Services and Programs for Indiana Residents at or below 200% of Poverty

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Table of Contents

Background 4
Methodology 4
Programs 5
Housing and Utilities Programs 9
Affordable Housing and Community Development Fund 9
Community Development Block Grant 9
Community Service Block Grant (CSBG) 10
Energy Assistance Program (EAP) 10
Homeownership Education and Counseling & Down Payment Assistance Program 10
HOME Program 11
Lifeline/Link-Up 12
Lifeline Telephone Assistance 12
Low-Income Heating and Energy Assistance Program (TANF or Federal Funding) 12
Section 8 Housing- Housing Choice Voucher Program 13
State Weatherization Efficiency Enhancement Program (SWEEP) 13
Weatherization Assistance Program (WAP) 14
Programs for Low Income Adults 16
Compulsive Gambling Prevention, Education, and Treatment 16
Indiana Manpower and Comprehensive Training (IMPACT) 16
Indiana Unemployment Insurance 17
Individual Development Accounts (IDA) 17
Part-time Student Grant Program 17
Temporary Assistance for Needy Families (TANF) 18
Programs Specific to Low income Children 19
Assisted Guardianship Program 19
Child and Adult Care Food Program 19
Child Care 19
Children's Special Health Care Services (CSHCS) 19
The Community and Home Options to Institutional Care for the Elderly and the Disabled (Children's CHOICE Program) 20
Emergency Assistance 20
First Steps Program 21
Head Start/Early Head Start 21
Mitch's Kids Program 22
National School Lunch Program (NSLP) 22
School Age Child Care Project Fund 22
School Breakfast Program 23
Special Milk Program for Children 23
Summer Food Service Program 23
Supplemental Educational Services (SES) 23
Textbook Reimbursement Program 23
Health and Nutrition Related Programs 24
Care Select 24
The Commodity Supplemental Food Program (CSFP) 24

Food Stamps ... 24
Healthy Families Indiana ... 25
The Healthy Indiana Plan (HIP) ... 26
Hoosier Healthwise ... 26
Medicaid ... 27
Medicaid for Employees with Disabilities (M.E.D Works) ... 28
Rx For Indiana ... 28
Supplemental Security Income (SSI) ... 28
Transitional Medicaid Program ... 29
Women Infant and Children ... 29
Tax Benefits ... 31
Summary of Results – Federal Benefits ... 33
Summary of Results – Indiana Benefits ... 37
Federal Deductions and Credits ... 39
Personal Exemptions and Dependents ... 39
Standard Deduction ... 39
Child Tax Credit ... 39
Additional Child Tax Credit ... 40
Earned Income Credit ... 40
Additional Federal Credits, Deductions, Services ... 41
Indiana Deductions and Credits ... 43
Indiana Exemption ... 43
Additional Exemption for Dependent Child ... 43
Indiana Earned Income Credit ... 43
Additional Indiana Credits ... 43

Background

According to the American Community Survey 2004 (U.S. Census Bureau), Indiana has about 200,000 low income working families. One in four Indiana families with at least one working parent is low income, earning less than 200 percent of the federal poverty income threshold.

In 2007, the Indiana General Assembly requested that the Office of the Secretary of the Family and Social Services Administration (FSSA) assess government assistance, including cash, free services, and savings from reduced fees, for those Indiana residents with incomes at or below 200 percent of the federal poverty income level.

To undertake this assessment FSSA contracted with the Sagamore Institute for Policy Research, a nonprofit, nonpartisan think tank headquartered in Indianapolis. Sagamore Institute is committed to what is known as "applied research" — research that actually puts theories and ideas to the test in the real world by working alongside practitioners, learning from them, and measuring the results of theories put into practice, rather than simply hypothesizing from an ivory tower. Sagamore borrows its name from an Algonquin word used to designate someone who grapples with serious questions, builds consensus, and offers wisdom and advice. It is Sagamore's intention to wrestle with hard issues, convene disparate groups, and offer wise counsel for a world in progress.

Methodology

What follows is a list of programs that are provided to Indiana residents who are 200 percent of poverty or below. With guidance from FSSA, Sagamore Institute focused primarily on programs and services that families with children are eligible to receive.

Programs include those funded with federal and state dollars and, to the extent possible, local dollars. Several of the federal and state programs provide funding to local governments and community-based organizations that provide services to low income individuals and families. For these programs, we describe the funding stream, though it should be noted the eligibility and exact services may vary by location. Federal programs that are very limited to only certain community-based groups are not included in this paper.

Specific information on Indiana programs was gathered from Indiana government agencies, Indiana government web sites, and agencies' program manuals. Sites that were reviewed and offices contacted included:

- Indiana Department of Education
- Indiana Department of Health
- Indiana Department of Family and Social Services Administration
- Development Department of the Indiana Housing and Community Development Authority

For federally funded programs, reviews were done of the following agencies' web sites and documents:

- U.S. Department of Agriculture
- U.S. Department of Health and Human Services
- U.S. Department of Education
- U.S. Department Housing and Urban Development

Tax information was gathered by reviewing the Indiana tax return for 2007 as well as the Federal tax return for 2007.

Most program eligibility is based on federal poverty levels. Poverty guidelines are provided by the U.S. Government and are updated each year. For this paper, the guidelines were taken from the *Federal Register* of 24 January 2007 and are applicable for all states except Alaska and Hawaii. Below is a summary chart of poverty levels by family size.

2007 HHS Poverty Guidelines

Persons in Family or Household	48 Contiguous States and D.C.	200% of Poverty
1	$10,210	$20,420
2	13,690	27,380
3	17,170	34,340
4	20,650	41,300
5	24,130	48,260
6	27,610	55,220
7	31,090	62,180
8	34,570	69,140
For each additional person, add	3,480	

SOURCE: *Federal Register*, Vol. 72, No. 15, 24 January 2007, pp. 3147–3148.

Programs

Program Name	Monetary/Service	Income/Poverty Level
Housing and Utilities Programs		
Affordable Housing and Community Development	Monetary	80% Area Median Income (AMI)
Community Development Block Grant	Service	Block of funding for low income communities -- low income residents

Program Name	Monetary/Service	Income/Poverty Level
		may benefit from community improvements
Community Service Block Grant	Service	In general 125% or below, service and eligibility may vary by location
Energy Assistance Program	Monetary	150% and below
Homeownership Education and Counseling & Down Payment Assistance Program	Service	Ranges from 80% of AMI to 50% of AMI
HOME Program	Monetary	80% of the area median income.
Lifeline/Link-Up	Service	Individuals on federal public housing assistance, Section 8, Food Stamps, Medicaid, SSI, (LIHEAP)
Lifeline Telephone Assistance Program	Service	Individuals on federal public housing assistance, Section 8, Food Stamps, Medicaid, SSI, (LIHEAP)
Low Income Heating and Energy Assistance Program	Monetary	Federal LIHEAP 150% and below; State Oil Overcharge Funds - 125%; TANF-funded LIHEAP- 150% and below
Section 8 Housing – Housing Choice Voucher Program	Monetary	Poverty level varies by county but family's income may not exceed 50% of the median income for the county or metropolitan area
State Weatherization Efficiency Enhancement Program (SWEEP)	Monetary	Not specified but has a maximum allowance
Weatherization Assistance Program	Monetary	150% poverty, on TANF and SSI or LIHEAP eligible. Total costs average $2,885 per home limit
Programs for Low Income Adults		
Compulsive Gambling Prevention, Education, and Treatment	Service	Treatment - 200% and below. Prevention and education - all eligible
IMPACT	Service	TANF and/or Food Stamp eligibility requirements
Indiana Unemployment Insurance	Monetary	Based on employment time frame not income level
Individual Development Accounts	Monetary	150% or below
Part-Time Student Grant Program	Monetary	200% and below
Temporary Assistance for Needy Families	Monetary	Determined by number of family members (refer to page 18)
Programs Specific to Low income Children		
Assisted Guardianship Program	Monetary	250% and below
Child and Adult Care Food Program	Service	The State agency's income standard must be at or below 185% but not below 100%

Program Name	Monetary/Service	Income/Poverty Level
Child Care	Monetary	At or below 127% of Federal Poverty Level (FPL) to enter program and may remain on the program up through 170% of FPL
Children's Special Health Care Services (CSHCS)	Service	250% of poverty
Children's Choice Program	Service	250% and below
Emergency Assistance	Service	250% and below
First Steps Program	Service	All eligible but over 250% pay portion
Head Start/Early Head Start	Service	If eligible for TANF or SSI, or at or below Federal Poverty Level. Range from $10,210 for family of one to $34,570 for family of 8
Mitch's Kids Program	Service	250% and below
National School Lunch Program	Service	Free at or below 130%. Reduced price between 130% and 185%.
School Age Child Care Project Fund	Service	Up to and including 190%
School Breakfast Program	Service	Free at or below 130%. Reduced price between 130% and 185%.
Special Milk Program for Children	Service	Free at or below 130%. Reduced price between 130% and 185%.
Summer Food Service Program	Service	Eligible if eligible for Free Lunch program
Supplemental Education Services	Service	Eligible if eligible for Free Lunch program
Textbook Reimbursement Program	Service	185% and below
Health and Nutrition Related Programs		
Care Select	Service	Program specific – still under development
Commodity Supplemental Food Program	Service	185% and below- may depend on area
Food Stamps	Monetary	If eligible for TANF and SSI or 130% of poverty. Range from family of 1 at $163 to family of 8 at $975.
Healthy Families Indiana	Service	250% and below
Healthy Indiana Plan	Service	All eligible from 22% - 200%
Hoosier HealthWise	Service	200% poverty and below
Medicaid-*Medicaid Select*	Service	200% poverty and below
MEDWorks	Service	350% or below
Rx For Indiana	Service	200% poverty and below
Supplemental Security Income (SSI)	Monetary	Dependent on family size and who

Program Name	Monetary/Service	Income/Poverty Level
Transitional Medicaid Program	Service	(adult or child) is receiving the benefit 185% and below beyond 6 months; none when first become Medicaid ineligible
Women Infant and Children	Monetary	The state agency's income standard must be at or below 185% but not below 100%
Tax Benefits		
Federal Personal Exemption	Monetary/Deduction	All taxpayers including those at or below up to 200%.
Federal Standard Deduction	Monetary/Deduction	All taxpayers including those at or below up to 200%.
Federal Child Tax Credit	Monetary/Credit (non refundable)	All taxpayers including those at or below up to 200%.
Federal Additional Child Tax Credit	Monetary/Credit (refundable)	All taxpayers including those at or blow up to 200%.
Federal Earned Income Credit	Monetary/Credit (refundable)	All taxpayers up to certain income limitations.
Other Federal Credits	Monetary/Credit	Determined on a case by case basis
Other Federal Deductions	Monetary/Deduction	Determined on a case by case basis
IRS Volunteer Return Preparation Program (VRPP)	Service	All taxpayers up to certain income levels
Indiana Personal Exemption	Monetary/Deduction	All taxpayers
Indiana Additional Exemption for Dependent Children	Monetary/Deduction	All taxpayers with qualifying dependent children
Indiana Earned Income Credit	Monetary/Credit	All taxpayers who claimed the federal earned income credit
Other Indiana Credits	Monetary/Credit	Determined on a case by case basis

Housing and Utilities Programs

Affordable Housing and Community Development Fund

Indiana's Affordable Housing and Community Development Fund is used to help develop housing that is affordable to low- and very low-income Hoosier families. Housing development funds are established by legislation, ordinance, or resolution. They may be supplied with funds in a variety of ways, often involving a blend of public, private, and/or philanthropic dollars. These dollars are then used to invest in and support a broad range of housing-related activities for low- and moderate-income households.

The Affordable Housing and Community Development Fund, established in 1989 under IC 5-20-4-7, is used to make low-interest loans that finance housing for families earning less than 80 percent of Area Median Income (AMI). In addition, at least half of the investments made by the Development Fund must be used to serve families living at or below 50 percent of AMI. The AMI varies by county ranging from $47,500 to $69.800. Depending on family size, households may be eligible. To determine AMI, you can go to: https://www.efanniemae.com/sf/refmaterials/hudmedinc/

Community Development Block Grant

The Community Development Building Grant (CDBG) is ideal for local governments seeking to provide special housing for youths, emergency needs, and farm worker housing, as well as rehabilitating existing homes and rental units in their communities. Through a competitive application process of funds allocation, IHCDA provides successful applicants with grants to help finance their development. Those projects funded with CDBG funds have strict requirements on rent controls, income eligibility of tenants, housing development costs, and long-term affordability.

CSBG funding enables the eligible entities to operate a variety of programs including: education, employment, nutrition, community and economic development, health programs, emergency assistance, and housing.

For more information on agencies that receive CSBG funding and the services they provide refer to:
http://ihcda.in.gov/forms/ComDev/CSBG/CSBG_State_Plan_DRAFT.pdf

Funding allowances per household for utility services are determined by area and size of dwelling. Refer to:
http://www.indianahousing.org/forms/FSP/0703_Utility_Allowances.pdf

Community Services Block Grant (CSBG)

The Community Services Block Grant provides funds for various services and activities having a measurable and major impact on the causes of poverty. Community Action Agencies use these funds to initiate, supplement, and implement many local community action efforts. These projects include, but are not limited to: drug treatment, information/referral networks, nutritional assistance, education assistance, housing assistance, counseling, employment/training, and emergency assistance.

The State of Indiana provides Community Services Block Grant funds to community-based organizations throughout Indiana. These agencies utilize their awards to provide many programs within their Indiana service areas to households with incomes at or below 125 percent of the poverty guidelines.

Energy Assistance Program (EAP)

The Energy Assistance Program provides financial assistance to low-income households to maintain utility services during the winter heating season. The program is implemented through the Community Action Agencies with outreach offices in every county.

To qualify for energy assistance, a household's annual income cannot exceed 150 percent of the poverty guidelines. The following information describes the maximum allowable income per household size.

Household size	$ Per Mo.	$ Per Year
1	1,225	14,700
2	1,650	19,800
3	2,075	24,900
4	2,500	30,000
5	2,925	35,100
6	3,350	40,200
7	3,775	45,300
8	4,200	50,400
Additional member	425	5,100

The heating and cooling programs are part of EAP.

Homeownership Education and Counseling & Down Payment Assistance Program

Funds provided to agencies with the proven ability to effectively implement homeownership education and counseling and down payment assistance activities in a multi-county region. Indiana residents who may be eligible for services from an agency that received (HEC/DPA) funds include**:**

- First time homebuyer – For the purposes of this program, a first time homebuyer is defined as someone who will purchase and own his/her primary place of residence for the very first time;
- Individuals located in a non-participating jurisdiction (PJ) community. A PJ is defined as any metropolitan city or urban county, which is eligible to receive formula allocations of HOME Investment Partnerships Program funds directly from the U.S. Department of Housing and Urban Development.
- Household income at or below 80 percent of AMI in the area a resident lives.

HOME Program

HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately $2 billion among the states and hundreds of localities nationwide. The program was designed to reinforce several important values and principles of community development:

- HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- HOME's emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.
- HOME's technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners.
- HOME's requirement that participating jurisdictions (PJs) match 25 cents of every dollar in program funds mobilizes community resources in support of affordable housing.

HOME funds are awarded annually as formula grants to participating jurisdictions. HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed. The program's flexibility allows state and local governments to use HOME funds for grants, direct loans, loan guarantees, or other forms of credit enhancement, or rental assistance or security deposits.

States are automatically eligible for HOME funds and receive either their formula allocation or $3 million, whichever is greater. Local jurisdictions eligible for at least $500,000 under the formula ($335,000 in years when Congress appropriates less than $1.5 billion for HOME) also can receive an allocation. Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their state. Congress sets aside a pool of funding, equivalent to the greater of $750,000 or 0.2 percent of appropriated funds, which HUD distributes among insular areas.

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20 percent of the units must be occupied by families with incomes that do not exceed 50 percent of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median income. HOME income limits are published each year by HUD. Refer to:

http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm

Lifeline/Link-Up

This program provides eligible consumers with discounts on connection charges for new local telephone service and enables them to finance a portion of the connection charges interest-free for one year. The discount is available for only one telephone line per eligible home. The client must be at or below 135 percent of poverty; the telephone service must be listed in the client's name; and they cannot be listed as a dependent on another person's tax return and the telephone service must be for their primary residence. Eligible persons can call the toll free number to apply or download the application from the website.

Lifeline Telephone Assistance

This program offers discounted local telephone services for households receiving aid from one or more of the following programs: federal public housing assistance, Section 8 (including HUD), Food Stamps, Medicaid, SSI, Low Income Home Energy Assistance (LIHEAP), and Project Safe. To sign up, call for an application. Monthly discount varies. It takes approximately a month to start receiving the discount.

Low-Income Heating and Energy Assistance Program (TANF or Federal Funding)

TANF funds will be used to provide heating and energy assistance to families determined to be eligible for TANF Cash Assistance or the Two-Parent Cash Assistance programs and the Low- Income Heating and Energy Assistance Program (LIHEAP).

The LIHEAP income standard for Indiana is 150% of the federal poverty level. Additional funds from the State Oil Overcharge Settlement Fund are used to supplement the federal (LIHEAP) programs for families with dependent children,

LIHEAP eligible customers or customers with a financial hardship can receive up to $400 that can be applied to both the payment of delinquent utility bills and natural gas deposit.

Section 8 Housing - Housing Choice Voucher Program

The Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.

A family that receives a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. This unit may include the family's current residence. Rental units must meet minimum standards of health and safety as determined by the PHA.

A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.

Eligibility for a housing voucher is determined by the PHA based on the total annual gross income and family size; it is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live.

PHAs may establish local preferences for selecting applicants from its waiting list. For example, PHAs may give a preference to a family who is (1) homeless or living in substandard housing, (2) paying more than 50 percent of its income for rent, or (3) involuntarily displaced. Families who qualify for any such local preferences may move ahead of other families on the list who do not qualify for any preference. Each PHA has the discretion to establish local preferences to reflect the housing needs and priorities of its particular community.

State Weatherization Efficiency Enhancement Program (SWEEP)

The Weatherization Assistance Program (WAP) is administered through the Community Development Department of the Indiana Housing and Community Development Authority (IHCDA). Funding for the Weatherization Assistance Program comes from both the U.S. Department of Energy (DOE) and the Department of Health and Human Services (HHS). Beginning in 1993, Stripper Well Settlement funds were made available

to supplement the services provided in weatherization. These monies were designated as the State Weatherization Efficiency Enhancement Program (SWEEP). Refer below for details on the Weatherization Assistance Program.

SWEEP program expenses are those associated with the costs of eliminating energy related health and safety hazards prior to installation of weatherization materials.

SWEEP benefits include, but are not limited to, extensive evaluation, repair and/or replacement of the mechanical systems (i.e. furnace, water heater, and gas cooking stove). The underlying rationale for the expenditures of these funds is to ensure the delivery of a consistently high level of energy conservation services to low-income clients.

The following activities may take place under SWEEP:

- Furnace replacement/repairs
- Water heater replacement/repairs
- Gas cooking stove replacement/repairs
- Dehumidifiers to alleviate severe moisture problems
- Sump pumps to alleviate severe moisture problems
- Repairs to guttering to alleviate severe moisture problems
- Repairs to electrical hazards for health and safety reasons
- Sewage problem repairs
- Fumigation due to insect infestation

SWEEP funds may also be used as a stand-alone program to alleviate combustion appliance emergencies under the following stipulations:

1. The household is without heat due to an inoperable heating source
2. The combustion appliance has been red tagged
3. The combustion appliance is causing a health and safety hazard

The current maximum allowed is $2,800 per home for SWEEP expenses.

Weatherization Assistance Program (WAP)

The Weatherization Assistance Program provides comprehensive weatherization services to low-income households. Activities may include, but are not limited to: furnace and water heater health and safety evaluation, repair and/or replacement; insulation of the attic, sidewalks, or other uninsulated areas; and measured, and cost effective air sealing of the structure. Services are designed to reduce energy consumption and utility costs for heating low-income homes.

An individual or family will be eligible for weatherization assistance under the following definitions:

- A household with an income at or below 150 percent of the current poverty;
- A household with a TANF and/or SSI recipient during the twelve month period preceding eligibility determination;

- A household that is eligible for assistance under the Low Income Home Energy Assistance Act of 1981.

There is a $2,885 average cost per home limit effective 1 April 2007.

Funding comes from federal sources, and is allocated to Community Action Agencies to provide the services.

More information on WAP can be found at:

http://ihcda.in.gov/forms/ComDev/Wx/2007_WX_Manual.pdf

Programs for Low Income Adults

Compulsive Gambling Prevention, Education, and Treatment

The State of Indiana has developed a toll free number for Indiana residents as well as a Prevention Resource Center. Callers to the hotline are referred to or, if necessary, connected directly to the state endorsed problem gambling treatment provider in their area. The resource center provides information to schools and communities to address the issues of problem gambling and collects data on the rates of various gambling behaviors in youth, adults, and senior citizens. From this data, the state will develop a strategic plan that will address the problem gambling needs of communities. The Division of Mental Health provides gambling treatment for individuals who have an income at or below 200% of the federal poverty guidelines. Gambling debts and payments on incurred gambling debts may be used in calculating income eligibility. Services are provided through state endorsed providers offering services.

Indiana Manpower and Comprehensive Training (IMPACT)

IMPACT provides services designed to help recipients of Food Stamps and TANF achieve economic self-sufficiency through:

- Job Search -- includes telephoning employers, completing job applications, providing resumes, going to interviews, following up on job contacts, job placement services, and job seeking skills training such as interviewing skills.
- Job Readiness -- includes activities that prepare a participant for work such as job coping skills and understanding general workplace expectations. Services may also include family life skills.
- Unsubsidized Employment -- work for which wages, salaries, commissions or profits are not subsidized by state or federal programs.
- Community Work Experience (CWEP) -- unpaid work experience preferably in a non-profit agency to gain practical work experience.
- Educational (Academic) -- high school, General Education Development (GED) preparation, Adult Basic Education (ABE), and English as a Second Language (ESL). Priority is given to academic training if the client is under 20 years of age and has not completed high school or its equivalent.

The Local Office of Family and Children in each of Indiana's 92 counties has the responsibility for determining eligibility for IMPACT services for TANF and Food Stamp recipients.

Some services that IMPACT participants under the TANF Program can receive include:

TYPE OF SERVICE	PAYMENT LIMITS	TIME LIMITS
Clothing	$300 per	12 month period
Transportation Expense	$200 mo.	TANF- Personal vehicle at $.15 FS- $.10 per mile or $2.00 per day whichever is higher.
Vehicle Repair/Maintenance	$750 Per	12 month period.

Indiana Unemployment Insurance

Unemployment insurance benefits provide temporary financial assistance to workers unemployed through no fault of their own and who meet Indiana's eligibility requirements.

In order to qualify for this benefit program, you must have worked in Indiana during the past 12 to 18 months, and have earned at least a minimum amount of wages as determined by the state's guidelines. You must also be able to work and be available for work each week that you are collecting benefits.

Individual Development Accounts (IDA)

The IDA Program is designed to provide Hoosier households the opportunity to build assets, accumulate savings, and learn personal finance skills so that they may pay for education, start or buy a business, or buy a home. The funds are administered by a community development corporation (CDC). Qualified individuals receive state funds to match their contributions to the IDA. The state match is three times the amount deposited by the individual up to $900 per year. The state contribution is for families with dependent children who receive public assistance or have incomes less than 150 percent of the federal poverty level.

Part-time Student Grant Program

This is a financial assistance program designed for students taking at least six (6) and no more than twelve (12) hours of classes per semester. It will provide financial assistance to students whose family's income is less than 250 percent of the federal poverty level. Eligible students must be either: 1) a dependent student less than twenty-four (24) years of age who has a custodial parent or caretaker (even if the student lives apart from the parent or caretaker); or 2) a parent with a dependent child.

Temporary Assistance for Needy Families (TANF)

TANF is a program that provides cash assistance and supportive services to assist the family, helping them achieve economic self-sufficiency.

Families with children under the age of 18, who are deprived of financial support from a parent by reason of death, absence from the home, unemployment, or physical or mental incapacity may be eligible.

Applications are done by a local Division of Family Resources Office.

Financial eligibility initially is determined by the number of eligible family members and their total income. The income is compared to a set standard based upon family size. The standard for a family including children and their caretaker is reflected in the chart below.

Family Size	Gross Income Limit	Maximum Monthly Benefit
1	$286.75	$139.00
2	$471.75	$229.00
3	$592.00	$288.00
4	$712.25	$346.00
5	$832.50	$405.00
6	$952.75	$463.00
7	$1073.00	$522.00
8	$1193.25	$580.00
9	$1313.50	$639.00
10	$1433.75	$697.00

Programs Specific to Low Income Children

Assisted Guardianship Program

Assisted Guardianship Program is a permanency option for children under the supervision of the Indiana Department of Child Services (DCS). This option is considered only after the court has determined that reunification with the child's parents is no longer feasible, and when adoption is not in the best interest of the child. The program provides an eligible child a monthly subsidy of $512 for its general care while in the physical custody of his/her guardian.

Eligibility is based upon 250 percent of the Federal Poverty Guidelines. There is no asset test. A child must be 13 years of age or older. Under certain conditions a child under 13 may receive services.

Child and Adult Care Food Program

CACFP is the Child and Adult Care Food Program, an important nutrition assistance program funded by the U.S. Department of Agriculture (USDA) for young children and adults receiving day care.

Organizations that receive the Child and Adult Care Food Program (CACFP) provide nutritious meals to nonresidential child care and adult day care facilities. These facilities include licensed child care centers, registered day care ministries, head start programs, outside-school-hours-centers, at-risk programs, homeless shelters, family day care homes, and certain adult day care centers. Individuals eligible to receive benefits are at or below 185 percent of poverty at a reduced rate and free for those at 130 percent of poverty.

Child Care

Child Care is a voucher program intended to assist parents by providing child care subsidies to low income working families. Parents are issued child care vouchers that may be used at eligible child care provider locations. The CCDF program reimburses eligible child care providers for the services they provide.

Applicants must be at or below 127 percent of FPL to enter the program and may remain on the program up through 170 percent of FPL. Applicants must have a service need, i.e. working and/or in school.

Children's Special Health Care Services (CSHCS

The Children's Special Health Care Services (CSHCS) program provides financial assistance for needed medical treatment to children with serious and chronic medical conditions to reduce complications and promote maximum quality of life.

A family with an income (before taxes) no greater than 250 percent of the federal poverty level may be eligible for the program. The financial level changes every year.

Depending on a family's needs and the child's medical condition, services may include:

- community referrals and information
- diagnostic evaluation
- comprehensive primary and secondary care visits
- immunizations
- prescription drugs
- routine dental care
- other services related to the eligible medical conditions

The Community and Home Options to Institutional Care for the Elderly and the Disabled (Children's CHOICE Program)

CHOICE Program provides the following services to disabled children age 18 and under who are living with their parent or eligible adult relative. To be eligible for TANF funded services the family's income must be under 250 percent of the Federal Poverty Guidelines. The following services are provided by TANF funds:

- Individual or group counseling;
- Education or training to assist the caregiver in making decisions and solving problems relating to the care giving role;
- Individual counseling on a one-to-one basis for a specific need and for parents to carry-out and learn specific parenting skills;
- Group counseling offered to multiple individuals to gain information, skills, and support;
- Paying for specialized child care services to working parents/caregivers of a child receiving CHOICE services.

Emergency Assistance

Emergency Assistance is provided to families with income up to 250 percent of the Federal Poverty Guidelines through the Indiana Department of Child Services. Eligibility for this program is based upon the existence of a substantiated complaint of child abuse or neglect or a court adjudication of Child in Need of Services. The goal of services is to maintain children in the home of a relative or to provide safe, temporary alternative living arrangements while the family is working toward reunification.

The benefits provided under the program include shelter (including out-of-home placement), nonmedical counseling, clothing, and homemaker services. Services are authorized within 30 days of the identification of eligibility of need and can be authorized for a period not to exceed 120 days.

First Steps Program

It is a family-centered, locally-based coordinated system that provides services to children (0-3rd birthday) who are developmentally vulnerable. Services are intended to prevent or minimize disabilities with the goal of maximizing the potential of these children so that they can function as contributing members of society. Families with income in excess of 250 percent FPL are eligible for the program but are required to pay co-payments. First Steps does not provide comprehensive medical care but provides services determined necessary by the child's early intervention team to meet the child's developmental needs. Services are authorized through the development of an individualized family service plan (IFSP) with the support of the child's primary care physician. Funding will be used to pay for the costs of services that are not otherwise paid by Medicaid. Services include assistive technology (AT); audiological services, including signed and cued language services; developmental therapy (DT); family education, training, and counseling; health services; medical services; nursing services; nutrition services; occupational therapy (OT); physical therapy (PT); psychological services; service coordination (SC); social work services; special instruction [Developmental Therapy (DT)/Early Childhood Education]; Speech-Language Pathology (SLP)/Speech Therapy; transportation; vision services; and other individualized services or supplies not covered elsewhere, which have been requested and justified by the IFSP team and receive prior approval from the state.

Head Start/Early Head Start

Federal funding from the Department of Health and Human Services, Administration for Children and Families has enabled Head Start programs to provide comprehensive services for low-income Hoosier children and their families. Head Start programs serve children ages three through five. In 1994 federal legislation was passed to establish Early Head Start services for pregnant women, infants, and toddlers (ages birth to 3). All programs provide early childhood educational, social, medical, dental, nutritional, and mental health services to the enrolled children.

Children from birth to age 5 from families with income below the poverty line are eligible for Head Start (preschool age children) and Early Head Start services (birth to age three and pregnant women). Children from families receiving public assistance (TANF or SSI) are also eligible for Head Start and Early Head Start services regardless of family income. Foster children are also Head Start and Early Head Start eligible regardless of their foster family's income

For a center to be eligible to receive Head Start services at least 90 percent of the families enrolled in each program must meet the federal income guidelines (i.e., the poverty line) as noted in the following table:

Persons in Family Unit	Poverty Guideline
1	$ 10,210
2	13,690
3	17,170
4	20,650
5	24,130
6	27,610
7	31,090
8	34,570

For family units with more than 8 persons, add $3,480 for each additional person.

Mitch's Kids Program

Mitch's Kids provides education and youth development services to TANF eligible children ages 5 through 13 through the Indiana Alliance of Boys and Girls Clubs. The program is designed to help children better their academic achievement, provide an adult supervised structured environment while the TANF adult works or participates in work activities, and provide career guidance through field trips and/or career-related speakers or presentations; but the overall goal of the program is to emphasize the need for education to be successful in life. Families must have income at or below 250 percent of the federal poverty level to be eligible.

National School Lunch Program (NSLP)

The National School Lunch Program (NSLP) is a federally assisted meal program operating in public and nonprofit private schools and residential child care institutions. It provides nutritionally balanced low-cost or free lunches to children each school day. The program was established under the National School Lunch Act, signed by President Harry Truman in 1946.

School Age Child Care Project Fund

The School Age Child Care Project Fund provides care to children between the ages of 5 and 13 for before and/or after school, during periods when school is not in session, and for students who attend half-day sessions. The funds must be contracted with public school corporations or non-profit 501(c)(3) organizations. Families with gross income up to and including 190 percent of poverty guidelines are eligible for assistance by the use of

a sliding fee scale. Before and after school child care is a critical component of the continuum of child care.

School Breakfast Program

The School Breakfast Program (SBP) provides cash assistance to states to operate nonprofit breakfast programs in schools and residential childcare institutions. The program is administered at the federal level by Food and Nutrition Services (FNS). State education agencies administer the SBP at the state level, and local school food authorities operate it in schools.

Special Milk Program for Children

The Special Milk Program provides milk to children in schools and childcare institutions who do not participate in other federal meal service programs. The program reimburses schools for the milk they serve.

Schools in the National School Lunch or School Breakfast Programs may also participate in the Special Milk Program to provide milk to children in half-day pre-kindergarten and kindergarten programs where children do not have access to the school meal programs.

Summer Food Service Program

During the school year, nutritious meals are available through the National School Lunch and School Breakfast Programs. The summer Food Service Program provides meals during summer hours.

Note: Eligibility for all school-based meal programs requires a family to be at or below 130 percent of federal poverty guidelines and the reduced price between 130 and at or below 185 percent of poverty guidelines.

Supplemental Educational Services (SES)

SES offers free tutoring services to low-income children who attend a Title I school that fails to make progress for three years (in its second year of "school improvement status"). Low-income students are generally those who are eligible for free or reduced-price lunch.

These services offer students extra help in academic subjects, such as reading, language arts, and mathematics. SES services are provided outside the regular school day — before or after school, on weekends, or in the summer.

Textbook Reimbursement Program

The State of Indiana provides payment for the elementary and secondary school textbook rental fee of families whose income is less than 185 percent of the federal poverty level.

Benefits for this program are accessed through an application form processed by the school system.

Health and Nutrition Related Programs

Care Select

Care Select is a care management program created by the Indiana Family and Social Services Administration (FSSA) to serve Indiana residents. Care Select will:

- Tailor benefits to people more effectively
- Improve the quality of care and health outcomes
- Control the growth of health care costs
- Provide a more holistic approach to member's health needs

Care Select covers: the aged; blind; physically and mentally disabled; those receiving adoption assistance; members in the Waiver Program; and M.E.D. Works participants

Commodity Supplemental Food Program (CSFP)

CSFP provides meals for low-income pregnant and breastfeeding women, other new mothers up to one year postpartum, infants, children up to age six, and elderly people at least 60 years of age by supplementing their diets with nutritious USDA commodity foods. It provides food and administrative funds to States to supplement the diets of these groups.

The population served by CSFP is similar to that served by USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), but CSFP also serves elderly people, and provides food rather than the food vouchers that WIC participants receive. Eligible people cannot participate in both programs at the same time. The program services Marion, Hamilton, Hancock, Hendricks, Morgan and Boone Counties in central Indiana.

Food Stamps

The Food Stamp Program helps low-income people and families buy the food they need for good health. To receive benefits a state application form must be completed.

Benefits, determined by gross and net income tests, are provided on an electronic card that is used like an ATM card and accepted at most grocery stores. Families receiving TANF, SSI and, in most cases, general assistance are eligible.

The table below shows the gross and net income levels for a family to receive Food Stamps. Gross income means a household's total, nonexcluded income, before any deductions have been made. Net income means gross income minus allowable deductions.

Household size	Gross monthly income ($) (130% of poverty)	Net monthly income ($) (100% of poverty)
1	1,107	851
2	1,484	1,141
3	1,861	1,431
4	2,238	1,721
5	2,615	2,011
6	2,992	2,301
7	3,369	2,591
8	3,746	2,881
Each additional member	377	290

The amount of benefits that the household receives is called an "allotment." The net monthly income of the household is multiplied by 0.3, and the result is subtracted from the maximum allotment for the household size to find the household's allotment. This figure is based upon the assumption that food stamp households are expected to spend about 30 percent of their resources on food.

People in Household	Maximum Monthly Allotment ($)
1	162
2	298
3	426
4	542
5	643
6	772
7	853
8	975
Each additional person	122

Healthy Families Indiana

The Healthy Families Program is a voluntary, multifaceted home visitation program designed to promote healthy families and healthy children administered by the Indiana Department of Child Services. Services are provided at no cost and include child development, access to health care, parent education, family incentives, staff training, and community coordination/education. The program model includes screening, assessment, and home visitation. Services can begin for eligible families either prior to or at the time of birth and can continue until the child is five years of age. This program is open to all Hoosier families regardless of income but TANF state and federal funds will only be used for families with incomes below 250 percent of the federal poverty level.

Healthy Indiana Plan (HIP)

HIP provides health insurance for uninsured adult Hoosiers between ages 19 and 64 who are not eligible for Medicaid, uninsured for at least 6 months, not eligible for employer-sponsored health insurance, and whose household income is between 22 and 200 percent of the federal poverty level (FPL).

Hoosier Healthwise

The program provides coverage for children, pregnant women, and low-income families. Enrollment in Hoosier Healthwise is mandatory for aid categories that include children, pregnant women, and low-income families and children who are eligible for Children's Health Insurance Program (CHIP). CHIP is a part of Hoosier Healthwise. Children's Health Insurance Program (CHIP) is the federal government's way to encourage states to provide health insurance to uninsured children. The specific eligibility aid category determines the benefit package. Voluntary enrollment is available for wards of the state and foster children. Hoosier Healthwise has three packages:

Package A – Standard Plan	Full coverage for children, low-income families.
Package B – Pregnancy Coverage only	Pregnancy-related and urgent care services for some pregnant women.
Package C – Children's Health Plan	Preventive, primary, and acute care services for some children under 19 years old.

Family Monthly Income/Asset Guidelines for Hoosier Healthwise Eligibility (1 July 2007 through 29 February 2008)

		Pregnant Women		Children	
Family Size	**Low-Income Families (Package A)**	**Pregnancy-related coverage (Package B)**	**Full Coverage (Package A)**	**Premium-free (Package A)**	**Low-Cost Premiums (Package C)**
1	$139.50	Not applicable	Not applicable	$1,277	$1,702
2	$229.50	$2,282	$229.50	$1,712	$2,282
3	$288.00	$2,862	$288.00	$2,147	$2,862
4	$346.50	$3,442	$346.50	$2,582	$3,442
5	$405.00	$4,022	$405.00	$3,017	$4,022
For each additional member add:	$58.50	$580	$58.50	$435	$580
Asset Limit	$1,000	Not applicable	$1,000	Not applicable	Not applicable

Standard Plan coverage encompasses the full array of IHCP benefits for children and low-income families enrolled in the Hoosier Healthwise Program. Package B covers: delivery, family planning services, drugs related to pregnancy, postpartum care for two months only, prenatal care, and transportation. To be eligible for Package C, a child must meet the following criteria: child must be younger than 19 years old; child's family's income must be between 150 and 200 percent of the federal poverty level; child must not have creditable health insurance at any time during the three-month period prior to applying for the Hoosier Healthwise program; child's family must satisfy all cost-sharing requirements (see Hoosier Healthwise Premium Comparison). Services for Package C, include ambulance transportation; chiropractic services; clinic services; dental services; early intervention services; home health services; hospice care; hospital services; inpatient rehabilitative services; laboratory and radiology services; medical supplies and equipment; mental health and substance abuse services; physicians' surgical and medical services; podiatry; prescription drugs; therapies; and vision services.

Hoosier Healthwise Premium Comparison		
Premiums		
	Monthly	
Income (as a Percentage of the Federal Poverty Level)	**One Child**	**Two or More**
150 to 175 percent	$22.00	$33.00
175 to 200 percent	$33.00	$50.00

Medicaid

States have some discretion in determining which groups their Medicaid programs will cover and the financial criteria for Medicaid eligibility. To be eligible for federal funds, states are required to provide Medicaid coverage for most people who get federally assisted income maintenance payments, as well as for related groups not getting cash payments. Some examples of the mandatory Medicaid eligibility groups include the following:

- Families receiving cash assistance (TANF);
- Supplemental Security Income (SSI) recipients (or in states using more restrictive criteria--aged, blind, and disabled individuals who meet criteria which are more restrictive than those of the SSI program and which were in place in the state's approved Medicaid plan as of 1 January 1972);
- Infants born to Medicaid-eligible pregnant women. Medicaid eligibility must continue throughout the first year of life so long as the infant remains in the mother's household and she remains eligible, or would be eligible if she were still pregnant;
- Children under age 6 and pregnant women whose family income is at or below 133 percent of the federal poverty level;

- Recipients of adoption assistance and foster care under Title IV-E of the Social Security Act;
- Certain people with Medicare

Medicaid Select is Indiana's program that provides health insurance for Medicaid-eligible Hoosiers who are blind, aged and disabled.

Medicaid for Employees with Disabilities (M.E.D Works)

To be eligible for M.E.D. Works, you must:

- meet Indiana's definition of disability (a physical or mental impairment verifiable by a physician that is expected to last 12 months or result in death; individuals whose primary disability with Medicaid is blindness are not eligible for M.E.D. Works);
- be working (you must be able to verify your work through paycheck stubs, or income tax documents or other documents) and you must pay FICA taxes;
- be between the ages of 16-64;
- have countable income that does not exceed 350 percent of the Federal Poverty Level. Medicaid will disregard some income when determining eligibility for M.E.D. Works, using a Countable Income Formula;
- meet the M.E.D. Works Resource Limits.

Rx For Indiana

This program consists of a number of patient assistance programs that offer discount prescription medicines, direct from pharmaceutical manufacturers, for low-income people. It assists patients who lack prescription drug coverage and earn less than 200 percent of the federal poverty level (approximately $19,000 for an individual or $31,000 for a family of three).

Supplemental Security Income (SSI)

Supplemental Security Income (SSI) provides a specified monthly benefit to individuals who meet eligibility requirements. SSI can be paid to individuals who are disabled. To be eligible for SSI disability payments, an individual must meet the established eligibility criteria to be "disabled." For instance, the individual must have a physical or mental impairment, or a combination of impairments, that are long-lasting in nature or expected to last for at least a year, and the condition prevents the individual from working. The eligibility also includes an income limit that varies with the size of the family. The amount of the benefit is based on the individual's income and resources. Individuals who are approved for SSI disability will have periodic review of their conditions to ascertain if the individual continues to be disabled. For a child to be eligible, the child:

- must not be working and earning more than $900 a month in 2007. (This earnings amount changes every year.)

- must have a physical or mental condition, or a combination of conditions, which results in "marked and severe functional limitations." The child's condition(s) must have lasted, or be expected to last, at least 12 months; or must be expected to result in death.

Transitional Medicaid Program

This program provides coverage for healthcare services rendered to the following eligibility groups:

- Wards and foster children who do not voluntarily enroll in a managed care health plan;
- Persons in nursing homes and other institutions, such as an intermediate care facility for the mentally retarded (ICF/MR);
- Undocumented aliens;
- Persons receiving waiver or hospice services Persons with breast and cervical cancer;
- Families discontinued from or denied Medicaid Package C (Hoosiers Healthwise Children's Plan) because of the earnings of the caretaker relative of the child. To qualify for Transitional Medicaid, the caretaker whose earnings made the child ineligible for package C must have received and been eligible for package C in Indiana in three of the six months

Women Infant and Children

The WIC target population is low-income and those nutritionally at risk, including:

- Pregnant women (through pregnancy and up to 6 weeks after birth or after pregnancy ends);
- Breastfeeding women (up to infant's 1st birthday);
- Non-breastfeeding postpartum women (up to 6 months after the birth of an infant or after pregnancy ends);
- Infants (up to 1st birthday) -- WIC serves 45 percent of all infants born in the United States;
- Children up to their 5th birthday.

Benefits provided include:

- Supplemental nutritious foods
- Nutrition education and counseling at WIC clinics
- Screening and referrals to other health, welfare and social services

WIC Income Eligibility Guidelines 48 Contiguous States, D.C., Guam and Territories					
Family Size	**Annual**	**Monthly**	**Twice-Monthly**	**Bi-Weekly**	**Weekly**
1	$ 18,889	$ 1,575	$ 788	$ 727	$ 364
2	25,327	2,111	1,056	975	488
3	31,765	2,648	1,324	1,222	611
4	38,203	3,184	1,592	1,470	735
5	44,641	3,721	1,861	1,717	859
6	51,079	4,257	2,129	1,965	983
7	57,517	4,794	2,397	2,213	1,107
8	63,955	5,330	2,665	2,460	1,230
Each Add'l Member	6,438	537	269	248	124

Tax Benefits

We prepared a set of scenarios to determine income tax benefits available to families with incomes of 200 percent of poverty. ***Families with incomes below 200 percent of poverty can apply the same tax benefits but the amount of the credits will vary***. We used the 2007 Poverty Guidelines as published in the *Federal Register* of 24 January 2007. The results are summarized in the tables below with a summary of the benefits for the following scenarios.

- Single with no children
- Single with 1 child
- Single with 2 children
- Single with 3 children
- Single with 4 children
- Married with no children
- Married with 1 child
- Married with 2 children
- Married with 3 children
- Married with 4 children

Assumptions

- The income level from the poverty guideline was assumed to be earned employee wages, i.e. not self employed income, not investment income, not rental income, and not retirement income since many low income families below 200 percent of poverty do not have income from these sources.
- Taxpayers and/or spouses were full year residents of Indiana.
- Earnings were from within Indiana only.
- Children were deemed eligible and qualified dependents according to the Internal Revenue Code definitions.
- Taxpayers and/or spouses were between 25 and 65 years of age.
- Taxpayers used the standard deduction instead of itemized deductions.
- No federal or state taxes were withheld from the taxpayer's wages.
- No county taxes were included in the calculations for state income tax benefits.

Federal		200 % Poverty Level									
	Family Size	Gross Income ($)	Exemptions ($)	Standard Deduction ($)	Taxable Income ($)	Tax ($)	Child Tax Credit ($)	Subtotal ($)	Earned Income Credit ($)	Additional Child Tax Credit ($)	Net (Refund) Tax Due ($)
Single	1	20,420	3,400	5,350	11,670	1,360	-	1,360	-	-	1,360
Head of Household											
1 Dependent	2	27,380	6,800	7,850	12,730	1,349	1,000	349	937	-	(588)
2 Dependents	3	34,340	10,200	7,850	16,290	1,881	1,881	-	728	119	(847)
3 Dependents	4	41,300	13,600	7,850	19,850	2,421	2,421	-	-	579	(579)
4 Dependents	5	48,260	17,000	7,850	23,410	3,773	3,773	-	-	227	(227)
Married											
0 Dependent	2	27,380	6,800	10,700	9,880	988	-	988	-	-	988
1 Dependent	3	34,340	10,200	10,700	13,440	1,343	1,000	343	146	-	197
2 Dependents	4	41,300	13,600	10,700	17,000	1,771	1,771	-	-	229	(229)
3 Dependents	5	48,260	17,000	10,700	20,560	2,304	2,304	-	-	696	(696)
4 Dependents	6	55,220	20,400	10,700	24,120	2,836	2,836	-	-	1,164	(1,164)

Summary of Results – Federal Benefits

Single with no children – Federal Benefits
The only benefits available to a single taxpayer with no children earning 200 percent of poverty, i.e. $20,420, is the personal exemption of $3,400 and the standard deduction of $5,350. They are not eligible for the earned income credit because their income of $20,420 exceeds the limitation of $12,590. This scenario yielded a net tax due of $1,360.

Single with 1 child – Federal Benefits
In addition to the personal exemption of $3,400, the taxpayer would receive a dependent exemption of $3,400. They would also be subject to the Head of Household filing status instead of Single, which yields more favorable tax rates and standard deduction. The standard deduction for a taxpayer in the Head of Household filing status is $7,850 instead of $5,350 for single taxpayers. Additionally, the taxpayer would be eligible for the child tax credit of $1,000 per child. The earned income credit would also be available to them. Based on this scenario, the tax would be $1,349. The child tax credit of $1,000 would offset the tax dollar for dollar, leaving $349 tax due. The earned income credit of $937 would offset the $349 and would yield the taxpayer $588 as a refund payable to the taxpayer, since the earned income credit is a refundable credit.

Single with 2 children – Federal Benefits
This taxpayer would have an additional dependency exemption of $3,400 for a total of $10,200 in total exemptions. They would still utilize the standard deduction of $7,850. This would yield a tax of $1,881. They would be eligible for the child tax credit of $1,000 per child. Since the child tax credit is not a refundable credit, the amount of the child tax credit is limited to the amount of tax due. However, they would be eligible for the Additional child tax credit, which is a refundable credit. To qualify for the additional child tax credit, one of the following must be true:

- Your earned income must exceed $11,750 (for 2007), or
- You must have 3 or more qualifying children.

If you have at least 1 qualifying child, you can claim a credit of up to 15 percent of the amount that your earned income exceeds $11,750. However, it is limited to $1,000 per child and is reduced by the nonrefundable portion of the child tax credit. Therefore, $1,000 is the maximum credit between the child tax credit and the additional child tax credit. In this scenario, the taxpayer would be eligible for the earned income credit of $728 as well as the additional child tax credit of $119 for a total refund due the taxpayer of $847.

Single with 3 children – Federal Benefits
This taxpayer would also have an additional dependency exemption of $3,400 for a total of $13,600 in total exemptions. They would still utilize the standard deduction of $7,850. This would yield a tax of $2,421. They would not be eligible for the earned income credit because their income of $41,300 exceeds the limit of $37,783. However, they would be eligible for the child tax credit of $1,000 per child. Since the child tax credit is not a refundable credit, the amount of the child tax credit is limited to the amount of tax

due, $2,421. However, they would be eligible for the refundable additional child tax credit of $579 and thus receive a $579 refund.

Single with 4 children – Federal Benefits
This taxpayer would also have an additional dependency exemption of $3,400 for a total of $17,000 in total exemptions. They would still utilize the standard deduction of $7,850. This would yield a tax of $3,773. They would not be eligible for the earned income credit because their income of $48,260 exceeds the limit of $37,783. However, they would be eligible for the child tax credit of $1,000 per child. Since the child tax credit is not a refundable credit, the amount of the child tax credit is limited to the amount of tax due, $3,773. However, they would be eligible for the refundable additional child tax credit of $227 and thus receive a $227 refund.

Married with No Children – Federal Benefits
The only benefits available to married taxpayers filing jointly with no children earning 200 percent of poverty, i.e. $27,380, is the personal exemption of $3,400 per person for a total of $6,800 and the standard deduction of $10,700. They are not eligible for the earned income credit because their income of $27,380 exceeds the limitation of $14,590. This scenario yielded a net tax due of $988.

Married with 1 child – Federal Benefits
In addition to the personal exemptions of $3,400, per person and the standard deduction for married filing joint status of $10,700, the married couple would receive a dependent exemption of $3,400 for a total of $10,200 in exemptions. Additionally, the taxpayer would be eligible for the child tax credit of $1,000 per child. The earned income credit would also be available to them. Based on this scenario, the tax would be $1,343. The child tax credit of $1,000 would offset the tax dollar for dollar, leaving $343 tax due. The earned income credit of $146 would offset the $343 and the married couple would owe $197.

Married with 2 children – Federal Benefits
This married couple would have an additional dependency exemption of $3,400 for a total of $13,600 in total exemptions. They would still utilize the standard deduction of $10,700. This would yield a tax of $1,771. They would be eligible for the child tax credit of $1,000 per child. Since the child tax credit is not a refundable credit, the amount of the child tax credit is limited to the amount of tax due, $1771. However, they would be eligible for the refundable Additional child tax credit, of $229, thus yielding them a refund of $229. They would not be eligible for the earned income credit because their income of $41,300 exceeds the limit of $39,783.

Married with 3 children – Federal Benefits
This married couple would also have an additional dependency exemption of $3,400 for a total of $17,000 in total exemptions. They would still utilize the standard deduction of $10,700. This would yield a tax of $2,304. They would not be eligible for the earned income credit because their income of $48,260 exceeds the limit of $39,783. However, they would be eligible for the child tax credit of $1,000 per child. Since the child tax

credit is not a refundable credit, the amount of the child tax credit is limited to the amount of tax due, $2,304. However, they would be eligible for the refundable additional child tax credit of $696 and thus receive a $696 refund.

Married with 4 children – Federal Benefits

This taxpayer would also have an additional dependency exemption of $3,400 for a total of $20,400 in total exemptions. They would still utilize the standard deduction of $10,700. This would yield a tax of $2,836. They would not be eligible for the earned income credit because their income of $55,220 exceeds the limit of $39,783. However, they would be eligible for the child tax credit of $1,000 per child. Since the child tax credit is not a refundable credit, the amount of the child tax credit is limited to the amount of tax due, $2,836. However, they would be eligible for the refundable additional child tax credit of $1,164 and thus receive a $1,164 refund.

Indiana	200 % Poverty Level									
	Family Size	Federal Gross Income ($)	Exemptions ($)	Additional Exemption for Dependent Child ($)	Taxable Income ($)	State Tax ($)	County Tax ($)	Total Tax ($)	Earned Income Credit ($)	Net (Refund) Tax Due ($)
Single	1	20,420	1,000	-	19,420	660		660	-	660
Head of Household										
1 Dependent	2	27,380	2,000	1,500	23,880	812		812	56	756
2 Dependents	3	34,340	3,000	3,000	28,340	964		964	44	920
3 Dependents	4	41,300	4,000	4,500	32,800	1,115		1,115	-	1,115
4 Dependents	5	48,260	5,000	6,000	37,260	1,267		1,267	-	1,267
Married										
0 Dependent	2	27,380	2,000	-	25,380	863		863	-	863
1 Dependents	3	34,340	3,000	1,500	29,840	1,015		1,015	9	1,006
2 Dependents	4	41,300	4,000	3,000	34,300	1,166		1,166	-	1,166
3 Dependents	5	48,260	5,000	4,500	38,760	1,318		1,318	-	1,318
4 Dependents	6	55,220	6,000	6,000	43,220	1,469		1,469	-	1,469

Summary of Results – Indiana Benefits

Single with no children – Indiana Benefits
Indiana provides a $1,000 exemption for each exemption claimed on a taxpayer's federal return. The Indiana earned income credit is only available if the taxpayer was had a federal earned income credit. Therefore, a single taxpayer earning 200 percent of poverty, i.e. $20,420, will have an Indiana state tax due of $660.

Single with 1 child – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the taxpayer and their dependent. Additionally, they would also be eligible for an additional exemption for dependent children of $1,500 per child. This scenario yields a state tax of $812. Since the taxpayer is eligible for the federal earned income credit, this taxpayer would also be eligible for the Indiana earned income credit, which is 6 percent of the federal earned income credit. The Indiana earned income credit is $56, which results in a state tax due of $756.

Single with 2 children – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the taxpayer for a total exemption of $3,000 and an additional exemption for dependent children of $3,000 ($1,500 per child). This would yield a state tax of $964 with an offsetting state earned income credit of $44 for a total tax due of $920.

Single with 3 children – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the taxpayer for a total exemption of $4,000 and an additional exemption for dependent children of $4,500 ($1,500 per child). This would yield a state tax of $1,115. Since they were not eligible for the federal earned income credit, there is no earned income tax for the state.

Single with 4 children – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the taxpayer for a total exemption of $5,000 and an additional exemption for dependent children of $6,000 ($1,500 per child). This would yield a state tax of $1,267. Since they were not eligible for the federal earned income credit, there is no earned income tax for the state.

Married with no children – Indiana Benefits
Indiana provides a $1,000 exemption for each exemption claimed on a taxpayer's federal return. Since there are two people, there would be a $2,000 exemption. The Indiana earned income credit is only available if the taxpayer had a federal earned income credit. Therefore, married taxpayers with no children earning 200 percent of poverty, i.e. $27,380, will have an Indiana state tax due of $863.

Married with 1 child – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the couple for a total of $3,000 in exemptions. Additionally, they would also be eligible for an additional exemption for dependent children of $1,500 per child. This scenario yields a state tax of $1,015. Since the married couple is eligible for the federal earned income credit, this

married couple would also be eligible for the Indiana earned income credit, which is 6 percent of the federal earned income credit. The Indiana earned income credit is $9, which results in a state tax due of $1,006.

Married with 2 children – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the married couple for a total exemption of $4,000 and an additional exemption for dependent children of $3,000 ($1,500 per child). This would yield a state tax due of $1,166.

Married with 3 children – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the married couple for a total exemption of $5,000 and an additional exemption for dependent children of $4,500 ($1,500 per child). This would yield a state tax of $1,318. Since they were not eligible for the federal earned income credit, there is no earned income tax for the state.

Married with 4 children – Indiana Benefits
This scenario would yield an additional $1,000 exemption for the married couple for a total exemption of $6,000 and an additional exemption for dependent children of $6,000 ($1,500 per child). This would yield a state tax of $1,469. Since they were not eligible for the federal earned income credit, there is no earned income tax for the state.

Federal Deductions and Credits

Personal Exemptions and Dependents

Exemptions reduce a taxpayer's taxable income. A taxpayer generally can take an exemption for themselves and if they are married, one for their spouse. For 2007, the exemption amount is $3,400 for each exemption claimed. If they have children, they can take an exemption for each of their dependents. A dependent is a qualifying child or qualifying relative. Each dependent must have a Social Security number in order to claim the deduction.

Exemption Phase-out

The personal and dependent exemptions phase out if the adjusted gross income is above a certain amount. Below is the phase-out limitations based on filing status:

Filing Status	Income Phase-out
Married Filing Separately	$117,300
Single	$156,400
Head of Household	$195,500
Married Filing Jointly	$234,600

For 2007, a taxpayer can lose no more than 2/3 of the amount of their exemptions.

Standard Deduction

The standard deduction is a dollar amount that reduces the amount of income that a taxpayer is taxed on. The amount of the standard deduction varies according the taxpayer's filing status. Below are the standard deduction amounts for each filing status:

Filing Status	Standard Deduction Amount
Married Filing Separately	$ 5,350
Single	$ 5,350
Head of Household	$ 7,850
Married Filing Jointly	$10,700

Child Tax Credit

The child tax credit is worth up to $1,000 for each qualifying child. This credit is unique in that it can be both a nonrefundable and a refundable credit. The refundable portion of the child tax credit is called the additional child tax credit.

To qualify for the child tax credit, both of the following must be true:

- The qualifying child must be under the age of 17 at the end of the year.
- The qualifying child must be a U.S. citizen, a U.S. national, or a resident of the United States.

Income Phase-out

When your income rises above a certain level, the child tax credit begins to phase out. The amount is reduced $50 for every $1,000 (or portion of $1,000) that your modified adjusted gross income (AGI) exceeds:

- $75,000 if you are filing a single, head of household, or qualifying widow(er) return;
- $110,000 if you are filing a joint return;
- $55,000 if you and your spouse file separate returns.

Additional Child Tax Credit

If your child tax credit is limited, you might be eligible to claim the additional child tax credit. To qualify for the additional child tax credit, one of the following must be true:

- Your earned income must exceed $11,750 (for 2007); or
- You must have 3 or more qualifying children.

If you have at least 1 qualifying child, you can claim a credit of up to 15 percent of the amount that your earned income exceeds $11,750. If you have 3 or more qualifying children, you can claim a higher credit if the net Social Security and Medicare tax that you paid exceeds the Earned Income Credit (if any). In all cases, the credit is limited to $1,000 per qualifying child, and is reduced by the nonrefundable portion of the child tax credit.

For more information, see Publication 972: Child Tax Credit.

Earned Income Credit

The Earned Income Credit (EIC) is a valuable credit for lower-income taxpayers who work. It can be worth up to $4,716 for 2007, depending on your filing status, income, and the number of qualifying children involved. The EIC is refundable, which means that you can receive the credit as part of your refund, even if your tax has been reduced to zero.

You can qualify for the EIC even if you do not have any qualifying children, but the rules are slightly different than for those with qualifying children. We will look at the rules for taxpayers with and without qualifying children, and then we will discuss additional rules that apply to both.

Taxpayers Without Qualifying Children

To qualify for the EIC, taxpayers who do not have qualifying children must:

- Be at least 25 years old but younger than age 65 on 1 January 2007;
- Not be able to be claimed as a dependent on another taxpayer's return;
- Live in the United States for more than half of the year;
- Have earned income and adjusted gross income of less than $12,590 ($14,590 if married filing jointly).

Taxpayers With Qualifying Children

To qualify for the EIC, taxpayers with 1 or more qualifying children must:

- Have a qualifying child who meets the relationship, age, and residency tests:
    - The child must be your child, stepchild, foster child, sibling, half brother or sister, step brother or sister, or a descendent of any of them (for example, a grandchild or your niece).
    - The child must be under age 19, a full-time student under age 24, or disabled at the end of 2007.
    - The child must have lived with you in the United States for more than half of 2007.
- Have a qualifying child who is not used by more than 1 person to claim the EIC.
- Have earned income and AGI less than:
    - $33,241 ($35,241 if married filing jointly) with 1 qualifying child; or
    - $37,783 ($39,783 if married filing jointly) with 2 or more qualifying children

Additional Rules for All Taxpayers

To qualify for the EIC, all taxpayers must:

- Have a valid Social Security number (SSN)
- Not use the married filing separately (MFS) filing status
- Be a U.S. citizen or resident alien all year
- Not file a Form 2555 or Form 2555-EZ
- Have investment income of $2,900 or less
- Not be a qualifying child of another taxpayer

For more information, see IRS Publication 596: Earned Income Credits.

Additional Federal Credits, Deductions, Services

While most families at or below 200 percent of poverty will not access these additional federal credits and, deductions some may. Other federal credits available to some taxpayers are listed below. These credits were not entered in the calculations because they vary on a case by case basis depending on the facts and circumstances of the taxpayer:

- Child and Dependent Care Credit
- Adoption Credit
- Tuition Expenses
- Elderly/Disable Credit
- Hybrid Car and Alternative Motor Vehicle Credit
- Foreign Tax Credit
- Mortgage Interest Credit
- Fuel Tax Credit
- Saver’s Credit
- Health Coverage Credit
- Residential Energy Credits

If taxpayers itemize their deductions, then they may be able to utilize the following deductions:

- Home Mortgage Interest
- Real Estate Tax
- Vehicle and Personal Property Tax
- Charitable Donations – Cash and Noncash
- Medical and Dental Expenses
- Investment Interest Expense
- Casualty and Theft Losses
- Job-Related Expenses
- State and Local Income Tax or State and Local Sales Tax

IRS Volunteer Return Preparation Program (VRPP) – This program offers free tax return help to low income, elderly, and special needs individuals. Volunteers will fill out federal and state forms for those who qualify. Call the IRS at 1-800-829-1040 to find the nearest VRPP location.

Indiana Deductions and Credits

Indiana Exemption

All taxpayers are allowed $1,000 for each exemption claimed on their federal return.

Additional Exemption for Dependent Child

An additional $1,500 exemption is allowed for certain dependent children.
Dependent child definition: According to state statute, a dependent child must be a son, stepson, daughter, stepdaughter and/or foster child (and/or your spouse's child, if filing a joint return). He/she must be either under the age of 19 by 31 December 2007, or be a full-time student who is under the age of 24 by 31 December 2007.

Indiana Earned Income Credit

Generally, Indiana's earned income credit is 6 percent (.06) of the earned income credit allowed on the federal income tax return, if during 2007:

- the taxpayer was an Indiana resident, and/or
- the taxpayer had income from Indiana sources, and
- the taxpayer claimed the earned income credit on their federal income tax return (Form 1040, 1040A or 1040EZ), then they are eligible to claim Indiana's Earned Income Credit.

Indiana's Earned Income Credit will lower the tax you owe and may give you a refund even if you don't owe any tax.

Additional Indiana Credits

Other Indiana credits available to some taxpayers are listed below. These credits were not entered in the calculations because they vary on a case by case basis depending on the facts and circumstances of the taxpayer:

- Lake County (Indiana) Residential Income Tax Credit – A taxpayer may be eligible to claim a Lake County (Indiana) residential income tax credit if they meet **all three** of the following requirements.
    1. **They paid property tax to Lake County (Indiana) during 2007 on their residence.** Their "residence" is their principal dwelling. They must either own or be purchasing the residence under contract, and must pay property tax to Lake County (Indiana) on that residence.
    2. **Their earned income must be less than $18,600.** Earned income is the combination of the taxpayer (and the taxpayer's spouse's, if filing a joint return) wages, salaries, tips and other compensation, plus net earnings from self-employment (income on which you are required to pay self-employment tax on federal Schedule SE). NOTE: Income from pensions, interest, dividends, Social Security, etc., is not classified as earned income.
    3. **They are not claiming the homeowner's residential property tax deduction on Indiana Schedule 1, line 2.**

- Military Service Deduction - The income on line 1 of Form IT-40 may include active or reserve military pay. If it does, the taxpayer will be able to take a deduction (regardless of their age). Also, if they are retired from the military or are the surviving spouse of a person who was in the military, they may be able to take this deduction. They will be eligible if:
    1. they were at least 60 years of age by 31 December 2007;
    2. they were receiving military retirement or survivor's benefits in 2007; and
    3. the benefits received as retirement income were reported on their federal return.

  Their deduction will be the actual amount of military income received (i.e. military pay, retirement pay and/or survivor's benefits) or $2,000, whichever is less. If both the taxpayer and their spouse received military income, they may each claim the deduction for a maximum of $4,000.
  Note: Military income earned while in a combat zone is not taxable on federal or state income tax returns. Since Indiana is not taxing this income, the combat zone income is not eligible for a deduction.

- Enterprise Zone Employee Deduction - Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Enterprise zones have been established in portions of the following cities/locations:

Bedford	Grissom Aeroplex	Mitchell
Bloomington	Hammond	New Albany
Connersville	Indianapolis	Richmond
East Chicago	Jeffersonville	River Ridge Development
Elkhart	Kokomo	Salem
Evansville	Lafayette	South Bend
Fort Harrison	LaPorte	Vincennes
Fort Wayne	Marion	
Frankfort	Michigan City	

  An employee's *employer* will provide Form IT-40QEC to them if they are eligible to claim this deduction. The amount of the deduction is one-half (½) of the earned income shown on that form or $7,500, whichever is less.

- Human Services Deduction - The human services deduction is intended to alleviate any individual income tax burden that might be imposed on Medicaid recipients who are living in a hospital, skilled nursing facility, intermediate care facility, licensed county home, licensed boarding or residential home or a certified Christian Science facility.* The goal of the human services tax deduction is to reduce the affected individual's adjusted gross income tax liability to zero (0). *An eligible Christian Science facility must be listed with and certified by the Commission for Accreditation of Christian Science Nursing Organizations/ Facilities, Inc. Generally, the deduction should not be used in conjunction with most tax credits in order to create a refund.