of the AFDC standards, insuring that the dollar amounts of the general assistance standards will remain equal to the dollar amounts of AFDC standards. The dollar amounts contained in subparts 2 to 4 reflect the most recent cost-of-living adjustments made by the Minnesota legislature, but these dollar amounts are subject to future changes by the legislature. It is reasonable to include this provision in these rules to inform affected parties that an increase or decrease in AFDC standards will result in a corresponding increase or decrease in general assistance standards.

Part 9500.1218 REDUCED STANDARD FOR AN APPLICANT OR RECIPIENT IN A NURSING HOME, FACILITY WITH A NEGOTIATED RATE, OR STATE HOSPITAL.

This rule part establishes a reduced standard of assistance for applicants and recipients who reside in a nursing home, facility with a negotiated rate, or state hospital. The provisions included in this rule part are authorized by Minnesota Statutes, section 256D.01, subdivision 1a, which requires the commissioner to "...establish minimum standards of assistance for general assistance.", and Minnesota Statutes, section 256D.06, subdivision 3, which requires that "When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, or when a recipient is living in a state hospital or nursing home, the recipient shall receive an allowance for clothing and personal needs and the allowance shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35."

Subpart 1. Applicability. This subpart establishes which assistance units are subject to the reduced standard of assistance under this rule part. It is necessary to clarify who this reduced standard of assistance applies to in order to insure that the affected parties can consistently interpret this rule part and apply the standard appropriately. Limiting the applicability of this reduced standard to one-person assistance units when the assistance unit member resides in a nursing home, facility with a negotiated rate, or state hospital is reasonable because it is consistent with the provisions under Minnesota Statutes, section 256D.06, subdivision 3.

Subpart 2. Reduced standard. This subpart establishes that the amount of the reduced standard for recipients residing in a nursing home, facility with a negotiated rate, or state hospital must be the amount established as the clothing and personal needs allowance for medical assistance recipients under Minnesota Statutes, section 256B.35, subdivision 1. It is necessary to include this information in these rules because it informs affected persons of the standard of assistance that must be used to determine eligibility for general assistance and monthly payments to general assistance recipients who reside in nursing homes, facilities with negotiated rates, or state hospitals. The amount of this reduced standard is reasonable because it is consistent with Minnesota Statutes, section 256D.06, subdivision 3, which requires that the clothing and personal needs allowance shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35." Because the dollar amount of the clothing and personal needs allowance is subject to change, referencing the statute under which the amount of this allowance is established is a reasonable means of insuring that the reduced standard will be based on the most current amount authorized under the medical assistance program.

Subpart 3. Battered women's shelters excluded. This subpart specifies that applicants or recipients residing in battered women's shelters are not subject to the reduced standard under this rule part. This provision is needed to comply with Minnesota Statutes, section 256D.05, subdivision 3, which requires that "Payments to shelter facilities shall not affect the eligibility of individuals who reside in shelter facilities for ... general assistance or payments made to individuals who reside in shelter facilities...."

Part 9500.1220 REDUCED STANDARD FOR AN ASSISTANCE UNIT SHARING A RESIDENCE WITH A RESPONSIBLE RELATIVE WHO RECEIVES OR HAS BEEN SANCTIONED OR DISQUALIFIED FROM RECEIVING GENERAL ASSISTANCE OR AFDC.

This part establishes a reduced standard of assistance that must be applied when determining the general assistance eligibility and monthly payment amount for an assistance unit that lives with a parent or spouse who receives or who has been sanctioned or disqualified from receiving general assistance or AFDC. The

provisions in this rule part are authorized by Minnesota Statutes, section 256D.01, subdivision 1a, which requires the commissioner to establish minimum standards of assistance for general assistance, and which states that "The standards shall be lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit if the responsible relative also receives general assistance or aid to families with dependent children. The standard must also be lowered for recipients who share a residence with a responsible relative if the relative is not receiving general assistance or aid to families with dependent children because the relative has been sanctioned or disqualified.." The following explains the substance of, the need for, and the reasonableness of the provisions in this rule part.

Subpart 1. Applicability. This subpart clarifies when and to whom the reduced standards under this rule part must be applied. It is necessary to clarify the applicability of this reduced standard in order to insure that it is consistently interpreted and appropriately applied. Subpart 1 specifies that the reduced standard under this rule part must be applied to two groups of assistance units who reside with an individual who is a responsible relative, those meeting the conditions of item A and those meeting the conditions of item B. Subpart 1 also specifies that an assistance unit that meets the conditions under both this part and part 9500.1222, shall have their standard of assistance determined in accordance with this part.

Minnesota Statutes, section 256D.01, subdivision 1a, specifies that "The standards shall be lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit if the responsible relative also receives general assistance or aid to families of dependent children." Under Minnesota Statutes, section 256D.15, relative responsibility is established as follows: a parent is responsible for his or her adult child if the adult child is living with the parent; a parent is responsible for his or her minor children; and spouses are responsible for each other. The statute on relative responsibility also specifies that relative responsibility shall not extend beyond these relationships, thereby excluding grandparents and other extended family members from financial responsibility for their relatives. The department believes that the legislative intent is to look at a nuclear family's ability to meet its member's needs.

In order to clarify which assistance units must receive a reduced standard in accordance with the above statutory provisions, the department has limited the applicability of the reduced standards and has defined the assistance units (in items A to C) in terms that are consistent with the filing unit and assistance unit

provisions in part 9500.1209, subparts 2 and 3. Together, the criteria in items A and B cover the following assistance units provided for under the statutes: item A includes the adult child (single, and with no children) who lives with his or her parent; item B includes the applicant or recipient living with his or her spouse, the parent and his or her minor children who are living with the parent's spouse or the minor children's parent, and the adult child who lives with both his or her parent and his or her spouse. The reasonableness of the provisions under items A to C are explained in the following.

Item A. This item specifies that the reduced standard of this part must be applied to an applicant or recipient who is in a filing unit and assistance unit composed of only one person and who resides with a parent who receives general assistance or AFDC or who has been sanctioned or disqualified from receiving general assistance or AFDC. It is reasonable to limit this provision to a single adult child with no children who lives with his or her parent because this group of family members represents a single economic unit, with clear lines of financial responsibility. If this provision were to be expanded to include an adult child with children of his or her own who lived in the adult child's parent's home, the lines of financial responsibility would cease to be clear, and the net effect would be to impose relative responsibility from the adult child's parent to the grandchildren. The department therefore believes it is reasonable to limit this provision to the one-person filing and assistance unit who lives with a parent in order to avoid extending a relative's responsibility beyond that provided for under Minnesota Statutes, section 256D.15.

Under the filing unit composition provisions of part 9500.1209, subpart 2, a one-person filing unit may be composed of either 1) an individual who cannot be included in his or her parent's filing unit because he or she is not a minor child, and 2) an individual whose spouse or minor child cannot be included in his or her filing unit because the spouse or minor child receives or has been sanctioned or disqualified from receiving AFDC. This item specifies that when an applicant or recipient is a member of a one-person filing and assistance unit and the applicant or recipient lives with both a parent and spouse, the reduced standard applicable to the one-person assistance unit must be based on the assistance unit's relationship to the spouse. The department believes a married person's primary relationship of financial responsibility is with his or her spouse and not with his or her parent, even where the married person continues to live in the parental home. It is reasonable, therefore, to provide that the reduced standard under this rule part must be based on the spousal relationship and not on the relationship of the adult

child and his or her parent. The department also believes that this provision is reasonable because it avoids the confusion that would result from attempting to make both the parent and the spouse jointly responsible for the applicant or recipient, and it does not impose financial responsibility on the parent for his or her adult child's spouse.

Item B. This item specifies that the reduced standards of this part must also be applied to an assistance unit with one or more members who live with a parent or spouse of one or more of the assistance unit members, when the parent or spouse receives or has been sanctioned or disqualified from receiving AFDC. It is reasonable to specify that this provision is limited to an assistance unit who shares a residence with a parent or spouse of one or more of the assistance unit members, who "would have been included in the general assistance filing unit except that he or she receives AFDC or would be receiving AFDC but is sanctioned from that program for failure to comply with program requirements" because under the filing unit provisions of part 9500.1209, subpart 2, spouses and their minor children must always be included in the same filing unit with the applicant or recipient unless a spouse or minor child is receiving or has been sanctioned or disqualified from receiving AFDC. Thus, an assistance unit could only be subject to the reduced standard of this rule part based on living with a responsible relative who receives or has been sanctioned or disqualified from receiving general assistance if the assistance unit met the conditions under item A. This provision is reasonable because it complies with Minnesota Statutes, section 256D.01, subdivision 1a, which states that "The standards shall be lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit if the responsible relative also receives general assistance or aid to families with dependent children. The standards must also be lowered for recipients who share a residence with a responsible relative if the relative is not receiving general assistance or aid to families with dependent children because the relative has been sanctioned or disqualified."

Item C. This item specifies that when an assistance unit is potentially subject to two different reduced standards because they live with two parents who receive income from general assistance or AFDC and also from another source, the standard of assistance applicable to the assistance unit must be based on this rule part. Minnesota Statutes, section 256D.01, subdivision 1a, requires reduced standards when an assistance unit lives with a responsible relative who receives or has been sanctioned or disqualified from receiving general assistance or AFDC and when the assistance unit lives with a responsible relative who has other income. When one parent is receiving general assistance or

AFDC and the other parent is receiving income from another source, the income from another source has already been considered in determining the general assistance or AFDC grant received by the other parent. It is reasonable, therefore, to specify that the standard of assistance for the assistance unit living with his or her parents in this situation must be based on the reduced standards of this rule part to avoid counting the parent's income twice.

Subpart 2. Reduced standard. This subpart establishes the reduced standards applicable to the assistance units specified in subpart 1. This subpart is necessary to clarify the method that must be used to determine the amount of an assistance unit's reduced standard, and to insure that the provisions governing reduced standards are administered consistently throughout the state, as required by Minnesota Statutes, section 256D.04, paragraph (2). The reasonableness of the provisions in items A to C are established below.

Item A. This item specifies that the reduced standard must equal the amount the responsible relative's standard of assistance would increase if the assistance unit members were added to the responsible relative's general assistance or AFDC assistance unit. This provision is reasonable because it is consistent with the requirement under Minnesota Statutes, section 256D.01, subdivision 1a, which states that "If the responsible relative is receiving general assistance or aid to families with dependent children, or would be receiving general assistance or aid to families with dependent children but for sanction or disqualification, then the standard applicable to the general assistance recipient's assistance unit must equal the amount that would be attributable to the members of the assistance unit if the members were included as additional recipients in the responsible relative's general assistance or aid to families with dependent children grant."

Item B. This item specifies the standards applicable to the assistance unit members when determining the amount by which the responsible relative's general assistance or AFDC standard would increase. Minnesota Statutes, section 256D.01, subdivision 1a, has provided that general assistance standards of assistance for families must increase to the level of AFDC standards. AFDC provides different standards for adults and children. It is therefore necessary to clarify in these rules which standards are applicable in determining the reduced standard under this rule part. Subitems (1), (2), and (3) establish the applicable standards for minor children, adult children, and spouses. The reasonableness of these subitems is established below.

Subitem (1). This subitem specifies that the standard applicable to a minor child is the standard for another minor child added to

the responsible relative's general assistance or AFDC grant. This provision is reasonable because it is consistent with Minnesota Statutes, section 256D.01, subdivision 1a. This provision is also reasonable because a minor child's responsible relative would be their parent, and a minor child added to the standard of his or her parent's AFDC standard would be the minor child standard. This provision is also consistent with the standard of assistance for a minor child specified in parts 9500.1216 and 9500.1217.

Subitem (2). This subitem specifies that the standard applicable to an adult child who is receiving a reduced standard based on his or her sharing a residence with his or her parent is the standard for another minor child added to his or her parent's general assistance or AFDC grant. This provision is reasonable because it complies with the requirement under Minnesota Statutes, section 256D.01, subdivision 1a, which states that "When determining the amount attributable to members of an assistance unit that must receive a reduced standard, the amount attributed to adults must be the amount attributed to another child added to the responsible relative's assistance unit."

Subitem (3). This subitem specifies that the standard applicable to a spouse is the second adult standard. This provision is reasonable because the standard of assistance for a spouse added to his or her spouse's assistance unit under either general assistance or AFDC would be the standard for a second adult, and Minnesota Statutes, section 256D.01, subdivision 1a, specifies that "...the standard applicable to the general assistance recipient's assistance unit must equal the amount that would be attributable to the members of the assistance unit if the members were included as additional recipients in the responsible relative's general assistance or aid to families with dependent children grant."

Under subpart 1, item A, an applicant or recipient who is a member of a one-person filing unit who resides with a parent receiving general assistance or AFDC will receive a reduced standard. The provision for a reduced standard under item A are limited to an adult child who resides with his or her parents. Under the general assistance program and the AFDC program, an adult child is never included in his or her parent's assistance unit. Rather, the adult child is included in his or her own assistance unit. To determine the reduced standard applicable to the adult child, the local agency must use the amount that would apply if the adult child were added to the parent's assistance unit. However, neither general assistance or AFDC has a standard of assistance for a third adult added to the assistance unit.

Because this situation had not been previously addressed in either general assistance or AFDC, the legislature attempted to clarify the standard to be used in determining the reduced standard applicable to an adult child by specifying that "...the amount to be attributed to adults must be the amount attributed to another child." The clear legislative intent of this provision was to establish a standard to apply to an adult child receiving a reduced standard based on his or her sharing a residence with his or her parent that would equal the amount that the parent's assistance unit would have received if the family members could have received a single general assistance or AFDC grant. Since such a standard does not exist in AFDC or general assistance, the legislature intended to attribute a minor child standard to an adult only where the adult was an adult child residing with a parent. To permit this amount to be attributed to spouses receiving a reduced standard would be inconsistent with the overall mandate in Minnesota Statutes, section 256D.01, subdivision 1a, which is to establish general assistance standards for families that are equal to AFDC standards for families of similar size and composition. The intent of the reduced standard is to assure that the total amount of AFDC and general assistance received by a family is limited to the amount the family would receive if all members were receiving AFDC. The department therefore believes that the provision in subitem (3) is a reasonable means of carrying out the legislature's intent.

Item C. This item specifies that the standard applicable to an assistance unit receiving a reduced standard under this rule part must not exceed the full standard of assistance that would apply if the assistance unit were not subject to a reduced standard. This provision is reasonable because it is consistent with the requirement under Minnesota Statutes, section 256D.01, subdivision 1a, which states that "When an assistance unit is subject to a reduced standard, the reduced standard must not exceed the standard that applies to an assistance unit that does not share a residence with a responsible relative."

Part 9500.1222 REDUCED STANDARD FOR AN ASSISTANCE UNIT SHARING A RESIDENCE WITH A RESPONSIBLE RELATIVE WHO HAS INCOME OTHER THAN GENERAL ASSISTANCE OR AFDC.

This part establishes a reduced standard of assistance on which general assistance eligibility determinations and monthly payment amounts are based for an assistance unit living with a responsible relative who has income other than general assistance or AFDC. The provisions in this part are authorized by Minnesota Statutes, section 256D.01, subdivision 1a, which requires the commissioner to establish minimum standards of assistance for general assistance, and which states that "For recipients, except recipients who are eligible under section 256D.05, subdivision 1, paragraph (a), clauses (1), (7), (8), (9), and (14), who share a

residence with a responsible relative who is not receiving general assistance or aid to families with dependent children but who receives other income, the standards shall be lowered...." The following explains the substance of, the need for, and reasonableness of the provisions established under this rule part.

The effect of this reduced standard is to examine a responsible relative's ability to provide financial support to an applicant or recipient when the responsible relative has income other than general assistance or AFDC. The legislature's clear intent is to reduce the standard of assistance applicable to an applicant or recipient who resides with a responsible relative receiving other income to a level below the standard which would apply if the applicant or recipient did not reside with the responsible relative.

The Department believes that the legislature's intent is to provide a reduced standard for an adult child who resides with a parent with sufficient income to reduce the adult child's need for public assistance. Evidence of this intent is found in the provision which limits the reduced standard to one-person assistance units, the provision which establishes household AFDC standards so the parent's ability to provide support can be determined, and provisions excluding certain types of income, such as social security retirement benefits and benefits based on the parent's disability. The department has, therefore, limited the applicability of this section of the rules to one-person adult filing units residing with a parent or parents.

The Department also does not believe the legislature's intent is to provide this reduced standard when a minor child is the only member of an assistance unit because a parent has been disqualified from receiving general assistance or the parent elects not to apply for general assistance. A minor child whose parent is disqualified from receiving general assistance has been provided for under the special child only provisions of part 9500.1216, item D, and the parent's income will be evaluated under part 9500.1226, subpart 3.

The Department, therefore, has made the reduced standard of this section applicable only to adult children who reside with a parent when the parent receives income other than general assistance or AFDC.

Subpart 1. Applicability of reduced standards. This subpart establishes when and to whom the reduced standards of this rule part must be applied. It is necessary to clarify which assistance units must have their eligibility and monthly payment amounts determined based on this standard in order to insure that this rule part is consistently interpreted and appropriately applied throughout the state. The reasonableness of the criteria set forth in items A to C is established below.

Item A. This item specifies that in order for the reduced standard of this part to apply to an applicant or recipient, he or she must be a member of a one-person filing unit and a one-person assistance unit, he or she must be an adult, and he or she cannot be categorically eligible for general assistance under part 9500.1102 [Emergency], item A, B, H, I, O, or P. These provisions are reasonable because they are consistent with the requirements under Minnesota Statutes, section 256D.01, subdivision 1a.

The statute specifies that this reduced standard must not apply to an assistance unit eligible under section 256D.05, subdivision 1, paragraph (a), clauses (1), (7), (8), (9), and (14). Minnesota Rules, part 9500.1102 [Emergency], was promulgated under Minnesota Statutes, section 256D.05, subdivision 1, paragraph (a). Items A, B, H, I, O, and P, correspond to the categories of eligibility under clauses (1), (7), (8), (9), and (14). It is reasonable to identify the exempt categories of eligibility under Minnesota Rules, part 9500.1102 [Emergency] rather than to refer to the statutory provision, because an applicant's or recipient's categorical eligibility must be assessed in accordance with the rules.

It is reasonable to limit the applicability of the reduced standard under this rule part to applicants and recipients with one-person filing and assistance units because it avoids confusion over whether or not the reduced standard would apply to an assistance unit with more than one member if one member was categorically eligible under one of the categories and another was not. This limit on the applicability of the reduced standard under this part is also consistent with the provision under Minnesota Statutes, section 256D.01, subdivision 1a, which states that this reduced standard is limited to an applicant or recipient who is the only member of "the one-person assistance unit...."

Item B. As previously explained, this part applies only to applicants or recipients who comprise a one-person assistance unit and who reside with a parent in order to assure that a reduced standard and monthly payment is made. This item specifies that the assistance unit member must live with a parent who has income other than general assistance or AFDC. This provision is reasonable because it is consistent with the requirement under Minnesota Statutes, section 256D.01, subdivision 1a, which states that the reduced standard must apply to recipients "... who share a residence with a responsible relative who is not receiving general assistance or aid to families with dependent children...."

Item C. This item specifies that the reduced standard under this rule part only applies when the assistance unit member cannot be included in his or her parents assistance unit. This item also specifies that when an assistance unit member lives with both a parent or parents and with a spouse, the reduced standard applicable to the assistance unit must be based on part 9500.1220, rather than on this part. If an applicant or recipient were married and if his or her spouse had income other than AFDC, the

spouse would be included in the applicant's or recipient's filing unit even if the spouse elected not to receive general assistance. The spouse's income and resources would be considered in determining the eligibility of the assistance unit. However, if the applicant or recipient shares a residence with a spouse who receives AFDC, the spouse will not be included in the applicant's or recipient's filing unit, and the applicant or recipient will be subject to a reduced standard under part 9500.1220. If that applicant or recipient also shares a residence with a parent with income other than general assistance or AFDC, the applicant or recipient will be subject to another reduced standard under this part.

As explained under part 9500.1220, the department believes that the primary relationship of financial responsibility is between spouses, even when a married couple lives with one of their parents. Since an individual in a one-person filing and assistance unit could only be living with a spouse who is not included in his or her filing and assistance unit because the spouse receives or is sanctioned or disqualified from receiving AFDC, the department believes it is reasonable to specify that in that situation the applicant's or recipient's standard of assistance must be based on part 9500.1220.

Subpart 2. Reduced standard. This subpart describes the process that must be used to determine the reduced standard. It is necessary prescribe the method that must be used to make this determination in rule because it insures that the administration of the reduced standard will be uniform throughout the state, as required under Minnesota Statutes, section 256D.04, paragraph (2), which states that the commissioner shall "Promulgate uniform rules consistent with law for carrying out and enforcing the provisions of sections 256D.01 to 256D.21 to the end that general assistance may be administered as uniformly as possible throughout the state...."

The method for calculating the reduced standard under this subpart is intended to determine how much of the assistance unit's parent's or parents' income is available to help reduced the assistance unit member's need for public assistance. The statutory mandate of Minnesota Statutes, section 256D.01, subdivision 1a, in making this determination is to provide a total household income (parental income plus general assistance) equal to the standard of assistance that would be applicable to an AFDC assistance unit of like size and composition. This requires the calculation of how much of the parent's or parents' income can actually be made available to the assistance unit member to reduce his or her need for public assistance. The statute that authorizes this reduced standard also specifies that certain types of a responsible relative's income are not to be considered available to reduce the assistance unit member's needs. The reasonableness of the method established by items A to E are described below.

Item A. This item specifies how the "household" standard of assistance must be calculated. It requires the household to include only the applicant or recipient and his or her parent or parents, and it specifies that the parent's or parents' standards must be the first and second adult standards, in accordance with part 9500.1216, and the applicant's or recipient's standard must be the first child standard. It is necessary to determine what the "household standard" would be because Minnesota Statutes, section 256D.01, subdivision 1a, paragraph (a), specifies that "The general assistance grant to the one-person assistance unit shall be in an amount such that total household income is equal to the aid to families with dependent children standard for a household of like size and composition...." It is reasonable to specify that the standards must be the first and second adult standards for the parent(s) because these are the standards that would apply if the parent or parents were in an AFDC household. In an AFDC household, the adult child would not be included in his or her parent's assistance unit. However, it is reasonable to specify that for purposes of calculating the household standard, the adult child's standard must be the first child standard, because Minnesota Statutes, section 256D.01, subdivision 1a, states that "When determining the amount attributable to members of an assistance unit that must receive a reduced standard, the amount attributed to adults must be the amount attributed to another child added to the responsible relative's assistance unit."

Item B. This item specifies how the parent's or parents' countable income must be calculated. The calculation of the parent's or parents' countable income is necessary to determine how much of the parent's or parents' income should be considered available to the assistance unit member, thereby reducing the assistance unit member's need for public assistance. Countable income, for purposes of determining this reduced standard, must be calculated by determining the parent's or parents' total amount of gross income and subtracting both certain types of income that is exempt and an amount equal to the unmet needs of other members of the parent's or parents' family for whom the parent or parents are financially responsible. It is necessary to identify the specific deductions that must be made in determining "parent's or parents' countable income" because it insures that these determinations will be made uniformly throughout the state. The reasonableness of the specific deductions identified in subitems (1) to (6) are established below.

Subitem (1). This subitem specifies that the "allowable deductions" under part 9500.1205, subpart 3, must be subtracted from the parent's or parents' gross income. This deduction is reasonable because the income and expenses identified as "allowable deductions" are either specifically exempt under state

or federal law, are expenses necessary to enable an individual to obtain or retain employment, or are benefits or income intended for a specific purpose and therefore are not actually available to meet an individual's subsistence needs. (See Part 9500.1205, subpart 3, for a more complete statement of the need for and reasonableness of these deductions.)

Subitem (2). This subitem specifies that income that has been counted in calculating an AFDC payment must be subtracted from the parent's or parents' gross income. This deduction is reasonable, because income counted in calculating an AFDC payment has been considered available to meet the needs of the AFDC assistance unit members and therefore should no longer be considered actually available to the parent or parents. The result of not allowing this deduction could potentially result in counting the same income available to different assistance units.

Subitems (3), (4), and (5). Subitem (3) specifies that benefits received from the worker's compensation program, Minnesota supplemental aid program, supplemental security income program, or social security disability program must be subtracted from the parent's or parents' gross income. Subitem (4) specifies that benefits received from the social security retirement program must be subtracted from the parent's or parents' gross income if the parent received benefits under the social security disability or supplemental security income program at the time he or she became eligible for the social security retirement program or if the parent meets a category of eligibility under part 9500.1102 [Emergency], item A, B, H, or J (the categories of general assistance eligibility authorized under Minnesota Statutes, section 256D.05, subdivision 1, clauses (1), (7), and (9)). Subitem (5) specifies that other benefits a parent receives that are based on the parent's disability must be subtracted from the parent's or parents' gross income. These deductions are reasonable because they are consistent with the requirement under Minnesota Statutes, section 256D.01, subdivision 1a, paragraph (b), which states that "Benefits received by a responsible relative under the supplemental security income program, the social security retirement program if the relative was receiving benefits under the social security disability program at the time he or she became eligible for the social security retirement program or if the relative is a person described in section 256D.05, subdivision 1, clauses (1), (7), or (9), the social security disability program, a worker's compensation program, the Minnesota supplemental aid program, or on the basis of the relative's disability, must not be included in the household income calculation." The sections in the rule correspond exactly with the language in the statute.

Subitem (6). This subitem specifies that the local agency must subtract from the parent's or parents' gross income the amount of income necessary to meet the unmet needs of other family members living with the parent or parents and for whom the parent or parents are financially responsible before the parent's or parents' income is considered available to the applicant or recipient. The intent of this subitem is to make certain that the needs of the entire household are being met. The family members to whom a parent must allocate income under this item are the same family members who would be included in the parent's or parents' filing unit under the provisions of part 9500.1209, subpart 2. The department believes that a parent's first financial responsibility is to his or her spouse and the minor children of the parent and spouse. In order to insure that this nuclear family's ability to meet its needs is not impaired by the parent's or parents' obligation to provide financial support for an adult child who lives in his or her parent's home, it is necessary to provide for the allocation and subtraction of income described under subitem (6) before considering the parent's or parents' income available for the adult child's needs. Permitting the allocation of income to meet the unmet needs of the parent's spouse and the parent's or spouse's minor children is reasonable because it avoids the situation where a parent's support for his or her adult child would deprive the parent's spouse and their minor children of sufficient income, thus "creating" public assistance eligibility for the entire family. Permitting the spouse to allocate income in excess of the minor children's and spouse's needs is reasonable because the spouse is a responsible relative of the parent. Income allocated from the spouse can be used to reduce the parent's needs.

This item also specifies the amount to allocate for the needs of persons dependent on the parent or parents for support. The amounts specified in this item are the amounts which would apply if the spouse and minor children of the parent were added to a general assistance program assistance unit with the parent. These amounts are reasonable because they are consistent with Minnesota Statutes, section 256D.01, subdivision 1a, which specifies that an AFDC standard must be determined for the household. General Assistance standards, with the adoption of these rules, will be equivalent to AFDC standards.

Item C. This item directs that the parent's or parents' countable income calculated in item B must be subtracted from the household standard calculated in item A. This calculation determined if the household has sufficient income to meet the needs of all members of the household, including the applicant or recipient. If the household has insufficient income to meet its needs, the difference becomes the standard of assistance for the adult child, up to and including the standard for one adult as specified in

part 9500.1216, item A. If the household's countable income exceeds the household AFDC standard, the adult child will be ineligible for general assistance because the adult child will not have needs which cannot be met with income in the household. This provision is reasonable because it results in a determination of the extent to which the household standard exceeds the parent's or parents' income as required by Minnesota Statutes, section 256D.01, subdivision 1a.

Item D. This item establishes that the standard of assistance applicable to an assistance unit subject to the reduced standard under this rule part is the amount calculated in item C or the full standard provided by part 9500.1216, whichever is less. This provision is reasonable because Minnesota Statutes, section 256D.01, subdivision 1a, paragraph (a), specifies that the reduced standard shall be "...an amount such that total household income is equal to the aid to families with dependent children standard for a household of like size and composition, except that the grant shall not exceed that paid to a general assistance recipient living independently."

Item E. This item specifies that when two or more adult children live in the home of their parent or parents, and two or more of these adult children apply for general assistance and are subject to the reduced standard of assistance under this rule part, the standard is calculated by including each of the adult children in the determination of the "household standard" under item A, and dividing the amount determined in item D by the number of adult children. These provisions are reasonable because they insure that the parent's or parents' countable income that is available to reduce the adult children's needs is used to reduce the adult children's standards equally. If this provision were not included in the rule, a parent's income could be considered available to two persons at the same time, or each general assistance applicant or recipient would receive a different amount of assistance based on whether he or she was the first, second, or third adult child to live with the parent. These provisions are also reasonable because they are consistent with the statutory mandate under Minnesota Statutes, section 256D.01, subdivision 1a, paragraph (a), which mandates that the total household income must equal the standard of assistance for an AFDC household of like size and composition.

9500.1224 INCOME EVALUATION.

This part requires the local agency to evaluate the income of persons applying for or receiving general assistance, responsible relatives who may be able to provide unearned income to the applicant or recipient, and persons to whom an applicant or recipient may allocate income.

Subpart 1. Local agency duty to evaluate income. Minnesota Statutes, section 256D.05, subdivision 1, specifies that an applicant or recipient must have income less than the standards established by the Commissioner. Minnesota Statutes, section 256D.06, subdivision 1, specifies that the monthly payment to an individual or family must be equal to the difference between the nonexempt income actually available to the individual or family, and the applicable standard of assistance established by the Commissioner. In order to determine the amount of income available and the need to exclude certain types of income as provided by Minnesota Statutes, section 256D.02, subdivision 8, it is necessary to include in the rule parts a requirement that the local agency evaluate the income of applicants or recipients when determining general assistance eligibility and monthly payment amounts.

Minnesota Statutes, section 256D.15, states that a relative is financially responsible for an applicant or recipient when the applicant or recipient is the relative's spouse or adult or minor child. It is necessary to require the local agency to evaluate a responsible relative's income in order to determine if the responsible relative can provide support to persons for whom the responsible relative has a financial obligation.

It is reasonable to specify that the local agency must evaluate the income of responsible relatives and the persons for whom a relative is financially responsible as provided in parts 9500.1225 to 9500.1228 in order to assure that income from a responsible relative is counted as provided by Minnesota Statutes, section 256D.15. Moreover, it is reasonable to require that the local agency evaluate the income of such persons as provided in parts 9500.1225 to 9500.1228 in order to assure uniform, statewide application of the rule provisions as provided by Minnesota Statutes, section 256D.04, clause (2).

Subpart 2. Distribution of income. Minnesota Statutes, section 256D.06, subdivision 1, requires that general assistance grants be issued in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the applicable standard of assistance established by the Commissioner. In order to implement the provisions of this statute, it is necessary to determine who has income which is actually available.

It is reasonable to specify in the rule parts that income must be attributed to the individual who earns it or to the individual who is a beneficiary of the income in order to assure that income is properly attributed to the person who earns the income or to the person for whom the income is intended. Moreover, it is reasonable to include this provision in the rule parts in order to provide uniformity and clarity in the rule parts, and to inform affected parties of program policies and procedures which may affect them.

Item A. Minnesota Statutes, section 256D.06, subdivision 1, requires that nonexempt income actually available to an individual or family must be compared to the standards of assistance when determining the amount of a monthly general assistance payment. When the funds in a trust are readily available to the applicant or recipient the funds may be used to support the applicant or recipient and will reduce or eliminate the need for general assistance. Funds which are available to support the applicant or recipient must be counted as income under the provisions of Minnesota Statutes, section 256D.02, subdivision 8.

Minnesota Statutes, section 256D.06, subdivision 1, specifies that the first \$50 of monthly earned income must be disregarded when determining the amount of a general assistance payment. Unearned income is not subject to the same disregard. Because the statute differentiates between earned and unearned income, it is necessary to specify in the rule parts which types of income are considered unearned income.

Part 9500.1205, subpart 21, defines unearned income as income not derived from lawful employment or self-employment. Income distributed from a trust is not distributed on the basis of effort expended to earn the income. In order to create consistency within the rule parts, it is reasonable to specify that income from a trust is unearned income.

In certain cases trust funds may not be actually available to the individual. In order to count only funds actually available as provided by Minnesota Statutes, section 256D.06, subdivision 1, it is reasonable to specify in the rule parts that if the individual can document that trust funds are not legally available to him or her, the funds will not be considered as available income.

Item B. Minnesota Statutes, section 256D.01, section 1, specifies that nonexempt income actually available to an individual or family must be compared to the standard of assistance established by the Commissioner when determining the amount of the monthly payment. Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income."

When income derived from jointly owned property is available to an applicant or recipient, it is necessary to consider the amount of such income when determining the general assistance payment. It is also necessary to specify to whom the income must be attributed in order to implement the provisions of Minnesota Statutes, section 256D.05, subdivision 1.

When the property owners have equal ownership in the property, the income derived from the property properly belongs to all owners equally. Because in such cases each owner has an equal claim to the income, it is reasonable to specify in the rule parts that the income from jointly owned property must be divided equally among the property owners.

In other instances, however, the property owners may not have an equal ownership in the property. In addition, some ownership agreements specify that certain owners have a greater interest in the income derived from the property. In order to count only income actually available to the applicant or recipient as provided by Minnesota Statutes, section 256D.06, subdivision 1, it is reasonable to specify in the rule parts that when the terms of ownership for jointly owned property specify that income derived from the property must be divided on a basis other than equal shares, that only the income designated for the applicant or recipient by the terms of ownership must be considered available to the applicant or recipient.

Item C. This item specifies that the local agency may not allow deductions from an individual's gross income to meet a current or prior debt. The commissioner has defined those items which may be deducted from an applicants or individual's gross income in part 9500.1205, subpart 3, as required by Minnesota Statutes, sections 256D.02, subdivision 8, which requires the commissioner to define employment expenses that an individual must be allowed to deduct, and 256D.04, clause (2), which requires the commissioner to adopt rules to insure the uniform administration of the general assistance program. Under the provisions of part 9500.1205, subpart 3, item DD, an individual is allowed a deduction for all loans except educational loans, provided there is documentation of the obligation to repay. Since the proceeds of a loan will not be counted as income, it is reasonable and consistent to specify that the individual must not deduct loan payments from his or her income.

If an applicant or recipient were allowed a deduction from his or her gross income for any current or prior debt, the public's tax funds would be used to support the individual while his or her own income was used to pay past or current debts. In addition, an individual could cause him or herself to be eligible for public assistance by simply incurring a sufficient amount of debt. This position is unreasonable and is beyond the purpose of the general assistance program as specified in Minnesota Statutes, section 256D.01, subdivision 1a.

Further, Minnesota Statutes, section 256D.01, subdivision 1a, specifies that the objectives of section 256D.01 to 256D.21 are to provide a sound administrative structure for public assistance programs; to maximize the use of federal money for public assistance programs; and to provide an integrated public assistance program for all persons in the state without adequate income or resources to maintain a subsistence reasonably compatible with decency and health. The obvious intent is to provide for an individual's or family's subsistence needs, which includes food, shelter, and clothing. Paying for an individual's or family's current or prior debts is not equivalent to providing for their subsistence needs.

Current statutes regarding bankruptcy and protection of public assistance recipients from creditors provide general assistance recipients with alternative methods of dealing with past or current debts. For this reason, and the reasons stated above, it is reasonable to specify in the rule parts that a deduction from gross income must not be made for current or past debts.

Subpart 3. Evaluation of an assistance unit's income. Minnesota Statutes, section 256D.05, subdivision 1, specifies that each individual or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for general assistance. Minnesota Statutes, section 256D.06, subdivision 1, specifies that general assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the standard of assistance established by the commissioner. In order to implement the provisions of these statutes, it is necessary to determine the amount of income actually available to the individual or family.

Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." The statute therefore requires the calculation of both earned and unearned income. It is necessary to calculate earned and unearned income separately because Minnesota Statutes, section 256D.06, subdivision 1, specifies that when determining eligibility for and the amount of assistance, the local agency shall disregard the first \$50 of earned income per month. Part 9500.1205, subpart 3, item A, provides for the disregard of the first \$50 of earned income. Part 9500.1225 provides for the determination of the amount of earned income. It is reasonable to require the local agency to determine an individual's earned and unearned income separately in order to disregard the first \$50 of earned income as provided by the statute.

Minnesota Statutes, sections 256D.05, subdivision 1, and 256D.06, subdivision 1, specify that the amount of an individual's or family's (assistance unit's) income must be calculated in order to determine general assistance eligibility and monthly payment amounts. Part 9500.1205, subdivision 13, specifies that gross income is the sum of earned and unearned income. Because income means both earned and unearned income, it is reasonable to require that the local agency determine the amount of the assistance unit's gross income by adding the assistance unit's earned income to the assistance unit's unearned income, as provided by part 9500.1227.

Minnesota Statutes, section 256D.02, subdivision 8, specifies that an individual's or family's income must be reduced by the amount attributable to employment expenses as defined by the commissioner. Part 9500.1205, subpart 3, identifies the employment expenses and other allowable deductions which must be

subtracted from an individual's or family's gross income. Part 9500.1228 requires the local agency to subtract the amount of allowable deductions from the assistance unit's gross income to determine the amount of the assistance unit's countable income. Countable income is counted against the standards of assistance applicable to the assistance unit as provided in Minnesota Statutes, section 256D.05, subdivision 1. It is reasonable to specify in the rule parts that the local agency must subtract allowable deductions from the assistance unit's gross income when determining the assistance unit's countable income in order to implement the provisions of Minnesota Statutes, sections 256D.02, subdivision 8; 256D.05, subdivision 1; and 256D.06, subdivision 1. Moreover, it is reasonable to include this provision in the rule parts in order to create consistency and uniformity in the rule parts.

9500.1226 EARNED INCOME.

This part requires the local agency to determine the amount of earned income available to an individual and to an assistance unit, including income earned from self-employment and from contractual agreements.

Subpart 1. Local agency duty to determine earned income.

Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." Income therefore includes earned income. Minnesota Statutes, section 256D.06, subdivision 1, specifies that when determining eligibility for and the amount of monthly general assistance payments the local agency shall disregard the first \$50 of earned income per month. Earned income is defined in part 9500.1205, subpart 7, as compensation from lawful employment or lawful self-employment.

It is both necessary and reasonable to specify that the local agency must determine if the individual or family has earned income so that the local agency may disregard the first \$50 of earned income as provided by Minnesota Statutes, section 256D.06, subdivision 1, and so the local agency can determine the amount of income which must be compared to the standards of assistance as provided by Minnesota Statutes, section 256D.05, subdivision 1. It is also reasonable to include this provision in the rule parts in order to achieve statewide uniformity in general assistance as provided in Minnesota Statutes, section 256D.04, paragraph (2).

Subpart 2. Earned income from self-employment. Persons who are self-employed will receive gross earnings from the self-employment enterprise. Minnesota Statutes, section 256D.02, subdivision 8, specifies that the commissioner must determine the amount attributable to employment expenses, and that such employment expenses must be subtracted from the amount of earnings from self-employment. Therefore, it is necessary to determine the amount of earnings from self-employment and to deduct from that amount the expenses incurred in the course of self-employment.

It is reasonable for the commissioner to specify the employment expenses which shall be deducted from the amount of self-employment earnings as authorized in Minnesota Statutes, section 256D.02, subdivision 8, in order to determine the amount of earnings needed to continue the business operation and the amount of earnings available to meet the needs of the individual. Income used to operate the business will enable the individual to maintain the business and, hopefully, to earn other income which can be used for subsistence needs. Also, Minnesota Statutes, section 256D.06, subdivision 1, states that only income that is actually available to the individual or family must be used to determine the amount of the monthly general assistance payment. Income used to continue the business is not available for other uses. However, the amount available after deducting business costs can be used to meet subsistence needs.

Item A. Minnesota Statutes, section 256D.02, subdivision 8, authorizes the commissioner to determine the amount of employment expenses which must be deducted from business income. To identify all possible business expenses that could be allowed as a deduction from gross receipts would require an extensive list, and could still easily lead to disputes over whether a non-specified expense would qualify as a business deduction. The department has chosen to identify those expenses which may not be deducted rather than those that may be deducted. This approach is reasonable because as a general rule the department has chosen to allow deductions for most business expenses, and the list of non-deductible expenses is therefore shorter.

With the exception of Minnesota Statutes, section 256D.02, subdivision 8, Minnesota Statutes, Chapter 256D is silent regarding allowable employment expenses which must be subtracted from self-employment earnings. However, Title 45 CFR, section 233.20, provides guidelines used to determine business expenses for AFDC purposes. Historically, the commissioner has used AFDC policies and procedures to provide a practical basis for general assistance operations when Minnesota Statutes, chapter 256D does not provide specific requirements. The two public assistance programs have had certain similarities which offer the benefit of streamlined administration and compatible policy interpretations. In addition, adoption of AFDC policies which are compatible with general assistance policies allows the use of procedures which are time tested and which have been subjected to public comment. For these reasons, it is reasonable to adopt AFDC policies and procedures regarding self-employment expenses.

A general guideline used in AFDC is that a deduction for an expense can only be allowed when the expense is directly related to producing the goods or services of the business, and that without such expenses, the goods or services could not be produced. This guideline is reasonable because it differentiates

between costs which are necessary to the continuation of the business, and costs which are not directly related to the continuation of the business. It is reasonable to allow a deduction for business expenses which will perpetuate the business in order to permit the individual or family to continue trying to earn its living. If the family is successful, the need for general assistance will be reduced or eliminated. It is not reasonable to permit a deduction for expenses which do not directly affect the ability of the business to produce its goods or services since such expenses will not influence the individual's or family's ability to support itself.

The following subitems have been adopted from the AFDC program. The reasonableness of each subitem is discussed below.

Subitem (1). Permitting a deduction for the cost of capital assets would have the effect of allowing general assistance subsidization of small business activities. The amount of general assistance provided would directly be affected by the cost of capital assets purchased. This outcome is not compatible with the intent of Minnesota Statutes, section 256D.01, subdivision 1a, which states the intent of general assistance is to provide grants necessary to maintain a subsistence reasonably compatible with decency and health.

Subitem (2). As discussed under subitem (1), allowing a deduction for the cost of capital assets is not compatible with Minnesota Statutes, section 256D.01, subdivision 1a. If a deduction were allowed for the principal payment of a loan for capital assets, the deduction would have the same effect of subsidizing small businesses with general assistance. It is reasonable to prevent that outcome by preventing a deduction for the cost of payments on the principal of loans for capital assets.

Subitem (3). It is reasonable to specify in the rule parts that depreciation is not an allowable deduction because depreciation does not represent an expense directly related to the production of a good or service.

Subitem (4). Amortization may or may not include expenses which are necessary for producing income, but they are never current expenses. Expenses which were amortized in tax years which preceded general assistance eligibility and carry over into a year of general assistance eligibility do not represent any current expenses which are necessary to produce current income. If certain amortized expenses were allowed, it would be necessary to anticipate the level of the amortized expense in a month against the amount claimed for tax filing purposes in the next year. Amortization is generally used by recently established businesses to transfer expenses from the initial year, when receipts and taxable income are low, to future tax years when it is anticipated that receipts and tax obligations will increase. The effect of

allowing amortized adjustments in expenses would be to overstate the amount of budgetable income. It is reasonable to disallow this deduction because expenses which have been amortized from a prior year into the most recent tax year do not relate to current need. Amortizing on a current month basis and anticipating expenses amortized for tax purposes at the completion of the current tax year would require identifying which amortized expenses are otherwise disallowed and would require a reconciliation at the end of the current tax year for any differences between those totals. This process would have no connection with meeting current need and would be administratively complex and error prone because it would necessitate the introduction of annual tax accounting requirements into monthly budgeting.

Subitem (5). It is reasonable to allow a deduction for the wholesale cost of an item when it is actually sold because this method clearly connects the deduction to the cost of producing the item which is sold. Many businesses have initial inventory and product expenses which are not translated into gross receipts to cover those expenses for several months. Budgeting the wholesale cost of inventory as an expense when the inventory is purchased would effectively preclude a deduction for those initial inventory outlays when the sale of those items occurs in subsequent months. On the other hand, if wholesale costs of inventory were deducted when the inventory is paid for, a profitable self-employment concern could use all of its excess receipts to expand its inventory and the general assistance payment would be diverted to pay for the cost of inventory expansion. It is not reasonable to permit practices which have the effect of diverting general assistance payments to finance inventory expansion of a small business enterprise because such provisions are not compatible with the general guideline of allowing a deduction for expenses which are directly related to producing the goods and services, without which the goods or services could not be produced.

Subitem (6). It is reasonable to permit a deduction for the cost of business transportation because that is a cost directly related to producing the goods and services of the business, without which the goods and services could not be produced. It is reasonable to permit a deduction up to the amount allowed by the United States Internal Revenue Code because that is the amount that the business can deduct for purposes of determining the amount of business taxes.

Subitem (7). The cost of transportation to and from the business site is an allowable deduction under part 9500.1205, subpart 3, item B. It is reasonable to specify that the cost of transportation to the work site is not an allowable employment expense which must be subtracted from gross receipts in this part because if it were included in both this part and in part 9500.1205, subpart 3, the duplicated material would result in two deductions for the same expense. That outcome is not reasonable.

Subitem (8). Minnesota Statutes, section 256D.15 specifies that a relative's obligation to provide support exists from spouse to spouse, and from parent to child. Under this statute, a child is not obliged to provide support to a parent or to another minor child.

The maximum amount of support which can be required from the responsible relative for general assistance purposes is equal to the standard of assistance applicable to the individual that the relative is responsible for. For example, if the relationship is parent to child, the maximum amount of support that would be required from the parent to the child in general assistance is the standard of assistance for the first child (\$250). Thus, if an application is not made for the parent's minor child, the parent may allocate his or her income to meet the child's needs in the amount of \$250. Any income remaining after subtracting the \$250 needed to support the minor child must be applied against the standard of assistance applicable to the parent's assistance unit.

The commissioner, in parts 9500.1216 to part 9500.1222, has established standards of assistance which define an individual's subsistence needs for general assistance purposes, as required by Minnesota Statutes, section 256D.01, subdivisions 1a and 1b.

A responsible relative in a self-employment business could pay a salary to individuals that he or she is financially responsible for that is higher than the standard of assistance that would apply to the individual. If the relative could then deduct the full amount of the salary from the income of operating the business, the relative could reduce the amount of income which would be applied against the standards of assistance for his or her assistance unit. In fact, all of the self-employment earnings could be disregarded by paying it to a minor child. In this way, none of the self-employment earnings would be considered income which the parent could use to support himself or herself. This outcome is unreasonable and inconsistent with Minnesota Statutes, section 256D.05, subdivision 1, which specifies that general assistance eligibility does not exist unless an individual's or family's income and resources are less than the standard of assistance established by the commissioner.

A family's income will be compared to the standards of assistance applicable to the family (assistance unit) as provided in part 9500.1209, subpart 4. In this way, the relative's responsibility to provide support to family members will be determined by counting the self-employment earnings against the standard of assistance applicable to the assistance unit. Because the needs of family members will be provided for consistent with the standards of assistance required by Minnesota Statutes, section 256D.01, subdivisions 1a and 1b, it is reasonable to specify that salaries and other employment deductions made for members of an individual's assistance unit or for individuals who live in the individual's household for whom the individual is legally responsible are not allowable deductions from self-employment earnings.

Subitems (9), (10), (11), and (12). Minnesota Statutes, section 256D.02, subdivision 8, authorizes the commissioner to define employment expenses for self-employment earnings. The statutes are silent regarding the amount of permissible employment deductions from income received from roomers and boarders. However, it is apparent that there are expenses involved with provision of room or board. Current AFDC rules allow for a fixed deduction for income from roomers, boarders, and from roomers-boarders. It is reasonable to specify in the rule parts that the amount of monthly expenses as provided by subitems (9), (10), (11), and (12) are permissible deductions from self-employment earnings because these amounts are equivalent to the amounts permitted under the AFDC program, and because these amounts have historically been used in both the AFDC and the general assistance programs. Moreover, it is reasonable to specify these provisions in the rule parts in order to create statewide uniformity as required in Minnesota Statutes, section 256D.04, paragraph (2).

Subitem (13). The United States Internal Revenue Code specifies business deductions which may be claimed for income tax purposes. Such deductions provide for business expenses which are necessary for operation of the business so that the amount of profit earned by the business can be determined. The purpose of determining allowable self-employment deductions in this part is similar. Because the business is subject to federal codes regarding deductions for business expenses when determining the business' taxable income, it is reasonable to specify that the same deductions apply for general assistance purposes. Moreover, it is reasonable to include this provision in the rule parts in order to inform affected parties of program policies and procedures which may be significant to their circumstances.

Subitem (14). Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." Earnings from child care performed in the home are considered earned income under the provisions of part 9500.1205, subpart 7. This item allows a flat 60% deduction from gross receipts for the expenses of in-home child care to cover self-employment expenses, unless an individual can document higher actual expenses. This provision is reasonable because it provides a simple, administratively streamlined method of determining employment expenses for individuals who do not maintain accurate records of self-employment costs. Moreover, this provision is reasonable because it permits an individual who has maintained records which reflect higher expenses to claim a deduction from gross receipts for the higher actual costs.

It is necessary to exclude payments from the quality child care program from the amount of gross receipts because the quality child care program makes payments under Public Laws 92-433 and 93-150 for reimbursement of food costs for assuring daily nutritional requirements established for children in the home of

the care provider. Such self-employment expenses are therefore already reimbursed under the quality child care program and should not again be provided for by allowing a deduction from gross receipts. It is reasonable to exclude payments from the quality child care program from the amount of gross receipts and to disallow expenses reimbursed by the care program from allowable business deductions in order to prevent duplicate consideration of the covered expenses.

Item B. Minnesota Statutes, section 256D.06, specifies that the income actually available to the individual or family must be used to determine the amount of the general assistance monthly payment. It is necessary to specify when self-employment income is considered available in order to implement the provisions of the statute. It is also necessary to specify when expenses must be budgeted in order to assure that the expenses of operating a self-employment business are deducted properly from the amount of employment earnings as required by Minnesota Statutes, section 256D.02, subdivision 8. The provisions of this item permit allocating expenses paid in one month over the period covered by the expenses in order to average income. This prevents a "feast or famine" situation in which the individual will have no income in one month because of high expenses but will have "excess" income in the month when no expenses are paid.

It is reasonable to specify that gross receipts from self-employment must be budgeted in the month in which they are received because that is the month that those receipts are actually available and that the individual or family can make use of the receipts to meet their subsistence needs.

It is reasonable to specify that expenses must be budgeted against gross receipts in the month in which those expenses are paid because that is the month in which the expense can actually be said to have been provided for from the gross receipts and in which the funds are not available to the individual. Moreover, failing to allow a deduction for costs which are paid in the same month that an item is sold would effectively prevent an allowance for the costs directly related to producing the goods and services. It is reasonable to include this provision in the rule parts so that expenses without which the goods and services could not be produced are allowed as deductions against gross receipts.

Subitem (1). As discussed above in item A, subitem (5), it is reasonable to specify that the purchase cost of inventory items must be deducted as an expense at the time payment is received for sale of the items so that expenses are properly credited against the income received from those items.

Subitem (2). Minnesota Statutes, section 256D.02, subdivision 8, authorizes the commissioner to define the amount attributable to employment expenses. It is necessary to specify when intermittent expenses must be budgeted against gross receipts in order to allow a deduction for expenses without which the goods and services could not be produced.

It is reasonable to allow deductions for intermittent expenses from self-employment to be prorated over a longer period than the budget month in which those expenses are paid, particularly when the periodic payment of those expenses, when combined with other allowable business expenses, exceeds the gross receipts for that month. It is also reasonable to include this provision in the rule parts in order to credit the expense over the period covered by the payment of the expense.

Subitem (3). Minnesota Statutes, section 256D.01, subdivision 1b, states that the commissioner shall provide by rule for eligibility for general assistance of persons with seasonal income, and may attribute seasonal income to other periods not in excess of one year from receipt by an applicant or recipient. It is necessary to specify that income received on a basis other than monthly may be prorated forward in order to implement the provisions of the statute.

It is reasonable to specify that gross receipts from self-employment may be prorated forward to equal the period of time over which the expenses were incurred so that seasonal income is properly credited against the employment expenses without which the goods or services could not be produced. This provision is also reasonable because it provides a method of crediting expenses for new businesses which have start-up costs but no immediate gross receipts against which to credit the expenses.

Moreover, it is reasonable to specify that gross receipts may not be prorated forward to cover a period that exceeds 12 months in order to create consistency with Minnesota Statutes, section 256D.01, subdivision 1b.

Item C. Minnesota Statutes, section 256D.01, subdivision 1b, specifies that the commissioner may attribute seasonal income to other periods not in excess of one year from receipt by an applicant or recipient. It is necessary to specify the period that farm income must be attributed to in order to implement the provisions of the statute.

The nature of farm income is intermittent. Expenses are incurred throughout the year but receipts are confined to a limited part of the year. Even when income is received monthly in certain types of farm operations, expenses will vary seasonally. It is reasonable to specify that farm income must be annualized in order to permit a maximum allowance for the expenses incurred in farm operations. It is also reasonable to annualize farm income because that is the method used by the Federal Internal Revenue Code for determining the amount of profit from farming.

Item D. Minnesota Statutes, section 256D.02, subdivision 8, authorizes the commissioner to define the amount attributable to employment expenses. Minnesota Statutes, section 256D.06, subdivision 1, specifies that the first \$50 of earned income must

be disregarded. It is necessary to specify the types of income which are earned income in order to determine to which income to apply the \$50 disregard. It is also necessary to specify the amount attributable to employment expenses for rental income in order to implement the provisions of Minnesota Statutes, section 256D.02, subdivision 8.

It is reasonable to specify that income from rental property is earned income when effort is expended by the owner to maintain or manage the property because this provision meets the definition of earned income provided by part 9500.1205, subpart 8. When the property is managed by others, for example a rental agency, no effort is expended to manage the property by the owner and the income would not meet the definition of earned income.

It is reasonable to specify that the local agency must deduct an amount for upkeep and repairs as specified in item A, subitem (11), in order to create consistency within the rule parts as required by Minnesota Statutes, section 256D.04, paragraph (2). Further, it is reasonable to permit a deduction for expenses which are directly related to the cost of producing those goods and services.

It is reasonable to specify that when an individual resides on the rental property, the local agency must divide the expenses by the number of rooms to determine the expense per room because this method ascribes an equal and fair method of determining the cost per room. It is also reasonable to specify in the rule parts that expenses must be deducted only for rooms rented, not for rooms occupied by members of the assistance unit, because the expenses associated with the assistance unit's lodging are provided for in the general assistance payment. If a deduction for the expense of the assistance unit's residence was also deducted from the rental income, the assistance unit's residence would be provided for twice, once through the general assistance payment, and once through the deduction. That outcome is not reasonable and is not consistent with Minnesota Statutes, section 256D.01, subdivision 1a.

It is reasonable to specify that when no effort is expended to maintain or manage the rental property, the income must be considered unearned income because unearned income as defined in part 9500.1205, subpart 21, means income that is not the result of the individual's effort or labors. This provision is also reasonable because it creates consistency within the rule parts.

Subpart 3. Earned income from contractual agreements. Minnesota Statutes, section 256D.01, subdivision 1b, requires the commissioner to attribute seasonal income to other periods. It is necessary to specify the method of considering income from contractual agreements in order to implement the provisions of the statute.

It is reasonable to specify in the rule parts that earned income received by individuals employed on a contractual basis must be prorated over the period covered by the contract even if the payments are received over a shorter period of time because the earnings are intended to be the result of the labor expended for the period of the contract. If the earnings were considered only in the month of receipt, an individual would not have income attributed to the remainder of the contract period and general assistance eligibility may exist. Thus, if an individual earned \$20,000 for a one year contract and received the entire amount in the first month, the individual could receive general assistance for the remaining 11 months of the year, even when the income should have been sufficient to provide for the individual's needs for the entire year. This result is not reasonable and is not consistent with Minnesota Statutes, sections 256D.01, subdivision 1a, and 256D.05, subdivision 1.

Subpart 4. Other earned income. Minnesota Statutes, section 256D.05, subdivision 1, and Minnesota Statutes, section 256D.06, specify that an individual's or family's nonexempt income must be less than the standard of assistance in order for general assistance eligibility to exist. Minnesota Statutes, section 256D.06, subdivision 1, specifies that the first \$50 of earned income shall be disregarded. In order to implement the provisions of these statutes, it is necessary to specify how earned income must be counted when determining general assistance eligibility and monthly payments for an individual or family.

It is reasonable to count earned income as income which must be applied against the standards of assistance determined by the commissioner in order to determine general assistance eligibility and monthly payment amounts as provided by Minnesota Statutes, section 256D.05, subdivision 1. It is also reasonable to specify that all other earned income not provided for in subparts 2 and 3 must be considered earned income available to the individual in the month it is received because that is the month that the individual can make use of the income. Moreover, it is reasonable to include this provision in the rule parts in order to inform affected parties of policies and procedures which effect them.

Part 9500.1226 UNEARNED INCOME.

This part specifies the method of counting income from educational grants, loans, and scholarships, specifies the method of allocating income from a responsible relative to a member of the assistance unit, and specifies that other unearned income must be considered available to the individual in the month of receipt.

Subpart 1. Local agency duty to determine unearned income. Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual's or family's income must be less than the standard

of assistance in order for the individual or family to be eligible for general assistance. Minnesota Statutes, section 256D.06, subdivision 1, specifies that the amount of the general assistance grant must be equal to the difference between the individual's or family's nonexempt income and the standard of assistance established by the Commissioner. In order to implement the provisions of these statutes, it is necessary to determine the amount of an individual's or family's income.

Minnesota Statutes, section 256D.06, subdivision 1, specifies that the first \$50 of earned income must be disregarded. Therefore, it is necessary to determine the amount of the individual's or family's earned and unearned income. The amount of earned income will be determined under the provisions of part 9500.1224. The amount of unearned income will be determined under this part.

It is reasonable to require the local agency to determine the total amount of an individual's unearned income in order to determine general assistance eligibility and monthly payment amounts as required by Minnesota Statutes, section 256D.01.

Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." Therefore, it is necessary to clarify how educational loans, grants, and scholarships must be considered.

Minnesota Statutes, section 256D.15, specifies the relatives who have a financial responsibility for an applicant or recipient. It is therefore necessary to clarify how to determine the amount of income from a responsible relative which must be considered available to an applicant or recipient.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income less than the standard of assistance established by the commissioner in order for general assistance eligibility to exist. It is necessary, therefore, to clarify how to determine an individual's total amount of unearned income. It is also necessary to specify the method of determining the total amount of unearned income available to an assistance unit in order to determine the assistance unit's eligibility for general assistance as provided by Minnesota Statutes, section 256D.05, subdivision 1.

The reasonableness of each provision is discussed below.

Subpart 2. Educational grants, scholarships, and loans. Part 9500.1205, subdivision 19, defines unearned income as income which does not meet the definition of earned income. Earned income means profit from employment. Because a recipient of an educational grant, scholarship, or loan does not obtain such benefits as the direct profit from employment, it is reasonable to specify in the rule parts that such benefits must be considered unearned income.

Minnesota Statutes, section 256D.06, specifies that income which is available to an individual or family must be compared to the standards of assistance. However, the amount of educational grants, scholarships, and loans which are used to pay for educational expenses are not available to the individual to meet subsistence needs. It is reasonable to specify that educational expenses must be subtracted from the total amount of the individual's grants, loans, and scholarships in order to exclude income which is not available to the individual, and in order to determine the amount of educational benefits which can be used to meet the individual's subsistence needs.

In addition, the commissioner believes that allowing a deduction for educational expenses will encourage an individual to pursue an education, thereby improving the individual's employability and self-sufficiency. It is reasonable to foster an individual's employability and self-sufficiency because employment will reduce or eliminate the need for general assistance.

Minnesota Statutes, section 256D.01, subdivision 1b, authorizes the commissioner to attribute seasonal income to other periods not in excess of one year. Educational loans, grants, and scholarships are provided with the intent that the funds will cover some portion of an individual's needs for a specific period of time or season. It is reasonable to specify that the local agency must prorate the amount of educational loans, grants, and scholarships which can be used to meet the individual's subsistence needs over the period the funds are intended to cover in order to assure that the funds are not attributed to a period other than that which is intended.

If educational funds were considered income only in the month of receipt, an individual could receive general assistance for the months in which income is not received. For example, if the individual received \$5,000 which was intended to provide for subsistence needs for nine months, but spent the income immediately, the individual could be eligible for the remaining eight months, even though those months should have been provided for with the educational funds. This outcome is unreasonable and inconsistent with the intent of the general assistance program as provided by Minnesota Statutes, section 256D.01, subdivision 1a.

Subpart 3. Income allocated from a responsible relative. This subpart specifies that the local agency must determine the amount of a responsible relative's countable income which must be considered unearned income available to members of a filing unit when the relative has financial responsibility for one or more of the filing unit members.

Under part 9500.1209, subpart 3, a member of a filing unit may not be included in the assistance unit when he or she elects not to receive general assistance, or when he or she is determined

ineligible or is disqualified from general assistance. If the individual is a responsible relative of an assistance unit member, the individual must fulfill his or her financial obligation to the assistance unit members as provide in Minnesota Statutes, section 256D.15. The allocation provisions of this part provide for the fulfillment of the responsible relative's financial responsibility to the assistance unit members.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income less than the standard of assistance established by the commissioner in order for the individual or family to be eligible for general assistance. Therefore, the total amount of income available to the individual or family must be determined, and must be compared to the standards. The total amount of an individual's or family's income includes income allocated to them from a responsible relative.

Minnesota Statutes, section 256D.15, specifies that a relative's financial responsibility for an applicant or recipient exists from spouse to spouse, and from parent to child. The concept introduced by this statute is that a parent or a spouse must be held responsible for providing support to a spouse or a child. It is necessary to include provisions in the rule parts which provide a method of attributing financial support from a responsible relative to the individual for whom the relative is responsible in order to implement the provisions of the statute, and to specify when a relative's financial responsibility for an applicant or recipient must be examined.

Under the provisions of part 9500.1209, subpart 2, a responsible relative will generally be included in the filing unit of a spouse or a minor child when an application for general assistance is made for the spouse or minor child. The responsible relative will not be included in the filing unit when the relative receives AFDC. If the relative receives AFDC, the relative's income will already be considered when determining the AFDC payment and must not be counted again in determining the relative's ability to provide support to the general assistance applicant or recipient. If the responsible relative is included in both the filing unit and assistance unit of the spouse or minor child, the responsibility to provide support for the spouse or minor child will be determined under the provisions of part 9500.1209, subpart 4 and will not again be examined under this part.

However, if the responsible relative is included in the spouse's or minor child's filing unit but not in the assistance unit (because the relative elects not to apply for or receive general assistance or because of disqualification from or categorical ineligibility for general assistance), the responsible relative's ability to provide support to the spouse or minor child will not be considered under part 9500.1209, subpart 4. In addition, a parent may not be included in the filing unit of a minor child if

the household consists of an unmarried couple with a common minor child under the provisions of part 9500.1209, subpart 2, item D. However, in each of these cases, the responsible relative still has financial responsibility for the member or members of the assistance unit under the provisions of Minnesota Statutes, section 256D.15. An individual need not be a member of an assistance unit in order to provide for the needs of an applicant or recipient. Part 9500.1209, subpart 3, permits an individual to choose not to apply for or receive general assistance, but such individuals must provide financial support when possible for persons for whom they are responsible before the family members look to public assistance for support. Therefore it is necessary to specify in this part the method of determining if the responsible relative can provide support to the assistance unit members.

It is reasonable to specify that the income allocated to a member or members of an assistance unit by a responsible relative who is in the filing unit but who is not in the assistance unit must be considered income available to the member or members of the assistance unit in order for the responsible relative to fulfill his or her obligation to provide support as provided in Minnesota Statutes, section 256D.15. It is also reasonable to specify that income allocated by a parent who is not included in the filing unit of his or her minor child due to the provisions of part 9500.1209, subpart 2, item D, is unearned income available to the member or members of the assistance unit in order for the parent to fulfill his or her legal obligation to provide support as provided in Minnesota Statutes, section 256D.15. Moreover, it is reasonable to consider such allocated income to be unearned income because the person to whom such income is allocated did not receive the income as a direct result of efforts from employment. Income which is not earned income is unearned income under the provisions of part 9500.1205, subpart 19.

Item A. Part 9500.1209, subpart 2, item C, specifies that an individual who is eligible for, receiving, or sanctioned from receiving AFDC cannot be included in the filing unit of which he or she would otherwise have been a member. If the person is a responsible relative (parent or spouse) of other filing unit members, the responsible relative has an obligation under Minnesota Statutes, section 256D.15 to provide support to the other filing unit members. However, the responsible relative's income will all be considered under the AFDC program when determining the responsible relative's AFDC eligibility and monthly payments. It is reasonable to specify that none of the responsible relative's countable income is considered available to the member or members of the assistance unit when the responsible relative receives AFDC in order to prevent counting the relative's income twice in two separate programs.

Item B. If the responsible relative has been sanctioned or disqualified from receiving AFDC, the AFDC program often still considers the relative's income when determining the amount of an AFDC payment to other family members who remain in the AFDC assistance unit. In such cases it is reasonable to exclude the relative's income from consideration in the general assistance program in order to prevent counting the relative's income twice in two separate programs. If the relative's income has not been considered in making an AFDC payment, however, the income should be examined to determine if the relative can provide support for the member or members of the assistance unit for whom he or she is financially responsible.

If the responsible relative has been sanctioned from receiving AFDC and the income has not been considered in making an AFDC payment, or if the relative has been disqualified from receiving general assistance, the relative still has an obligation to provide support to the assistance unit under the provisions of Minnesota Statutes, section 256D.15. It is reasonable to consider the responsible relative's income as unearned income available to the assistance unit so that the relative's obligation under Minnesota Statutes, section 256D.15 can be fulfilled.

A person who has been sanctioned or disqualified from receiving AFDC or general assistance has failed to comply with a significant requirement of one of those programs. Before a recipient can be disqualified, the local agency must give the recipient notice of the upcoming sanction or disqualification, and must give the recipient the opportunity to appeal the adverse action. Minnesota Rules, parts 9500.1105 to 9500.1107 [EMERGENCY] and 9500.1254, specify that the needs of the person disqualified must not be met through the assistance payment. The intent of a sanction or disqualification is to remove the disqualified person's needs from the amount of payment to the assistance unit as a negative consequence to the failure to comply.

It is reasonable to specify in this item that a responsible relative who has been sanctioned or disqualified from AFDC or general assistance and whose income has not been counted in determining an AFDC payment must allocate his or her countable income to the assistance unit without subtracting an amount equal to his or her needs. It is reasonable to create consistency in the rule parts and to provide a negative consequence for failing to comply with program requirements. If the individual were permitted to subtract an amount equal to his or her needs from his or her income before considering the income available to the assistance unit, the family would end up with the same amount of income as if the individual were not disqualified or sanctioned. Since the purpose of sanctioning or disqualifying an individual is to encourage compliance with program requirements and to provide a negative consequence for failure to comply, the individual could negate the effect of the negative consequence by keeping income

equal to his or her needs. Such an alternative is unreasonable. It is more reasonable to prevent the relative from deducting an amount equal to his or her needs from income that must be considered available to the assistance unit by specifying that a subtraction for the responsible relative's needs as provided in item C, subitem (1) must not be made.

Item C. Under the provisions of part 9500.1205, a member of a filing unit will not be included in the assistance unit if the member elects not to apply for or receive general assistance or if the member is not categorically eligible for general assistance. Even though the member is not included in the assistance unit, the member's ability to provide financial support to the assistance unit must be determined in order to implement the relative responsibility provisions of Minnesota Statutes, section 256D.15. Therefore, it is reasonable to specify that the responsible relative's countable income must be considered available to members of the assistance unit as provided in this item.

The provisions of subitems (1) to (3) provide a method of determining the amount of income which may be allocated from an assistance unit member to a member of the filing unit who is not in the assistance unit for whom the assistance unit member has financial responsibility. This method specifies that the needs of individuals excluded from the assistance unit are the same as if the individual were included in the assistance unit. This provides for the needs of the entire filing unit as if the entire filing unit were eligible for general assistance. It is reasonable to permit an assistance unit member to allocate countable income to a member of the filing unit who is not in the assistance unit for whom the assistance unit member is a responsible relative in order to assure that the family looks first to itself for support before looking to public assistance.

Subitem (1). This subitem requires the local agency to make a subtraction from a responsible relative's countable income equal to the needs of the responsible relative when the responsible relative is not included in the assistance unit due to categorical ineligibility or the election not to apply for or receive general assistance. In such cases, the relative is not subject to a negative consequence for failure to comply with program requirements. Therefore, it is reasonable to specify in this item that a subtraction must be made from the responsible relative's income equal to the responsible relative's needs so that the responsible relative can meet his or her own subsistence needs before providing support to the assistance unit.

In order to specify the amount of income to subtract for the responsible relative's needs, it is necessary to define the responsible relative's needs. It is reasonable to specify that the responsible relative's needs are equal to the amount that the standards of assistance applicable to the assistance unit would

increase if the responsible relative were added to the assistance unit because that is the amount that would apply if the responsible relative chose to receive assistance with other family members. The responsible relative's needs are identical regardless of whether the responsible relative is included in the assistance unit or not. This provision is consistent with the legislative intent of considering the needs of the family as a whole and providing general assistance in an amount equal to the difference between countable income and the standards of assistance applicable to the family. It is also reasonable to include this provision in the rule parts in order to create consistency and statewide uniformity as required by Minnesota Statutes, section 256D.04, paragraph (2).

Subitem (2). Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income and resources less than the standard of assistance established by the commissioner in order for general assistance eligibility to exist. Minnesota Statutes, section 256D.06, subdivision 1, specifies that the amount of a general assistance grant shall be the difference between the individual's or family's income and the standards of assistance established by the commissioner. The statutes specify that a family's income must be determined as a total amount. This could be accomplished by requiring all family members to apply for general assistance together. The department recognizes, however, that some members may not wish to apply for or receive general assistance, while others may wish to receive such assistance. In order to permit each individual to exercise his or her freedom of choice, the department has drafted the rule parts to permit an individual to elect not to apply for or receive assistance with other family members.

However, under the provisions of Minnesota Statutes, sections 256D.05, subdivision 1, and 256D.06, subdivision 1, the family's income must still be considered as an aggregate. The relative responsibility provisions of Minnesota Statutes, section 256D.15 still apply even if the individual has elected not to apply for or receive general assistance. In order to accomplish this, two rule parts become important. First, part 9500.1209 specifies which family members constitute a filing unit. These individuals are included because they constitute a nuclear family. Secondly, this subpart specifies that the income of family members (filing unit members) who do not receive general assistance, either by choice or circumstance, must be examined to determine if the family member who does not receive general assistance can provide support to the family members who do wish to receive general assistance.

Minnesota Statutes, section 256D.15 defines the legal responsibilities of family members to provide financial support to another family member. For example, a minor child is not required to support another person. A parent is required to support a minor child, and a married person must support his or her spouse. Such persons are considered "responsible relatives."

This subpart specifies that a responsible relative who is included in the filing unit but not in the assistance unit with other family members, and who does not receive general assistance, must provide financial support to the members of the assistance unit for whom he or she is a responsible relative. This subpart also permits the responsible relative to provide support to other family members who also do not receive general assistance but who are included in the filing unit. While this method may be somewhat more complicated than requiring all family members to apply for assistance together, it will result in meeting the requirements of Minnesota Statutes, section 256D.05, subdivision 1, and will still permit an individual to choose whether or not to apply for and receive general assistance.

In keeping with this structure, certain circumstances may exist where a responsible relative and other persons for whom the responsible relative has a financial obligation under Minnesota Statutes, section 256D.15 are not included in the assistance unit, even though all are included in the filing unit. In such cases, the responsible relative has a financial obligation to two groups: A) to the members of the assistance unit; and B) to the individuals who, like the responsible relative, are included in the filing unit but are not included in the assistance unit. In such cases it is reasonable to require an allocation of the responsible relative's countable income to cover the unmet needs of the persons who are included in the filing unit but not in the assistance unit, before allocating the responsible relative's income to the assistance unit members. This provision is consistent with the responsible relative's obligation to provide financial support as required by Minnesota Statutes, section 256D.15. It is also reasonable to include this provision in the rule parts in order to inform affected parties of program policies and procedures which may effect them.

The persons for whom a responsible relative would have a financial obligation are the responsible relative's spouse and the minor children who would be included in the responsible relative's filing unit. In order to determine if the responsible relative must provide support for those persons, it is necessary to determine the needs of such persons and to determine if the needs of such persons are met with other income.

It is reasonable to specify that the standard of assistance for such persons is the amount that would apply if such persons were added to the assistance unit, since that is the standard of assistance that would be applicable if such persons were to apply for and receive general assistance. The needs of such persons are the same regardless of whether they are included in the assistance unit or not. This provision is also consistent with the legislative intent of considering the needs of the family as a whole and providing general assistance in an amount equal to the difference between the family's countable income and the standard

of assistance applicable to the family. A spouse added to an assistance unit must receive the second adult standard provided by part 9500.1216, item B, subitem (2). A minor child added to the assistance unit must receive the amount for another child as provided by part 9500.1216, item C.

To determine if the responsible relative must provide support to such persons, it is necessary to determine if the individuals' needs are met with other income. It is reasonable to specify that the responsible relative's spouse must first allocate his or her countable income to minor children included in the filing unit but not included in the assistance unit in order to permit the spouse to fulfill his or her obligation to provide financial support as required in Minnesota Statutes, section 256D.15, and Minnesota Statutes, section 256D.05, subdivision 1. This provision also is reasonable because it insures that the needs of the entire household will be met up to the standard of assistance for the household.

It is reasonable to specify that a minor child's needs are unmet to the extent that the child's income is less than the standard of assistance applicable to the minor child in order to recognize that the minor child may have income which can be used to meet his or her own needs. It is also reasonable to include this provision in the rule parts in order to create consistency and statewide uniformity as required by Minnesota Statutes, section 256D.04, paragraph (2).

It is reasonable to specify that the amount of the spouse's income which exceeds the needs of minor children who are included in the filing unit but not in the assistance unit can then be considered available to meet the spouse's own needs. As a member of the household and the filing unit, it is reasonable to allow the spouse to deduct an amount that would be attributed to the spouse if she were added to the assistance unit.

If the spouse's income remaining after allocating income for minor children exceeds the standard of assistance applicable to his or her own needs, it is reasonable to prohibit the responsible relative from allocating any income for the needs of the spouse. If the responsible relative were also to allocate income for the spouse, the spouse's needs would essentially be provided for twice.

This rule provision further specifies that the spouse's excess income remaining after meeting his or her own needs and the needs of the minor children in the filing unit must be considered countable income available to the responsible relative. This provision is reasonable because the spouse has an obligation to provide support to the responsible relative up to the standard of assistance applicable to the responsible relative.

If the spouse has insufficient income to meet his or her needs, the responsible relative has an obligation under Minnesota

Statutes, sections 256D.15, and 256D.05, subdivision 1, to provide support to the spouse. It is reasonable to specify that the responsible relative's income must be allocated to meet the unmet needs of the spouse in order to permit the responsible relative to meet his or her financial obligation to the spouse as specified in Minnesota Statutes, section 256D.15, and to ensure that the needs of all of the members of the filing unit are met.

Because the responsible relative also has an obligation to provide support to the minor children in the filing unit, it is reasonable to specify in the rule parts that the responsible relative's income must also be allocated to meet the unmet needs of the minor children who are included in the filing unit but not in the assistance unit. The net effect of this provision is to ensure that before the responsible relative's income is considered available to the assistance unit, the needs of the other members of the filing unit are met, up to the standard of assistance that would apply if the entire filing unit were to apply for general assistance together.

Subitem (3). Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income less than the standard of assistance established by the commissioner in order for general assistance eligibility to exist. Therefore, if a family's income exceeds the standards of assistance, the family will be ineligible for general assistance. As provided by part 9500.1209, subpart 2, a family for general assistance purposes means the members of the filing unit. Some members of the filing unit may be eligible for general assistance as assistance unit members, and others may not be eligible. In keeping with Minnesota Statutes, section 256D.05, subdivision 1, a filing unit's income must be less than the applicable standards of assistance. In order to determine an assistance unit's eligibility, the income of all members of the filing unit must be examined collectively. Thus, income of a filing unit member who is not included in the assistance unit which exceeds the needs of himself or herself and other persons for whom that member is a responsible relative must be considered available to the assistance unit members when determining the eligibility and monthly payment for the assistance unit members.

Subitems (1) and (2) permit a filing unit member who is a responsible relative to subtract from his or her income an amount necessary to provide for his or her subsistence needs, and to provide for the subsistence needs of his or her spouse and the minor children included in the filing unit but not in the assistance unit from his or her income. After allocating such income from the responsible relative's countable income, the balance remaining must be used to meet the needs of other members of the assistance unit for whom the responsible relative is

responsible. In order to implement the eligibility limitation provisions of Minnesota Statutes, section 256D.05, subdivision 1, it is reasonable to specify that the responsible relative's countable income which remains after the calculations required in subitems (1) and (2) is unearned income available to the member or members of the assistance unit. It is also reasonable to include this provision in the rule parts in order to create uniform statewide administration of general assistance policies and provisions as required in Minnesota Statutes, section 256D.04, paragraph (2).

Item D. Part 9500.1209, subpart 2, item D, specifies that the unmarried parents of a common minor child whose parentage has been adjudicated or attested to through affidavit must comprise two separate filing units, with the minor child being included in the filing unit of the parent who applies for general assistance first. In such case, the minor child is living with both parents, even though one parent is not included in the minor child's filing unit. Because one parent is excluded from the minor child's filing unit, the excluded parent's ability to provide support to the child will not be determined under the provisions of part 9500.1227. However, the parent still has an obligation to support the minor child under the provisions of Minnesota Statutes, section 256D.15. It is therefore necessary and reasonable to require the parent to provide support to the minor child in order to implement the provisions of Minnesota Statutes, section 256D.15.

Subitem (1). Although the excluded parent has an obligation to support the minor child, the parent also must provide for his or her own subsistence needs, if possible. Therefore, before allocating income from the parent to the minor child, it is reasonable to permit the parent to retain income needed to provide for his or her subsistence needs. It is also reasonable to specify that the excluded parent's needs must be equal to the standard of assistance that would apply if the parent were to apply for general assistance because that is the standard that would apply to the parent as a general assistance recipient. The parent's needs remain constant, whether the parent applies for general assistance or not.

Subitem (2). The excluded parent may also have other persons dependent upon him or her for support who would be included in the excluded parent's filing unit if the parent were to apply for general assistance (for example, children from a previous marriage). Under Minnesota Statutes, section 256D.15, the parent has a legal obligation to provide support to such persons. It is reasonable, therefore, before allocating the excluded parent's income for the needs of the common minor child, to permit the parent to set aside income sufficient to support his or her minor children who live with the parent and who are not included in the common minor child's filing unit.

In order to allocate income to the minor children not included in the common minor child's filing unit for whom the parent has financial responsibility, it is necessary to identify the needs of those other minor children. It is reasonable to define the need of such minor children as the standard of assistance that would apply to the minor children if the minor children were included in the parent's general assistance program assistance unit because the child's subsistence needs remain constant whether application for general assistance is made for such children or not. Moreover, it is reasonable to specify that such minor children's needs are unmet to the extent that the minor child's income is less than the minor child's needs in order to count all income which could provide for the child's needs.

Subitem (3). Subitems (1) and (2) contain provisions allowing the parent to allocate income for his or her own needs and for the needs of his or her other minor children. If the parent has met those needs with his or her countable income and a balance remains, the parent has an obligation as a responsible relative under Minnesota Statutes, section 256D.15 to make such income available to meet the needs of the common minor child. It is therefore reasonable to specify in this subitem that the parent's countable income which is not required to provide for the subsistence needs of the parent and of the parent's other minor children must be considered unearned income available to the common minor child's assistance unit.

Since the parents of the common minor child are not married, neither parent is a responsible relative of the other under the provisions of Minnesota Statutes, section 256D.15. In such cases, the parent is responsible only for the common minor child. Therefore, it is reasonable to specify in this subitem that the countable income being allocated from the excluded parent must be limited to the standard of assistance applicable to the common minor child under part 9500.1216, item C.

Subpart 4. Other unearned income. This subpart specifies that the local agency must consider all other forms of unearned income which are not provided for in subparts 2 and 3 to be unearned income available to the individual in the month of receipt.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income less than the standards of assistance established by the commissioner. Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." Subparts 2 and 3 deal with educational grants, loans, scholarships, and income allocated from a responsible relative. Other forms of unearned income exist and must be considered when determining the eligibility and monthly payment to an individual or family. It is reasonable to specify in this subpart that all other forms of unearned income not provided for in subparts 2 and 3 are unearned income available to the individual in the month of receipt because that is the month in which those funds are actually available to the individual to meet his or her subsistence needs.

Part 9500.1227 GROSS INCOME.

This part requires the local agency to determine the amount of an individual's gross income, and the amount of an assistance unit's gross income by adding the amount of earned income determined in part 9500.1225 to the amount of unearned income determined in part 9500.1226. This part also permits a responsible relative who is in an assistance unit to allocate income to an individual who is not in the assistance unit.

Subpart 1. Local agency duty to determine gross income.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that general assistance eligibility does not exist unless an individual or family has income less than the standards of assistance established by the commissioner. Minnesota Statutes, section 256D.06, subdivision 1, specifies that the monthly payment must be granted in such an amount that when added to the nonexempt income actually available to an individual or family, the total amount equals the applicable standard of assistance. In order to determine the individual's or family's eligibility and payment amount, it is necessary to determine the amount of the individual's or family's income.

Part 9500.1225 provides for determination of the individual's or family's earned income. Part 9500.1226 provides for determination of the individual's or family's unearned income. Part 9500.1228, subpart 1, provides for the subtraction of allowable deductions (identified in part 9500.1205, subpart 3) from an individual's or family's gross income. In order to subtract the allowable deductions identified in part 9500.1228, subpart 1, from an individual's or family's gross income, it is necessary to determine the total amount of the individual's or family's gross income.

It is reasonable to require that the local agency determine the total amount of an individual's or assistance unit's gross income because the individual's gross income is used to determine the amount of the individual's countable income as provided by part 9500.1227. Countable income is then used to determine the individual's eligibility and monthly payment amounts as required by Minnesota Statutes, section 256D.05, subdivision 1.

Subpart 2. Total earned and unearned income. This subpart requires the local agency to determine the total amount of an individual's earned and unearned income.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income less than the standard of assistance established by the commissioner. Minnesota Statutes, section 256D.02, subdivision 8, specifies that income means "any form of income." It is reasonable to require the local agency to determine the total amount of an individual's earned and unearned income because the sum of earned and unearned income represents to total amount of income available to an individual before taking allowable deductions.

Subpart 3. Allocation of income from assistance unit members to other individuals. As specified in the discussion of allocation of income from responsible relatives in part 9500.1226, subpart 3, the department has constructed the rule parts to permit a filing unit member to elect not to apply for or receive general assistance. A filing unit member may also be excluded from the assistance unit because of his or her failure to meet the categorical eligibility requirements for general assistance. Thus, it is possible that a person who is financially dependent on a member of a member of the assistance unit may not be included in the assistance unit with his or her responsible relative.

Minnesota Statutes, section 256D.15, identifies the financial obligation of a relative to provide support to another person. When an individual, through choice or circumstances, does not receive general assistance, and a member of the assistance unit who does receive general assistance has a financial obligation to provide support to the individual excluded from the assistance unit, it is necessary to provide in the rule parts a method of permitting the responsible relative to meet his or her obligation to provide support to the excluded individual.

This rule part permits an assistance unit member to allocate income from his or her gross income to an individual who is included in the filing unit but not in the assistance unit and for whom the assistance unit member is a responsible relative. This provision is reasonable because it recognizes the responsible relative's responsibility to fulfill his or her obligations to dependent relatives under Minnesota Statutes, section 256D.15, even when they are not included in the assistance unit. It is also reasonable to specify that a responsible relative may allocate income in such a manner in order to provide for statewide uniformity in the treatment of a responsible relative's income, as required in Minnesota Statutes, section 256D.04, paragraph (2). The amount that a responsible relative may allocate to meet the needs of a person who is not included in the assistance unit is provided in items A and B. The reasonableness of those sections is discussed below.

Item A. An individual may be excluded from the assistance unit containing the responsible relative for failure to comply with AFDC or general assistance program requirements. When a dependent relative is excluded from the assistance unit for such reasons, the exclusion is intended to provide a negative sanction for failing to comply with program requirements. This sanction is usually imposed by removing the person's needs from the general assistance or AFDC payment. The payment to the remaining members of the assistance unit is not affected.

This item recognizes the need to provide a meaningful sanction against a person who is disqualified from general assistance or AFDC by stating that a responsible relative in the assistance unit cannot allocate income to meet that individual's needs. If the

excluded individual's needs could be provided for by allocation of income from the responsible relative in the assistance unit, the negative consequence intended for the excluded person would be circumvented entirely. Such an outcome would be unreasonable. It is reasonable, however, to specify that the responsible relative in the assistance unit shall not allocate income for the excluded person's needs in order to create consistency and statewide uniformity in the rule parts.

This item also prohibits a responsible relative from allocating income to a dependent relative who is excluded from the assistance unit because the person receives AFDC. This provision is reasonable because the needs of the individual on AFDC are met through the AFDC payment.

Item B. A filing unit member may also be excluded from the assistance unit if the individual elects not to apply for or receive general assistance or if the individual is ineligible for general assistance. In such cases, a negative consequence is not intended for the excluded person.

Minnesota Statutes, section 256D.15, specifies that a responsible relative still has an obligation to provide support to a person for whom he or she is responsible, even if the individual is not included in the assistance unit. Therefore it is necessary to permit the responsible relative in the assistance unit to fulfill his or her obligation to provide support to the excluded person for whom the relative is responsible by permitting allocation of income.

It is reasonable to specify in this subitem that the income of the responsible relative in the assistance unit must be allocated for the unmet needs of a person excluded from the assistance unit in order to provide for the excluded person's subsistence needs as provided by Minnesota Statutes, section 256D.15.

It is reasonable to specify that the excluded person's needs are equal to the increase in the standard of assistance that would apply to the assistance unit if the excluded person were added to the assistance unit because that is the amount that the excluded person would receive if he or she were eligible for general assistance. This is consistent with the provisions that attempt to provide family income equal to the standards of assistance that would apply to the family if the family members were all included in one assistance unit. The individual's needs do not increase or decrease by virtue of inclusion or exclusion from the assistance unit.

Moreover, it is reasonable to specify that the excluded person's own income must be considered when determining if the excluded person's needs are unmet in order to consider all income available which can be used to meet that person's needs. In addition, it is

reasonable to include this provision in the rule parts in order to assure that an individual's or family's total income is compared to the standards of assistance as provided by Minnesota Statutes, section 256D.05, subdivision 1.

Subpart 4. Determination of total amount of gross income. This part specifies that the total amount of an individual's gross income for a month is determined by subtracting the amount of income allocated for a month under subpart 3 from the amount of earned and unearned income calculated in subpart 2.

In order to determine an individual's or family's eligibility and monthly payment for general assistance, it is necessary to determine the total gross income of such persons and subtract the amount of allowable deductions provided under part 9500.1228, subpart 2, item B.

It is reasonable to specify that the amount of earned and unearned income calculated in subpart 2 minus the amount of income allocated in subpart 3 is the amount of gross income available to an individual for a month in order to create clarity in the rule parts regarding gross income, and to create statewide uniformity as required in Minnesota Statutes, section 256D.04, paragraph (2).

Part 9500.1228 COUNTABLE INCOME.

This part requires the local agency to determine an individual's and a family's countable income. Countable income is the figure used to determine an individual's or family's eligibility for general assistance under part 9500.1209, subpart 4, and the monthly payment amount under part 9500.1230.

Subpart 1. Local agency duty to determine countable income. Part 9500.1225 provides for the determination of an individual's or family's earned income, part 9500.1226 provides for the determination of unearned income, and part 9500.1227 provides for the determination of gross income. Before comparing an individual's or family's income to the standards of assistance established by the commissioner as provided in Minnesota Statutes, section 256D.05, subdivision 1, it is necessary to subtract the allowable deductions provided by part 9500.1205, subpart 3, from the individual's or family's gross income. Countable income is then used to determine the individual's or family's eligibility and monthly payment amounts.

It is reasonable to state that an assistance unit's countable income for a month is the total of the countable income of all assistance unit members in order to assure that all income available to a family is used in determining the eligibility and monthly payment to the assistance unit.

Subpart 2. Determination of countable income. This part specifies that the local agency must subtract allowable deductions as provided by part 9500.1205, subpart 3, from the amount of the individual's gross income determined in part 9500.1227, to determine the individual's countable income.

Minnesota Statutes, section 256D.02, subdivision 8, states that income means any form of income, including remuneration for services performed as an employee and net earnings from self-employment, reduced by the amount attributable to employment expenses as defined by the commissioner. Minnesota Statutes, section 256D.06, subdivision 1, specifies that when determining eligibility for and the amount of assistance the local agency shall disregard the first \$50 of earned income per month. The department has constructed the rule parts such that the employment expenses and the first \$50 of earned income are considered allowable deductions under part 9500.1205, subpart 3. In order to implement the provisions of the statutes, it is reasonable to specify that such amounts must be subtracted from the gross income of an individual or family.

Part 9500.1229 PROSPECTIVE BUDGETING.

This part provides for the determination of eligibility for an individual or family by anticipating the income which the individual or family will have available during the month, and comparing this amount to the standard of assistance applicable for that month.

Minnesota Statutes, section 256D.06, subdivision 1, specifies that general assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the applicable standard of assistance established by the commissioner. Minnesota Statutes, section 256D.09, subdivision 1, states that, once the local agency has determined the initial eligibility of an applicant, grants of general assistance must be paid in cash on the first day of the month. In order to determine eligibility and make a monthly payment on the first day of the month, the the local agency must estimate the amount of an individual's or family's income that will be available for that month. In actual practice, the estimation must be completed prior to the first day of the payment month so any payment due can be made on the first. In order to implement both provisions of the statutes, it is necessary to establish prospective budgeting procedures that prescribe how the local agency must prospectively determine the amount of countable income which the assistance unit is expected to have available to it for the payment month. The substance of these procedures, the need for them, and their reasonableness is established below.

Subpart 1. Local agency duty to make prospective determinations.

This subpart specifies that the local agency must make a prospective monthly determination of an assistance unit's countable income, the assistance unit's eligibility, and the amount of the monthly payment.

As discussed above, it is necessary to estimate an assistance unit's countable income before it can determine the assistance unit's eligibility and monthly payment amount. It is reasonable to specify that the local agency must prospectively determine the assistance unit's countable income, eligibility, and monthly payment amount in order to create consistency and statewide uniformity in the rule parts as provided by Minnesota Statutes, section 256D.04, paragraph (2).

Subpart 2. Prospective determination of countable income. This subpart specifies the method of prospectively determining the amount of countable income available to an individual for a month.

It is necessary to determine an individual's countable income prospectively in a month in order to implement the provisions of Minnesota Statutes, section 256D.05, subdivision 1, and Minnesota Statutes, section 256D.06, subdivision 1.

It is reasonable to specify that the local agency must determine an individual's countable income by estimating the gross income the individual is expected to receive in a month and subtracting the allowable deductions provided under part 9500.1205, subpart 3, in order to determine eligibility and make a payment of general assistance on the first day of the month as required by Minnesota Statutes, section 256D.09, subdivision 1.

Local agencies require income reports from recipients when the recipient has earned income. The income report requests information for an entire month, and must be returned to the local agency by the 8th day of the month following the month the income is earned. Because monthly payments must be issued on the first day of the month under Minnesota Statutes, section 256D.09, subdivision 1, the information from the income report for the month that precedes the payment month cannot be used to project earnings for the payment month. For example, an assistance unit's income report pertaining to the month of January is not received by the local agency until February 8th. Since the February payment to the assistance unit for the month of February has already been issued on February 8th, the information cannot be reflected until the local agency issues a monthly payment to the assistance unit for the month of March. (The income report from month one cannot be used to affect a monthly payment until month three.) Nevertheless, the amount of income earned in the past is still the best available indicator of future earnings.

For the reasons stated above, it is reasonable to specify that the local agency may base its estimation of an individual's countable income on the amount of countable income the individual actually received two months before the current payment month.

The intent of prospectively estimating an individual's countable income is to determine, as closely as possible, the amount of income that will be available to an individual in the current payment month. It is reasonable, therefore, to specify that the local agency must adjust its estimate of the individual's countable income when the local agency verifies that income will be decreasing or increasing, or when the individual has lost a source of income. This provision is also reasonable because it protects the assistance unit from being denied eligibility or from being issued a payment that is insufficient to meet the assistance unit's needs.

Subpart 3. Prospective determination of eligibility. This subpart requires the local agency to determine if an assistance unit will have estimated income less than the standards of assistance in a payment month, and requires the local agency to determine if the members of the assistance unit meet all other eligibility factors for that month.

Minnesota Statutes, section 256D.05, subdivision 1, specifies that an individual or family must have income less than the standards of assistance established by the commissioner in order to be eligible for general assistance. In order to determine if the individual or family is eligible for a monthly payment as required by Minnesota Statutes, section 256D.06, subdivision 1, the local agency must base the eligibility decision on an estimation of the assistance unit's countable income. It is reasonable to specify that the local agency must compare the amount of countable income the assistance unit is expected to receive in the payment month with the standard of assistance applicable to the assistance unit for the payment month in order to clarify the method of prospectively determining eligibility and payment amounts, and to provide statewide uniformity in the rule parts.

It is reasonable to state that the assistance unit is prospectively eligible for general assistance if the assistance unit meets the conditions of part 9500.1209, subpart 4, in order to assure that all eligibility factors are considered as provided by Minnesota Statutes, Chapter 256D.

Moreover, it is reasonable to state that the assistance unit members shall be denied or terminated from general assistance when the assistance unit's anticipated income is equal to or greater than the standard of assistance applicable during the payment month in order to implement the provisions of Minnesota Statutes, section 256D.05, subdivision 1.

Subpart 4. Determination of monthly payment amounts. This subpart specifies that the local agency must determine the monthly payment amount to an assistance unit by subtracting the estimated countable income from the standard of assistance applicable to the assistance unit for the payment month. This subpart also specifies that the local agency must issue a supplemental payment to the assistance unit when the amount of countable income actually received is at least \$10 less than the amount of estimated countable income for the payment month.

Minnesota Statutes, section 256D.06, subdivision 1, specifies that an individual's or family's monthly payment must be the difference between the individual's or family's income that is actually received and the standard of assistance established by the commissioner. However, as mentioned above, this part requires the local agency to estimate an assistance unit's countable income in order to implement Minnesota statutes, section 256D.09, subdivision 1. It is reasonable, therefore, to require that the local agency determine the amount of the monthly payment which must be made on the first of the month by subtracting the assistance unit's estimated countable income from the standard of assistance applicable to the assistance unit for the payment month, because the assistance unit's countable income that will be actually received is not known at the time of making the payment. The only amount which can be used is an estimated amount.

In order to make a payment based upon income actually received in a month as is required by Minnesota Statutes, section 256D.06, subdivision 1, it is reasonable to specify that the local agency must issue a supplemental payment to the assistance unit when the amount of countable income actually received for the month is known and that amount is less than the estimated countable income. Moreover, it is reasonable to state that a supplemental payment is not required when the difference between the amount of estimated countable income and the countable income actually received is less than \$10 because the administrative expense of providing such payment is greater than the payment itself.

Part 9500.1230 PAYMENT PROVISIONS.

This rule part establishes criteria governing the payment of monthly grants to an assistance unit. The provisions in this part are authorized by Minnesota Statutes, section 256D.01, subdivision 1b, which requires the commissioner to adopt permanent rules to set "...methods of calculating payments...." and Minnesota Statutes, section 256D.04, paragraph (2), which requires the commissioner to promulgate uniform rules "...to the end that general assistance may be administered as uniformly as possible throughout the state...." The need for and reasonableness of each of these provisions is established in the following sections.

Subpart 1. Monthly payment. This part establishes a method for determining the amount of an assistance unit's monthly payment, as authorized by Minnesota Statutes, section 256D.01, subdivision 1b. Under this subpart, a monthly payment amount is determined by subtracting an assistance unit's countable income (income that is not otherwise exempt) from the standard of assistance that applies to the assistance unit. This method for determining a monthly payment amount is reasonable because it is consistent with the requirement under Minnesota Statutes, section 256D.06, subdivision 1, which specifies that "General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the applicable standard of assistance established by the commissioner for general assistance."

Subpart 2. Standard of assistance applies to full month. This subpart establishes when an assistance unit's standard of assistance applies to the entire month and when an assistance unit's standard of assistance may change during a payment month. Since changes in an assistance unit's standard of assistance will have an affect on the assistance unit's eligibility and monthly payments, it is necessary to clarify when changes in an assistance unit's income or circumstances will affect the assistance unit's standard of assistance. It is reasonable to establish, as a general rule, that the standard of assistance applicable to an assistance unit on the first of the month or at the time of application is the standard of assistance applicable to the assistance unit for the entire month, because general assistance payments are made "...once per month on the first day of the month" as required under Minnesota Statutes, section 256D.09, subdivision 1. This provision is also reasonable because it would be administratively difficult to attempt to determine the amount of monthly payments if one standard of assistance applied to one part of the month and another standard of assistance applied to another part of the month.

When an additional member is added to the assistance unit or when an assistance unit is discharged from a negotiated rate facility, the standard of assistance for the assistance unit will increase to meet the needs of the additional individual or to meet the individual's shelter and basic needs previously covered by the negotiated rate. It is reasonable to provide for an exception to the practice of applying a standard of assistance to an entire month when an additional member is added to the assistance unit and when an assistance unit member leaves a negotiated rate facility because it insures that the needs of the assistance unit will be adequately provided for. It is reasonable not to provide an exception for the situations that cause an assistance unit's standard of assistance to decrease because once the assistance unit has received its monthly payment, the needs of the assistance unit members have been provided for, and any reduction in the assistance unit's standard of assistance will be implemented when the following month's payment amount is determined.

Subpart 3. Monthly payment to an applicant or recipient residing in a nursing home or facility with a negotiated rate. This subpart establishes procedures for making monthly payments to applicants or recipients residing in a nursing home or facility with a negotiated rate. The standard of assistance applicable to these assistance units, as established under part 9500.1218, subpart 2, is the allowance for clothing and personal needs authorized under Minnesota Statutes, section 256B.35. An individual residing in a nursing home or facility with a negotiated rate may have countable income that exceeds this standard of assistance and still be eligible for general assistance if, in accordance with part 9500.1209, subpart 4, item D, the individual's countable income does not exceed the combined total of the standard of assistance and the negotiated rate. It is necessary, therefore, to clarify how the amount of monthly payments to these individuals must be calculated and how the individual's income is to be treated.

Minnesota Statutes, section 256D.01, subdivision 1b, specifies that "The minimum standards of assistance shall authorize the payment of rates negotiated by local agencies for recipients living in a room and board arrangement." Minnesota Statutes, section 256D.06, subdivision 3, specifies that "When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, or when a recipient is living in a state hospital or nursing home, the recipient shall receive an allowance for clothing and personal needs and the allowance shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35." It is reasonable to establish that monthly payment amounts to applicants or recipients living in nursing homes or facilities with a negotiated rate shall be determined by subtracting the individual's countable income first from the standard of assistance (allowance for clothing and personal needs) and second from the negotiated rate, because this insures that the individual has income or receives a general assistance payment to meet his or her "clothing and personal needs", as required by the statute. Payments made to a negotiated rate facility are intended to meet the applicant's or recipient's shelter and basic needs, minus "clothing and personal needs." Requiring the individual's countable income that exceeds the standard of assistance to be applied against the facility's negotiated rate is reasonable because it insures that general assistance payments will only be made to meet the individual's unmet needs.

Subpart 4. Payments to a nursing home or facility with a negotiated rate. This subpart establishes procedures for making payments to nursing homes or facilities with a negotiated rate. This subpart is needed to clarify that a recipient living in a nursing home or facility with a negotiated rate must pay his or her excess countable income to the facility to offset the amount paid by the local agency. This provision is reasonable because it insures that general assistance payments for the negotiated rate are only being made to meet the individual's unmet needs.

This subpart also permits the local agency to issue voucher or vendor payments for the negotiated rate payment. Minnesota Statutes, section 256D.09, subdivision 2, authorizes the commissioner to adopt rules "...for situations in which voucher or vendor payments may be issued by local agencies...." Permitting the local agency to issue voucher or vendor payments directly to the nursing home or facility under this subpart is reasonable because the entire "negotiated rate payment" is owed to the facility, and the recipient who is residing in a nursing home or facility may have difficulty understanding that the extra amount he or she receives must be paid to the nursing home or facility due to a mental or emotional disability that results in an impairment of the individual's ability to manage his or her grant. The G.A. County Panel members who provided input during the development of these rules strongly supported this provision as a reasonable way of insuring that the payment is received by the nursing home or facility.

Subpart 5. Payment in excess of state standards. The provisions of this subpart are authorized by Minnesota Statutes, section 256D.03, subdivision 2, which states that "Any local agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1, ... in accordance with rules promulgated by the commissioner pursuant to the administrative procedures act." This subpart requires a local agency that elects to pay higher local standards or provide payments for special needs to establish clear, written procedures that establish criteria for eligibility and payment amounts. Requiring the local agency to establish clear procedures is necessary to insure that the eligibility of and amount paid to all applicants and recipients will be uniformly determined and not paid arbitrarily or discriminately. Requiring the procedures to be in writing is reasonable because it enables applicants and recipients and other affected parties to determine if the local standards or special need payments are available or applicable to their situation.

This subpart also requires the local agency to make payments for higher local standards and special needs to all recipients who reside in the county without regard to the recipient's length of county residence. This provision is necessary because general assistance is a statewide public assistance program, and applicants or recipients are eligible for general assistance without regard to length of residency in a county. The use of residency requirements would impose unconstitutional restrictions on an applicant's or recipient's right to travel and would create distinctions between new and established residents of a county that would conflict with the equal protection clause of the constitution. It is reasonable to include this provision in the rules because it informs the local agency that is considering adopting higher local standards of this requirement.

Part 9500.1232 STATE PARTICIPATION.

Part 9500.1232 establishes procedures for determining the amount of state aid to be paid to local agencies for general assistance. This part is necessary because Minnesota Statutes, section 256D.03, subdivision 2, requires state aid to be paid "... according to procedures established by the commissioner." The reasonableness of the procedures established under this rule part is established below.

Subpart 1. State participation for monthly general assistance payments made based on full standards. Minnesota Statutes, section 256D.03, subdivision 2, specifies that state aid (herein referred to as state participation) shall be paid to local agencies for 75 percent of all monthly general assistance payments made based on the standards established under Minnesota Statutes, section 256D.01, subdivision 1a. Monthly payments are determined by subtracting the assistance unit's countable income from the standard of assistance applicable to the assistance unit.

In order to implement the statutory provisions of Minnesota Statutes, section 256D.03, subdivision 2, it is reasonable to specify that, except as provided in subparts 2 and 3, subtracting the assistance unit's countable income from the full standard of assistance, and multiplying by 75 percent determines the amount of state participation in the monthly payment. This procedure will insure that state aid is paid for 75 percent of the assistance actually issued to an assistance unit, based on the full standards of assistance.

Subpart 2. State participation for monthly general assistance payments made based on a reduced standard. Minnesota Statutes, section 256D.03, subdivision 2, specifies that "...state aid shall be paid to local agencies for 75 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1a...." Minnesota Statutes, section 256D.01, subdivision 1a, requires standards of assistance to be lower (reduced) for recipients who share a residence with a responsible relative. Minnesota Rules, parts 9500.1218 to 9500.1222 establish reduced standards of assistance in accordance with Minnesota Statutes, section 256D.01, subdivision 1a. This rule subpart is needed to establish and clarify the procedures for determining the amount of state participation to be paid when general assistance payments are made based on reduced standards of assistance.

The provisions of this subpart, which specify that state participation is determined by subtracting the assistance unit's countable income from the applicable reduced standards of assistance and multiplying by 75 percent, are reasonable because they are consistent with Minnesota Statutes, section 256D.03, subdivision 2, and they assure that state aid is paid for 75 percent of the grant actually issued to the assistance unit.

Subpart 3. State participation for monthly general assistance payments made to a negotiated rate facility. Minnesota Statutes, section 256D.03, subdivision 2, specifies that "... State aid shall be paid to local agencies for 75 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1a...." Minnesota Statutes, section 256D.01, subdivision 1b., specifies that the "... minimum standards of assistance [established under subdivision 1a] shall authorize the payment of rates negotiated by local agencies for recipients living in a room and board arrangement." Minnesota Rules, part 9500.1230, subpart 3, establishes the procedure for making general assistance payments to a negotiated rate facility in accordance with Minnesota Statutes, section 256D.01, and Minnesota Rules, part 9500.1218. This rule subpart is needed to establish and clarify the procedures for determining the amount of state participation (state aid) to be paid when general assistance monthly payments are made to a negotiated rate facility.

The provisions of this subpart, which specify that state participation is determined by subtracting the assistance unit's excess countable income from the negotiated rate and multiplying by 75 percent, are reasonable because they are consistent with Minnesota Statutes, section 256D.03, subdivision 2, and they insure that state aid is paid for 75 percent of the amount of general assistance actually paid by the local agency.

Subpart 4. State participation for payment in excess of state standards. Minnesota Statutes, section 256D.03, subdivision 2, specifies that "Any local agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner...." (emphasis added) This statute also specifies that "...state aid shall be paid to local agencies for 75 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1a...." (emphasis added) This rule subpart is needed to establish and clarify procedures for determining the amount of state participation to be paid when a local agency has elected to make payments in excess of the standards of assistance established under Minnesota Statutes, section 256D.01, and Minnesota Rules, parts 9500.1216 to 9500.1222.

The provisions of this subpart, which specify that state participation is not available for payments that exceed the applicable state standard of assistance are reasonable because they are consistent with the provisions under Minnesota Statutes, section 256D.03, subdivision 2, which require payments made in excess of the standards established by the commissioner to be paid from the local agency's own resources, and they insure that state participation does not exceed the amount authorized under Minnesota Statutes, section 256D.03, subdivision 2.

REPEALER.

Part 9500.1204, previously part 9500.0520, contains definitions of terms. It is necessary to repeal this rule part because the definitions it contains are either no longer consistent with general assistance program provisions, or are for terms that are no longer used in the general assistance rules. It is reasonable to repeal this rule part because it is being replaced with part 9500.1205, which contains definitions of terms that are contained in the proposed rules and that are consistent with current general assistance program provisions.

Part 9500.1206 also contains definitions of terms. It is necessary to repeal three subparts under this rule part because the definitions contained in them are no longer consistent with general assistance program provisions. It is reasonable to repeal the definitions of the terms "assistance unit," "countable income," and "recipient" because these definitions are being replaced with definitions contained in part 9500.1205.

Part 9500.1208, previously part 9500.0530, established eligibility requirements for the general assistance program. It is necessary to repeal this rule part because some of the provisions it contains are no longer accurate, and it does not contain all of the eligibility requirements that exist under the current general assistance statutes. It is reasonable to repeal this rule part because it is being replaced by part 9500.1209, which reflects general assistance eligibility requirements more completely and accurately than part 9500.1208.

Part 9500.1234, previously part 9500.0540, contains provisions governing determinations of need. It is necessary to repeal this rule part because the provisions it contains are no longer accurate. It is reasonable to repeal this rule part because provisions governing determination of need are contained in part 9500.1209.

Part 9500.1236, previously part 9500.0550, contains provisions establishing grant amounts. It is necessary to repeal this rule part because the provisions it contains are no longer accurate. It is reasonable to repeal this rule part because it is being replaced with part 9500.1230, which contains more complete and accurate provisions governing general assistance payments.

Part 9500.1244, previously part 9500.0590, contains provisions governing state reimbursement. It is necessary to repeal this rule part because the provisions it contains are no longer consistent with statutory provisions governing state reimbursement under the general assistance program. It is reasonable to repeal this rule part because it is being replaced with part 9500.1232, which contains more complete and accurate provisions governing state participation.

Part 9500.1249, previously part 9555.3402, contains provisions governing standards of assistance. It is necessary to repeal this rule part because the provisions it contains are no longer consistent with statutory provisions governing general assistance standards of assistance and reduced standards of assistance. It is reasonable to repeal this rule part because it is being replaced with parts 9500.1216 to 9500.1228.

OUTSIDE EXPERT WITNESSES

The Department of Human Services will not be using outside expert witnesses to testify in support of parts 9500.1205, 9500.1209, and 9500.1214 to 9500.1232.

CONCLUSION

The foregoing statements and information demonstrate the need for and the reasonableness of proposed parts 9500.1205, 9500.1209, and 9500.1214 to 9500.1232. To a great extent, the need for and reasonableness of the proposed rules are prescribed expressly in state statute and the inherent responsibility of the Minnesota Department of Human Services to exercise prudent management of public funds.

Date

2/11/86

Leonard W. Levine

LEONARD W. LEVINE, Commissioner

Minnesota Department of Human Services