
Care 4 Kids Program

POLICY TRANSMITTAL




DIVISION OF FAMILY SERVICES-CHILD CARE TEAM

Transmittal Number: C4K-POL-02-09

Date: November 14, 2002

To: Lou Gettis, Program Director
Care 4 Kids

From: 
Rita M. Pacheco, Deputy Commissioner of Programs
Department of Social Services

CC: Policy Distribution List

Subject: Individual Development Accounts

Program Issue: Public Act 00-192 established a new program initiative called the "Connecticut Individual Development Account (IDA) Initiative." The IDA Initiative is a matched savings program that allows low and moderate income households to save money for education or job training, to purchase a home, to start or improve a business, to obtain or maintain employment and in some cases to save for the purchase of an automobile. The savings goal of a typical IDA ranges between \$3,000 -\$4,000. Funds are deposited in trust or custodial savings account with a qualified financial institution. The IDA program is administered by the Department of Labor through local community-based organizations (CBO's).

Public Act 00-192 requires that any funds deposited into, held in, credited to or withdrawn from an IDA for a purpose consistent with the approved purpose of the savings plan, including accrued interest, shall be excluded in the determination of eligibility or the level of benefits for any needs-based program using state or joint state and federal funds. Care 4 Kids is such a needs-based program. Therefore, the principal value and any income derived from an IDA account is excluded for eligibility purposes.

Background: The financial eligibility requirements for Care 4 Kids are contained in Section 17b-749-05 of the ChildCare Assistance Program (CCAP) regulations. To be eligible for assistance, countable income must be within the limits established in this section. Care 4 Kids does not have an asset limit or test. Financial eligibility is based solely upon the countable income of the family. The principal value of any assets held by families is excluded from both the eligibility and benefit level determinations, including funds held in or withdrawn from a savings account or other investment vehicle such as an IDA. Therefore, the requirement in Public Act 00-192 to exclude the asset value of an IDA does not represent a change in current policy.

There is a difference between the CCAP regulations and Public Act 00-192 with respect to the treatment of income generated by an IDA. In the Care 4 Kids program, interest generated from savings is considered unearned income. Subdivision (b)(2) of Section 5 of the CCAP regulations excludes interest and dividends totaling less than \$600 per calendar year. If the combined income from all assets equals or exceeds \$600, the income is counted in its entirety. Public Act 00-192 requires interest from an IDA to be excluded regardless of the amount and without regard to income received from other assets.

Action: Care 4 Kids is directed to continue to exclude the principal value of assets held by applicants and recipients as well as income generated from such assets totaling less than \$600 per calendar year. When determining the amount of

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income produced from the assets, interest from an IDA shall be excluded from the calculation. This change shall take effect beginning on November 1, 2002.

Families with approved IDA savings plans receive written confirmation from the CBO on the letterhead of the organization. Primary verification may be obtained via a copy of the letter, from the financial institution with which the account is established or through direct contact with the CBO. Verification is mandatory only if the total income from interest or dividends equals or exceeds \$600.

RMP:db

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