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4000 INCOME

4100 DEFINITION

Household income, exclusions from income, and allowable deductions from income are those specified in Sections 4120 through 4131. In determining the household's eligibility and basis of issuance, the income considered is that income already received by the household during the certification period & any anticipated income the household and the CW are reasonably certain will be received during the remainder of the certification period. If the amount to be received, or when it will be received, is uncertain, only that portion of the household's income that is certain will be considered.

It is important for the CW to consider the source of the income and make a reasonable estimation of when it could be expected to be received. For example, applicants for TANF or SSI do not normally receive these benefits during the first month in which they apply for them.

Determining income for a household subject to retrospective budgeting is discussed in Section 5900.

4110 INCOME ELIGIBILITY TEST

The gross and net income eligibility limits appear below in Sections 4111 and 4112. Households which contain an elderly or disabled member shall meet the net income eligibility standard. Households which do not contain an elderly or disabled member shall meet both the net income standards and the gross income standards. Categorically eligible households (Section 2900) do not have to meet gross or net income eligibility standards. Verified legally obligated child support payments, farm losses, and excluded income are deducted from gross income before the income is tested against the gross income chart identified in Section 4111.1

4111 GROSS INCOME TEST

The gross income eligibility standard is 130% of the Federal income poverty level. A household not containing an elderly or disabled member (defined in Section 2012) cannot participate if its gross income exceeds 130% of poverty level or the household's net income exceeds 100% of poverty level.

Gross income is total income minus verified legally obligated child support payments, farm loss, and minus the exclusions listed in Section 4121.

Households subject to the gross income test are also subject to the net income test.

4111.1 GROSS INCOME CHART

H.H. SIZE	MAX. GROSS INCOME	H.H. SIZE	MAX. GROSS INCOME
1	$1180	9	$4491
2	1594	10	4905
3	2008	11	5319
4	2422	12	5733
5	2836	13	6147
6	3249	14	6561
7	3663	15	6975
8	4077	16	7389
	Each additional person add		+414

4112 NET INCOME TEST

Households that contain at least one elderly or disabled member (as defined in section 2012) and other households which are gross income eligible shall be determined eligible based on net income. They meet income eligibility if their net income is equal to or below the net monthly income limit for the household size. Net income is gross income minus the deductions in Sections 4122 through 4137.

4112.1 NET INCOME CHART

H.H.SIZE	ADJ. NET MAX	H.H.SIZE	ADJ. NET MAX
1	$ 908	9	$3455
2	1226	10	3774
3	1545	11	4093
4	1863	12	4412
5	2181	13	4731
6	2500	14	5050
7	2818	15	5369
8	3136	16	5688
	Each additional member		+319

4113 165% GROSS INCOME LIMIT

If a disabled elderly person (defined in Section 2231 A-7) wishes to participate as a separate household, the gross income of the others with whom the disabled elderly person resides (excluding income of the disabled elderly person or his/her spouse) must be less than 165% of poverty level. The disabled elderly person and his/her spouse are not considered as household members for this comparison.

4113.1 GROSS MONTHLY INCOME LIMIT BASED ON 165%

HH SIZE	165% GROSS INCOME STANDARD
1	$1498
2	$2023
3	$2548
4	$3074
5	$3599
6	$4124
7	$4649
8	$5175
Each additional person	+526

4120 INCLUDED AS INCOME

For food stamp purposes, income includes the following:

A.) EARNED INCOME:

1.) Earnings - All wages and salaries for services performed as an employee.

FS 4120(A) Countable Earned Income Continued:

2.) Self-Employment Income - If the household has self-employment expenses and does not opt to use actual expenses, self-employment is calculated using the gross income for the business times 45%. **See Section 4412.**

If the business does not report any allowable business expenses, or the household opts to use actual business expenses, total gross income from a self employment enterprise is determined by adding total gross income and capital gain from the sale of capital goods or equipment plus capital assets related to the business plus depreciation minus cost of doing business as defined in **Section 4413.**

Ownership of rental property also is considered to be self-employment; however, the income received from rental property is considered to be earned income only if a household member is engaged in management of the property at least an average of 20 hours a week. If these criteria are not met, the rental income is counted as unearned income. Payments from a roomer or boarder are also considered self-employment income.

3.) Training Allowances - Training allowances from vocational or rehabilitative programs recognized by federal, state, or local governments to the extent they are not a reimbursement, except for allowances received through programs authorized by WIA.

4.) Income of an Excluded Person - The earned income of an individual excluded for SSN, alien status, or ABAWD time limits is counted as earned income less that individual's pro rata share. The entire earned income is counted fully for individuals disqualified for IPV, fleeing felon, parole/probation violator, duplicate participation, work registration or E & T non-compliance or voluntary quit or reduction of hours, trafficking in excess of $499, or disqualified because of a carryover disqualification from TANF or Tribal TANF.

5.) Military Pay and Allowances - Military pay (such as base pay or flight pay) is considered earned income, with the exception of additional payments for combat pay (hazardous duty pay). Allowances for quarters, housing, subsistence, and/or food are payments for normal household living expenses and are also budgeted as earned income while allowances for job-related or other expenses such as uniforms are considered reimbursements and excluded. Payments made under the Family Subsistence Supplemental Allowance Program (FSSA) are earned income. Free meals or meal tickets & provided housing are in-kind benefits.

The salary of some military personnel may be reduced to fund the G.I. Bill. Section 303(a) (1) of the Omnibus Veterans Benefits and Health Care Authorization Act of 1986 provides that the reduction of pay is not under the control of the individual. Based on this, the amount of reduction shall not count as income for food stamp purposes. For example, if the pay is $300 per month but the client receives $290 with $10 diverted to the G.I. Bill, $290 is budgeted. Once an individual leaves the service, the amount that has accumulated will be treated as income and/or resources depending on whether or not the individual enrolls in any educational institution or training program.

Reenlistment bonuses, if received in a lump sum, are exempt from income under lump sum provisions. They are, however, counted as a resource in the month received. If one-half of the bonus is paid initially, and the remainder paid in equal annual installments, the income must be counted as earned income as received.

FS 4120(A) Countable Earned Income Continued:

6.) Payments Under Domestic Volunteer Service Act - Payments under Title 1 (VISTA, University Year for Action, etc.) of the Domestic Volunteer Service Act of 1973 (Public Law 93-113 as amended), excluding those payments made to households specified in Section 4121 (N) (3).

7.) Workforce Investment Act (WIA) income is countable if it is:

A.) On-the-job training programs paid under Title I of WIA are counted as earned income unless paid to individuals under 19 years of age who are dependents (living with parents or under parental control of an adult household member), or OJT as described below in B. If paid to dependents under age 19, it is not counted as income regardless of the child's student status. Job Services can identify Title I WIA on-the-job training programs if the program funding is in question.

WIA income is excluded if paid for: [WIA, Section 181(a)(2)]

A.) Summer Youth Payments are excluded. The income is excluded regardless of the age of the child, the child's school enrollment, or whether or not the child is a dependent.
B.) On-the-job WIA payments made to migrant and seasonal farm workers, Native Americans, dislocated workers, Job Corps, affirmative action programs, labor market information programs, and veterans' employment programs are excluded.
C.) Work experience WIA payments are excluded.
D.) Training experience WIA payments are excluded.
E.) AmeriCorp and Youthbuild Program income are excluded.

B.) UNEARNED INCOME:

1.) Assistance Payments - Payments from federal or federally aided public assistance programs such as SSI, TANF, general assistance programs, or other assistance programs based on need. Assistance payments from programs which require, as a condition of eligibility, the actual performance of work without compensation other than the assistance payments themselves, shall be considered unearned income. TANF diversion payments are excluded as income.

All income received by assistance recipients is counted in the budget process for all households. Exemptions from income used in computing assistance grants are not exempted in computing food stamp income. Assistance households receive the income exclusions and deductions provided in sections on income deductions in this manual. For households with both PA recipients and non-PA persons (NA household), the total income of all members is considered in determining eligibility and basis of issuance.

When a mixed food stamp household is involved, it is the responsibility of the PA worker to inform the appropriate food stamp caseworker when the PA grant changes.

Complementary Assistance is counted as unearned income. This assistance is usually based on need or achievement. Examples of this assistance are subsidized adoption assistance and subsidized guardianship assistance. If the assistance is anticipated to be paid one time, it may be excluded under lump sum rules.

If the assistance payment is a transitional employment allowance (TEA) payment, the TEA payment is counted as income.

FS 4120 (B) Countable Unearned Income Continued:

2.) Annuities & Pensions - Payments received as an annuity; pension; retirement; veterans or disability benefits; workmen's or unemployment compensation; old-age survivors or social security; and strike benefits are countable income.

SSI and SS retroactive disability payments may be paid in monthly installments for individuals who are disabled because of drug addition or alcoholism. The payments are countable income as long as they are made for addiction or alcoholism disabilities. If a large SSI retroactive payment is made in installments (not more than 3 installments in a 6 month interval), and is not made for drug addiction or alcoholism caused disabilities, the payments are not counted as income because they are considered lump sum.

Retroactive SSI payments made to individuals under 18 may be direct deposited into a dedicated account with a representative payee. These payments may also be paid in installments. These payments are not counted as income because they are considered lump sum payments.

3.) Rental Income - Gross income minus the cost of doing business received from rental property if a household member is not involved in management of the property 20 hours/week or more. Rent payments made from one household to another when they reside together will be exempt as a pass through payment up to the full amount of rent charged. If the payment is more than the full amount of rent charged, the excess payment is considered unearned income to the household receiving the payment (Section 4132).

4.) Gifts - The portion of cash gifts over $100 received by a household member for a recurring occasion is counted. Amounts $100 and less are excluded. Recurring occasions are events that are reasonably expected to reoccur like birthdays, anniversaries, and Christmas. If the gift is paid for non-recurring occasions, it is considered a lump sum resource. Examples of non-recurring occasions are graduations, marriages, etc.

A.) Example: Jane received a birthday gift of $150. $50 would be budgeted as unearned income.

B.) A gift received by one member of the household who states it is intended for the entire household is divided in a way that is most advantageous to the household.

x.) Example: John reported a Christmas gift of $500 and stated it was intended for all four members of his household. The $500 should be prorated by 4 which results in a gift of $125 per person. $25 per person is counted ($125 - 100) as gift income.

FS 4120 (B) Countable Unearned Income Continued:

5.) Income of an Excluded Person - The unearned income of an individual excluded for SSN, ABAWD, or alien status is counted as unearned income less that individual's pro rata share. The entire unearned income is counted fully for individuals disqualified for IPV, fleeing felon, parole/probation violator, duplicate participation, work registration or E & T non-compliance or voluntary quit or reduction of hours, trafficking in excess of $499, or disqualified because of a carryover disqualification from TANF or Tribal TANF. If the individual's TANF or Tribal TANF grant was reduced by 50%, $50, or prorata because of failure to comply with TANF or Tribal TANF requirements, 100% of the grant must be budgeted. (Sections 3453/5520 describes TANF and Tribal TANF carryover procedures.)

6.) Support and Alimony Payments - Support or alimony payments made directly to the household from nonhousehold members are countable income.

7.) Cash Payments from Non-household Members - Cash payments from nonhousehold members are considered income unless they are pass through rent payments and equal to or less than the full amount of rent. [Sections 4120 B (3) and 4132,]

8.) Trust Income - Withdrawals or dividends from a trust fund which have been exempted from resources are income.

If the terms of the trust makes interest income available, interest income from a trust is unearned income as long as the household receives the interest income.

Trust dividends are counted as income if the household could receive them, whether or not the household actually collects them. For example, dividends are income if the household has an ongoing option to receive them or reinvest them in the trust; they are not income if the dividends can only be reinvested.

9.) Sponsor Deeming - Sponsor deeming occurs for non-citizens who arrived in the US December 19, 1997, and forward, and had a sponsor. The sponsor is required to sign an Affidavit of Support, INS Form I-864. The sponsor and his/her spouse's income will be deemed fully to the non-citizen's household. The deeming ends when the non-citizen becomes a US citizen, meets the 40 quarters of work requirements, leaves the US permanently, or dies. Refugees, asylees, and individuals whose deportation was withheld under Section 243(h) do not have sponsors.

10.) Tribal Casino Payments - Payments made to tribal members from the profits of tribal casino operations are counted as income if the income is anticipated to be recurring (monthly, semi-annually, annually, etc.). If the payment is a one-time payment (non recurring), it is to be counted as a lump sum resource.

11.) All Other - Payments from government sponsored programs, dividends, royalties and all other direct money payments from any source which can be construed to be gain or benefit. Some examples would be lottery, bingo, and other cash prizes.

4121 EXCLUDED AS INCOME

Only the following payments received by household members are not considered income to the household.

A.) IN-KIND INCOME

Any gain or benefit which is not in the form of money payable directly to the household such as meals, clothing, public housing or produce from a garden, is excluded from income. The income is excluded regardless of whether it is earned or unearned income.

Example: Jane works 8 hours a week at the YMCA in exchange for free membership. No income is budgeted for her employment because she receives no money, and none is legally obligated to her.

B.) VENDOR PAYMENTS

A payment made in money on behalf of a household is considered a vendor payment when an individual or organization outside of the household uses its own funds to make a direct payment to household's creditors or to a person or organization providing service to the household. Vendor payments are excluded from income.

For Example: If a relative who is not a household member uses his/her own money to pay the household's rent directly to the landlord, the payment is considered a vendor payment and excluded. The household would not be allowed a shelter deduction for the rent payment.

Payments made by a government agency, such as payments from Child Care Services to a child care provider for child care expenses for a household member are considered vendor payments and excluded.

Payments made directly to the household are counted as income and are not excluded as vendor payments, unless they are pass through rent payments and equal to or less than the full amount of rent. [Section 4120 B(3) & 4132] For example: when a non-household member gives money directly to the household to pay an expense, such as day care, the payment is considered as income to the household, unless otherwise excluded.

Money legally obligated or otherwise payable to the household, but which is diverted by the provider of the payment to a third party for a household expense, is considered income and not excluded as vendor income. Examples of diverted income that are not vendor payments are:

1.) Earnings of a household member garnished or diverted by an employer and paid to a third party for a household's expenses, such as rent, are considered as income. If the employer paid the rent directly to the landlord in addition to paying the household member his/her regular wages, the rent payment would be excluded as a vendor payment. In addition, if the employer provides housing to the employee, the value of the housing is not counted as income. a. - c. are some examples:

FS 4121 - Excluded Income Continued:
Vendor payments continued:

a.) Jane is employed by Smith Farms. Mr. Smith pays Jane a monthly salary of $500 a month and provides her a house on the farm. Mr. Smith pays all utility expenses. $500 gross wage would be budgeted and no deduction for shelter allowed.

b.) Jane is employed by Jones Farms. Mr. Jones agrees to pay Jane $800 a month. Mr. Jones rents a house for Jane and pays the landlord $200 a month. Mr. Jones deducts the $200 monthly rent payment from Jane's salary. $800 gross wage would be budgeted and a rent deduction of $200 allowed. $800 is legally obligated to Jane even if Mr. Jones diverts $200 to the landlord.

c.) Jane is employed at Doe Farms. Mr. Doe pays Jane a monthly salary of $800. Mr. Doe rented a house for Jane and pays the landlord $200 a month. Mr. Doe pays the rental cost in addition to paying Jane $800 a month. $800 gross wage would be budgeted with no deduction for rent allowed. The $200 landlord payment is not legally obligated to Jane, therefore is considered a vendor payment and excluded.

2.) All or part of a public assistance grant normally provided in a money payment to the household, but which is diverted to a third party or a protective payee for purposes such as managing the household's expenses, is counted as income to the household. Any payments in excess of the household's normal grant that normally would not be provided to the household are excluded as vendor payments, if paid directly to a third party. This rule applies even if the household has the option of receiving a direct cash payment.

3.) Money deducted or diverted from a court-ordered support or alimony payment (or other binding written support or alimony agreement) to a third party for a household expense shall be considered as income. However, payments specified by the court order or other legally binding agreement to go directly to the third party rather than to the household, and support payments not required by a court order or other legally binding agreement (including payments in excess of amount specified in a court order or written agreement) which are paid to a third party rather than the household shall be excluded as a vendor payment, even if the household agrees to the arrangement.

Example: Court order states $700 is the monthly child support obligation payable to child custodian, of which $100 is expected to be paid for child care. The entire $700 is counted as income regardless of whether or not the payee pays the money to the custodian or the child care provider (legally obligated). However if the court order states $600 is to go to the custodian parent and $100 to be paid to the child care provider (separate obligations), the $100 would be excluded as a vendor payment if paid to a third party. If paid to the custodian parent, and he/she was billed for at least $100 child care, the $100 could be also be excluded as a reimbursement. If no child care obligation, and custodian parent receives the $100 it is counted as unearned income.

FS 4121 - Excluded Income Continued:

C.) UTILITY REIMBURSEMENT

All HUD utility payments will be totally excluded as income (both direct and vendor payments).

D.) FOSTER CARE

If the household chooses to include the foster care child or adult as a household member, the entire foster care payment counts as income to the household. If the household chooses to exclude the foster care child or adult, the entire foster care payment is excluded from income consideration.

E.) IRREGULAR INCOME

This exclusion applies only to non-monthly reporting households. Income in the certification period is excluded if received too infrequently or irregularly to be reasonably anticipated. Such infrequent or irregular income of all household members cannot exceed $30 in a 3 month period.

F.) CHARITABLE DONATIONS

1.) Cash donation or assistance from a business, organization, agency, community endeavor, or church intended and used for purposes other than the household's basic month-to-month needs are excluded, unless the source is a government agency. Assistance from government agencies is not considered a charitable donation.

2.) One time cash donation from a business, organization, agency, community endeavor, or church intended for and used for basic needs is a lump sum resource.

3.) If not excluded above, cash donations based on need received by the household from one or more private nonprofit organizations shall be excluded from income consideration up to but not exceeding $300 in a Federal fiscal year quarter. Federal fiscal quarters run October-December, January-March, April-June, and July-September. For example, a household received $100 in February from an organization and another $250 in March from a different organization would be entitled to an income exclusion for the $100 received in February and $200 of the $250 received in March for a total income exclusion of $300 in that quarter (January-March).

4.) If the cash donation does meet one of the above criteria (1-3), the income is counted as unearned income.
   x.) Example: Jim received $400 in November and $300 in December from his parent to help with rent costs. The income must be counted as unearned income.

G.) LOANS

1.) LOANS
All loans, including loans from private individuals as well as commercial institutions and educational loans on which payment is deferred, are excluded from income. Loans, other than educational loans, are considered resources since they are available as liquid resources (that is, cash on hand or checking accounts) until the money from the loan is spent. Educational loans are excluded during the period the income is intended for (school term).

FS 4121 - Excluded Income Continued:

H.) REIMBURSEMENTS

Reimbursements, for past or future expenses, are excluded to the extent they do not exceed actual expenses and do not represent a gain or benefit to the household.

Reimbursements for normal living expenses of the household, such as rent or mortgage, personal clothing, or food eaten at home, are a gain or benefit and, therefore, are not excluded. To be excluded, these payments must be provided specifically for an identified expense, other than normal living expenses, and used for the purpose intended. When a reimbursement, including a flat allowance, covers multiple expenses, each expense does not have to be separately identified as long as none of the reimbursement covers normal living expenses. The amount by which a reimbursement exceeds the actual incurred expense is to be counted as income. Reimbursements should not be compared to actual expenses unless the provider of the reimbursement or the household indicates the amount is excessive. Excludable resource examples are:

1.) Reimbursements or flat allowances for job or training related expenses such as travel, per diem, uniforms, and transportation to and from the job or training site. Reimbursements which are provided over and above basic wages for these expenses are excluded. However, these expenses, if not reimbursed, are not otherwise deductible. Reimbursements for the travel expenses of migrant workers are also excluded. Workfare (CWEP) $25/$75 payments and/or supportive service payments are excluded as reimbursement payments. *

2.) Reimbursements for out-of-pocket expenses of volunteers incurred in the course of their work.

3.) Medical or dependent care reimbursements.

4.) Educational income is excluded regardless of earmarking or use. Educational income includes but is not limited to Title IV income, scholarships, grants, loans, work study, veteran's benefits, BIA educational assistance, etc.

5.) Reimbursements received by households to pay for services provided by Title XX of the Social Security Act.

6.) Individual and Family Grant assistance received under Section 408 of the Disaster Relief Act of 1974.

I.) THIRD-PARTY FUNDS

Money received and used for care and maintenance of a third-party beneficiary who is not a household member is excluded. If a single payment is received for two beneficiaries and only one is a household member, any identifiable portion of the payment intended and used for the care and maintenance of the nonhousehold member is excluded. If the nonhousehold member's portion cannot readily be identified by means of receipts or other documentary evidence, the payment must be prorated among the intended beneficiaries. The exclusion would then be applied to the nonhousehold member's pro rata share or the amount actually used, whichever is less.

FS 4121 - Excluded Income Continued:

1.) BOARDING SCHOOL STUDENTS/TEMPRARY INSTITUTIONAL CHILDREN

If a child's needs continue to be included in the TANF/BIA/TWEP grant when the child leaves to attend boarding school or is temporarily placed in a treatment facility (institution), $50 per child has been identified as that portion of the grant intended and used for the care and maintenance of the child and must be removed from the grant. ACCESS will adjust the income provided entry is done correctly. A 7 must be entered as the Food Stamp member code, a rmvl date entered, a 5 entered for the absence code and for boarding school students, a SCHL panel must exist with school type 6 or if temporarily institutionalized, an INST panel coded 25. The income panel will not be updated by ACCESS but rather the third screen of eligibility will display a boarding school/institution deduction. If the child receiving TANF/BIA/TWEP returns to the home, the member code must be changed to a 1, an add date entered, and the absence code must be removed in order for the income to again be counted. If a case exists where the amount of the deduction would exceed the amount of the grant, the worker must keep the FS member code as a 1, and manually remove only the amount of the grant as exclusion. The household is required to sign the Boarding School/Institution Documentation form (DSS-EA-305) when they report their child is attending boarding school or is temporarily placed in an treatment facility and the TANF/BIA/TWEP continues to include the child in the grant calculation. It is necessary to obtain this form at each recertification interview as long as the household has children who will be or are currently attending boarding school or temporarily placed in a treatment facility (institution).

If the child is in boarding school or institution but **NOT** on TANF/BIA/TWEP, a 1 should be entered for the Food Stamp member code, a rmvl date entered, a 5 entered for the absence code, and a SCHL panel must exist with school type 6 or INST panel coded 25.

J.) EARNINGS OF A CHILD

Income is excluded which is received as compensation for services as an employee or income from self-employment by a child under age 18 if he/she is attending an elementary or secondary school, GED, or home training at least 1/2 time. Home training classes must be recognized, operated, or supervised by the student's state or local school district or training program. Half-time attendance is defined by the local school district or training program.

The student must be living with a parent or residing with an adult with parental control to be allowed this exclusion.

The exclusion of this income will not be altered by temporary interruptions in school attendance, such as semester or summer vacations, provided the child's enrollment will resume following the break.

When the child's earnings or amount of work performed cannot be differentiated from that of other household members, total earnings must be prorated equally among the working members and the child's share excluded. For example: a mother and her 15 year old son make $50 a week doing part-time janitorial work at night. Their earnings would be prorated and the child's share excluded.

FS 4121 - Excluded Income Continued:
Earnings of a Child Continued:

When the child turns 18, his/her income would be used to prospect eligibility for the month following the month in which the child turns 18. The earned income cannot be budgeted until the first budget month following the child's birthday because the child retains the earned exclusion from retrospective budget calculations if at any time in the budget month, he/she is under 18.

Example: A child with earnings turns 18 on August 16. His/her earned income must be shown prospectively for September eligibility, and forward. If the income does not make the case prospectively ineligible, the child's wages would not be shown retrospectively until November benefits. (The child is 17 on August 15 so the earned income cannot be budgeted retrospectively until the budget month of September 15 - October 14 for November.)

The same methodology is used if the child graduates, drops out, or otherwise loses his/her half-time school attendance.

Example: A child graduates May 25. The child's earned income would be used to prospect eligibility for June (if timely reported on the monthly report form) and forward. If the income does not make the case prospectively ineligible, the child's wages would not be shown retrospectively until August benefits. (The child was a student for budget month of May 15 - June 14 so earned income cannot be budgeted retrospectively until the budget month of June 15 - July 14.)

K.) NONRECURRING LUMP SUM PAYMENTS

Nonrecurring lump sum payments such as, but not limited to, income tax returns, rebates or credits, retroactive lump sum Social Security, SSI, TANF, one-time charitable cash donations, gifts received for non-recurring occasions, railroad retirement benefits or other payments; retroactive lump sum insurance settlements; and refunds of security deposits on rental property or utilities are all excluded as income. These payments are considered a resource in the month received, unless excluded by other Federal laws. *

SSI and SS retroactive disability payments may be paid in monthly installments for individuals who are disabled because of drug addition or alcoholism. The payments are not considered lump sum payments and are countable income as long as they are made for addiction or alcoholism disabilities. If a large SSI retroactive payment is made in installments (not more than 3 installments in a 6 month interval), and is not made for drug addiction or alcoholism caused disabilities, the payments are considered lump sum and not counted as income.

Retroactive SSI payments made to individuals under 18 may be direct deposited into a dedicated account with a representative payee. These payments may also be paid in installments. These payments are considered lump sum payments and not counted as income.

FS 4121 - Excluded Income Continued:

L.) SELF-EMPLOYMENT COSTS

The cost of producing self-employment income. Section 4400 for the procedures on computing the cost of producing self-employment income.

M.) TRANSITIONAL EMPLOYMENT ALLOWANCE - TEA PAYMENTS

The Transitional Employment Allowance (TEA) is excluded as income through 01-31-08. Effective February 2008 and forward, the payments are counted as income.

N.) INCOME EXCLUDED BY FEDERAL LAW

The CW shall exclude any income that is specifically excluded by Federal statute from consideration as income for the purpose of determining eligibility for the Food Stamp Program. The following laws provide such an exclusion:

1.) RELOCATION ASSISTANCE

Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (P.L. 91-646, Sec. 216).

The following payments are included under Title II of this act:

A.) Payments to persons displaced as a result of the acquisition of real property;

B.) Relocation payments to a displaced homeowner toward the purchase of a replacement dwelling. Such payment may only be made to a displaced owner who purchases and occupies a dwelling within 1 year following displacement; and;

C.) Replacement housing payments to displaced persons not eligible for a homeowner's payments.

Also excluded are payments to US citizens of Japanese ancestry and resident Japanese aliens of up to $20,000 each and payments to certain eligible Aleuts of up to $12,000 each. (P.L. 100-383, Wartime Relocation of Civilians.)

2.) NATIVE AND INDIAN CLAIMS

Income derived from Indian lands held in trust by the United States government up to $2000 per year is excluded. The Indian lease income may be in the form of farm lease, range unit lease, etc., and may be paid into an Individual Indian Money (IIM) account administered by BIA or may be a direct lease and paid to the individual. Any portion of the income that is derived from a land sale is excluded because it is a lump sum payment. Section 4415 further clarifies this income.

FS 4121 - Excluded Income Continued:
Native and Indian Claims Continued:

Payments received under the Alaska Native Claims Settlement Act (P.L. 92-203, Sec. 29) or income derived from certain submarginal land of the United States which is held in trust for certain Indian tribes are exempt. Income from the disposition of funds to the Grand River Band of Ottawa Indians (P.L. 94-540) are likewise excluded from income.

In addition, payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation (P.L. 95-433) and payments to the Passamaquoddy Tribe and the Penobscott Nation or any of their members received pursuant to the Maine Indians Claims Settlement Act of 1980 (P.L. 96-420, Section 5) are excluded from income.

Payments of relocation assistance to members of the Navajo and Hopi Tribes under Public Law 93-531 are excluded as income.

Indian per capita payments of $2.000 or less for each household member per payment (P.L. 97-458, P.L. 93-134, and P.L. 98-64.) are excluded as income.

Income derived from certain submarginal land held in trust for certain Indian tribes is excluded from income under Public Law 94-114, section 6.

Per capita payments distributed to the following Tribes under the corresponding Public Law are excluded from income:
..Assiniboine Tribe of Fort Belknap Indian Community, Montana P.L. 98-124
..Assiniboine Tribe of Fort Peck Indian Reservation, Montana P.L. 98-124
..Chippewas of Mississippi - P.L. 99-377
..Red Lake Band of Chippewa Indians - P.L. 98-123
..Sac and Fox Tribe, Oklahoma - P.L. 94-189, Section 6
..Sac and Fox Tribe of the Mississippi, Iowa - P.L. 94-189
..Chippewas of Lake Superior - P.L. 99-146, Section 6 (b)
..Lac Courte Oreilles Reservation, Wisconsin - P.L. 99-146
..Bad River Reservation - P.L. 99-146, Section 6 (b)
..Sokagon Chippewa of Mole Lake Band - P.L. 99-146
..St. Croix Chippewa Indians, Wisconsin - P.L. 99-146

Funds distributed to the following Tribes under the corresponding Public Law are excluded from income:
..Turtle Mountain Band of Chippewas, Arizona - P.L. 97-403
..Blackfeet, Montana - P.L. 97-408
..Grosventre, Montana - P.L. 97-408
..Assiniboine tribes, Montana - P.L. 97-408
..Papago, Arizona - P.L. 97-408
..White Earth Band of Chippewas, Minnesota - P.L. 99-264
..Saginaw Chippewa Indian Tribe of Michigan - P.L. 99-346
..Puyallup Tribe, Washington - P.L. 101-41
..Senaca Nation - P.L. 101-503

Funds paid under the Old Age Assistance Claim Settlement Act under Public Law 98-500, Section 8, are excluded except for per capita payments in excess of $2000.

FS 4121 - Excluded Income Continued:
Native & Indian Claims Continued:

Funds paid to the Seminole Indians (Seminole Nation of Oklahoma, Seminole Tribe of Florida, and the independent Seminole Indians of Florida) are excluded except for per capita payments in excess of $2000.

Funds paid to Confederated Tribes of the Colville Reservation Grand Coulee Dam Settlement Act (PL 103-436).

3.) DOMESTIC VOLUNTEER SERVICE ACT

The following payments are excluded from income: any payment to volunteers under Title II Retired Senior Volunteer Program (RSVP), Foster Grandparents, Title III Service Corps of Retired Executives (SCORE), and Active Corps of Executives (ACE) of the Domestic Volunteer Services Act of 1973 (P.L. 93-113), as amended.

Payments to volunteers under VISTA and other Title 1 programs are excluded only for individuals receiving food stamps or public assistance at the time they joined VISTA, except that persons receiving the VISTA income exclusion at the time of conversion to the new Food Stamp Program of 1977 shall continue to have that income excluded for the length of their volunteer contract in effect at the time of conversion. Temporary interruptions in food stamp participation shall not alter the exclusion once an initial determination has been made. For example, an individual is receiving food stamps and joins VISTA. He is sent for training and does not receive food stamps for two months. When he reapplies, his VISTA income is excluded because he was receiving food stamps when he joined. New applicants who are not receiving public assistance or food stamps at the time they joined VISTA shall have these volunteer payments included as earned income.

Programs established under other Acts may have names similar to programs under the Domestic Volunteer Service Act. Payments from such programs are countable income.

4.) COMMUNITY SERVICES ADMINISTRATION

Payments from the Crisis Intervention Program (CIP) administered by the Community Services Administration (CSA) are exempt.

5.) INCOME TAX REFUNDS AND EARNED INCOME TAX CREDITS

Under Section 728 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L.111-132), income tax refunds and Earned Income Tax credits are excluded from income consideration.

FS 4121 - Excluded Income Continued:

6.) ENERGY ASSISTANCE

Exclude payments or allowances made for the purpose of providing energy assistance under Federal law and any one time payments or allowances made under Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device. To qualify for the exclusion, energy payments must meet the following conditions:

A.) All payments made by the Low Income Energy Assistance Program (LIEAP) are excluded. The SUA must be allowed if the household received LIEAP and hasn't changed residence. [Refer to Section 4131 G]

B.) Individual payments must be identifiable as energy assistance. Energy payments which are combined with other payments must be identifiable as to the dollar amount of the energy assistance portion of the payment. Only the energy assistance portion is excludable under this provision. If the check or warrant itself does not provide sufficient information, certification staff may need to verify with the provider the nature and amount of the payment.

C.) Utility reimbursements from low-income housing are excluded fully. A utility deduction is allowed if out of pocket heating or cooling expenses are incurred.

D.) The energy allowance must be calculated based on the seasonal home energy needs of typical households over a period not exceeding six months per year.

Payments may be made in the form of warrants or checks, as lines of credit, as vendor payments, or similar allowances. Two-party checks issued to the client and a provider are normally considered vendor payments because the check cannot be negotiated by the household alone. Payments may be one-time or may be ongoing. Payments may also be for energy saving items such as weatherization and insulation as well as for assistance with utility bills.

As an exclusion, the amount of the energy assistance payment need not be verified. However, it may be necessary to verify whether or not the payment is in fact energy assistance.

7.) RECOUPMENT FOR PRIOR OVERPAYMENTS

Money withheld from an assistance payment, earned income or other income source, or moneys received from an income source which is voluntarily or involuntarily returned to repay a previous overpayment from that same income source is excluded as income, regardless of the reason for the overpayment. EXCEPTION: TANF recoupments withheld to repay an intentional program violation (IPV) must have the IPV recouped amount added back into the TANF grant in the food stamp budgeting process. (Section 5570)

Money withheld from an income source used to repay a previous overpayment from a different source is counted as income.

FS 4121 - Excluded Income Continued:

8.) CHILD SUPPORT PAYMENTS

Legally obligated child support payments paid by a member of the household to or for an individual not residing in the payer's residence are excluded from the payer's household income. The exclusion is allowed regardless of whether it is current or arrearages. Legally obligated means the household has a legal obligation to pay the support [court order, administratively ordered, legally enforceable separation agreement, etc.]. Verification of the legal obligation must be obtained, however cannot be used as verification of the actual child support payment. Verification of the amount paid is also required.

EXAMPLE: John pays court ordered child support to Jane in the amount of $300 a month. He has verified the court order and the amount he pays. Jane does not live with John. John's gross income is $1300 but only $1000 is used in the eligibility/benefit determination.

Legally obligated child support payments made to a third party on behalf of an individual who is not residing in the payer's house are also allowed as an exclusion. The payment must be a legal obligation and verification of the order and amount must be obtained. Common examples of third party payments are health insurance premiums, rent payments paid to a landlord, etc.

EXCEPTION: Legally obligated child support payments made to an individual or agency outside of the household may be allowed as an exclusion even if the child for whom the support was paid is a household member. This allows an exclusion if the child moves in or out of the payer's house, or if arrearages are being paid to an outside agency, usually the Office of Child Support Enforcement.

IRS tax intercept payments are not allowable as an exclusion.

Following are the budgeting procedures to allow the child support exclusion:

1.) Monthly-Reporting Households: The amount paid must be reported on each report form. After initial verification of the legal obligation and amount paid has been received, verification is only required if the legal obligation or amount changes, or the amount is questionable.

2.) Non-Monthly Reporting Households: If the individual has paid 3 or more months, an average of the last 3 months' payments would be used for the prospective amount, unless the household anticipates a change in the legal obligation or payment amount, or a change is known to the agency. If the average amount is used, the household is only required to report changes in the legal obligation such as a child reaching an age limit where support is no longer required or a change in the legally obligated amount. If changes are reported or otherwise become known to the agency, they must be acted on. A new average must be redetermined at the next recertification.

Section 4121 - Excluded Income, Continued
Section 4121 (8) Child Support Exclusion Continued:

If the individual does not have a stable payment history (less than 3 months), the anticipated amount will be based on the amount the individual anticipates paying, until a stable history can be determined. Three month certification periods are required for households with an unstable payment history. At the next recertification, the three months' payment history is established and the average method could be used. Until the payment history/average procedure is used, the household is required to report changes in legal obligation, including if the legally obligated amount changed.

3. Child Support payments received by TANF recipients which must be transferred to the Child Support Enforcement Office (Public Law 93-647) to maintain TANF eligibility are excluded as income.

9.) WORKFORCE INVESTMENT ACT (WIA)

WIA income is countable if paid for:

A.) On-the-job training programs paid under Title I of WIA are counted as earned income unless paid to individuals under 19 years of age who are dependents (living with parents or under parental control of an adult household member) or OJT as described in B below. If paid to dependents under age 19, it is not counted as income regardless of the child's student status. Job Services can identify Title I WIA on-the-job training programs if the program funding is in question.

WIA income is excluded if paid for [WIA, Section 181(a)(2)]:

A.) Summer Youth Payments are excluded. The income is excluded regardless of the age of the child, the child's school enrollment, or whether or not the child is a dependent.

B.) On-the-job WIA payments made to migrant and seasonal farm workers, Native Americans, dislocated workers, Job Corps, affirmative action programs, labor market information programs, and veterans' employment programs are excluded.

C.) Work experience WIA payments are excluded.

D.) Training experience WIA payments are excluded.

E.) AmeriCorp and Youthbuild Program income are excluded.

10.) OLDER AMERICANS ACT

Payments received by participants of projects funded under Title V of the Older Americans Act of 1987, such as the Experience Works Program, are excluded from income (P.L. 100-175).

FS 4121 - Excluded Income Continued:

11.) MILITARY PAY

The portion of a military retirement payment which goes to an ex-spouse under a divorce decree property settlement is not counted as income to the retiree. (P.L. 97-252, the Uniform Service Former Spouse Protection Act.) Mandatory deductions from military pay for education purposes while the individual is enlisted (P.L. 99-576) are not counted as income as explained in 4120(A) (5).

12.) AGENT ORANGE

Exclude payments made from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.). The disabled veteran receives yearly payments, and survivors of deceased veterans receives a lump sum payment from the AETNA Insurance Company. (Public Laws 101-201, 101-239).

13.) FARM EMERGENCY PAYMENTS

When the Secretary of Agriculture determines that a farm emergency exists due to a natural disaster, any payments to farmers made pursuant to such determination shall be excluded.

14.) PLAN TO ACHIEVE SELF-SUPPORT (PASS) FUND

Money diverted from an individual's income to a PASS account is excluded as income (PL 102-237).

15.) DISASTER PAYMENTS

Exclude payments paid as a result of an emergency or major disaster as defined in the Disaster Relief Act of 1974 (P.L. 93-288, P.L. 100-707) or the Disaster Relief & Emergency Assistance Amendments of 1988. A major disaster is any natural catastrophe, or regardless of fault, any fire, flood, or explosion which the President determines causes damage of sufficient severity and magnitude to warrant major disaster assistance. An emergency is an occasion or instance for which the President determines that federal assistance is needed to save lives and protect property and public health and safety.

16.) RADIATION EXPOSURE ACT

Payments made under the Radiation Exposure Compensation Act are excluded from income (P.L. 101-426).

17.) CRIME VICTIM'S COMPENSATION

Exclude from income any compensation made under the Crime Act of 1984 to crime victims (PL 103-322). This includes any payment made to crime victims under South Dakota's Victim's Compensation Program.

FS 4121 - Excluded Income Continued

18.) NAZI PERSECUTION

Exclude from income any payments made to individuals because of their status as victims of Nazi persecution (PL 103-322).

19.) SPINA BIFIDA:

Exclude from income any payments made to children of Vietnam veterans who are born with spina bifida. The payments will start October 1, 1997 and will range from $200 to $1200 per month.

20.) RICKY RAY HEMOPHILIA RELIEF FUND ACT:

Income received from the Ricky Ray Hemophilia Relief Fund Act is excluded. (P.L. 105-369)

O.) CENSUS INCOME:

Income earned from temporary Census employment is excluded for the time period of November 1, 2009 through September 30, 2010. This income should be coded on the JINC panel with a "W" under the FS countable code field.

P.) EDUCATIONAL INCOME:

All educational income (Title IV, BIA educational income, scholarships, educational grants, fellowships, deferred payment loans for education, veteran's educational benefits, etc.) is excluded from income regardless of earmarking or use.

Q.) DISABLED CHILD OF WOMEN VIETNAM VETERAN:

Veterans benefits paid to children born with birth defects to women Vietnam veterans are excluded from income. The monthly amounts may range from $100 to over $1,200. (P.L. 106-419)

R.) MILITARY COMBAT PAY (HAZARDOUS DUTY):

Additional income received because a member of the United States Armed Forces deployed to a designated combat zone is excluded. Follow instructions in FS GL 05-07 on how this income exclusion is budgeted.

4122 INCOME DEDUCTIONS

Only the following deductions are allowed in determining a household's net food stamp income.

4122.1 STANDARD DEDUCTION

A standard deduction is allowed for each household. The amount of the standard deduction is determined by number of eligible household members. To be considered an eligible household member, the individual must be counted in the allotment determination. Individuals not counted include individuals who are disqualified, sanctioned, ineligible students, ineligible aliens, non household members, and able bodied adults without dependents (ABAWDS) who are disqualified due to time limits.

$147 is the standard deduction for 1-3 person households;
$155 is the standard deduction for 4 person households;
$181 is the standard deduction for 5 person households; and
$208 is the standard deduction for 6 or more person households.

EXAMPLE: Household has six members. One is disqualified for IPV, one disqualified for a fleeing felon status, and one is disqualified for a work registration sanction. The standard deduction is $147 because only 3 individuals are counted in the food stamp allotment count.

4122.2 EARNED INCOME DEDUCTION

A deduction of 20% of gross earned income is allowed. Excluded earned income is not subject to this deduction unless it is earned income offset by a farm loss or earned income reduced because of legally obligated child support payments.

Example: Household's gross earned income is $1500 but $500 is offset because of either farm loss or legally obligated child support payments. $1000 is used for the gross income test but $1500 is multiplied by 20% to determine the earned income deduction ($300). If the household had excluded earned income such as work study, no 20% deduction is allowed because no earned income is budgeted.

4122.3 MEDICAL DEDUCTION FOR THE ELDERLY OR DISABLED

In some instances, a deduction is allowed for a portion of a household's medical expenses. To qualify as a deduction, the expense must be incurred by an elderly or disabled household member as defined in Section 2012 and must be verified. Households entitled to the medical deduction are required to report and verify all medical expenses at application. Households are also required to report medical expenses at recertification. If new medical expenses are reported or the amount has changed, they must be verified. The household may choose to report and verify changes in medical expenses during the certification period, however, they are not required to do so.

The DSS-EA-314, Medical Expense Sheet is required to be completed by the household at application and certification. It is not required to be updated when changes are reported during the certification period. The electronic DSS-EA-314 may also be used to calculate medical expenses, especially prospective drug costs.

If the household reports and verifies a change in medical expenses during the certification period, the expense should be budgeted prospectively. Retrospective budgeting of medical expenses is no longer allowed. If the household reports but does not submit verification of a change in their medical expense, act on the change if it would decrease benefits, or if the change would increase benefits, request verification and make the change upon receipt of the verification. (Section 2800.)

Spouses or other household members receiving benefits as a dependent of the SSI or Social Security disability recipient are not entitled to this deduction. Not all disabled persons, but only those receiving income from the sources specified in Section 2012 are entitled to the deduction. An individual is treated as SSI recipient upon receipt of the initial SSI payment, including emergency checks issued based on presumptive eligibility.

Section 4122.3, Medical Deduction for Elderly or Disabled, Continued:

Only that portion of nonreimbursable medical expenses that exceeds **$35** per month for the eligible household member is allowed. The $35 applies to all eligible combined expenses for the household. If there are two or more eligible household members, all allowable medical expenses for those members are added, and then $35 is deducted.

If the household's allowed medical expenses are at least $36 and less than $201, the household will receive a standard medical expense of $200. (The $200 is before the $35 disregard thus the actual medical deduction is $165.) Households with allowed medical expenses greater than $200 will receive a deduction for actual expenses less the $35 disregard unless they opt for the $200 standard medical expense.

All medical expenses reported by elderly or disabled members must be listed on ACCESS FMED panels, even if not allowed or not verified. If not allowed, enter code "N" under FS Med Exp Countable Code. If not verified, enter code "N" under FS Med Exp Verif Code. The verification date on the FMED panel must be completed to report when the expense was verified. The Opt Std Med Exp must be coded "Y" for households with at least $36 allowed medical expenses and less than $201, coded "0" if the medical expense is greater than $200 and households requests the standard, and blank if actual expenses are to be used. Actual expenses are used if the total allowed expenses are over $200 and the household doesn't request the standard, or if the total medical expenses are less than $36.

The cost of a special diet is not considered a medical expense. If the household has been or will be reimbursed for the medical expense only the unreimbursed part can be included as part of the medical deduction.

Example: John and Jane are both 65. John has allowable medical expenses of $100 and Jane has allowable medical expenses of $235.00. The $100 and $235 amounts are entered on ACCESS but the amount used in the eligibility and benefit calculation is $300 ($335 - $35). If John had $25 and Jane had $35, the amount used in the eligibility and benefit calculation is $200. ACCESS FMED panels will have the $25 and $35 entered but the third screen of eligibility will show $165 ($200 - $35).

Allowable medical costs are:

A.) Medical and dental care including psychotherapy and rehabilitation services provided by a licensed practitioner authorized by State law or other qualified health professional, such as a midwife.

B.) Hospitalization or outpatient treatment, nursing care, and nursing home care. Medical payments made for an individual who was an elderly or disabled household member immediately prior to passing away or entering a hospital or nursing home are also allowed if the remaining household members are legally responsible for the payment, if the remaining household members are not aged or disabled.

C.) Prescription drugs when prescribed by a licensed practitioner authorized under State law and other over-the-counter medication (including insulin) when approved by a licensed practitioner or other qualified health professional. Costs of medical supplies, sick-room equipment (including rental) or other prescribed equipment are also deductible. Costs of special diet or dietary supplements are not allowed as a medical deduction, even if prescribed by a licensed practitioner.

D.) Health and hospitalization insurance premiums. Only the portion of a medical insurance premium assigned to the elderly or disabled household member may be considered when computing the deductible amount. If the policy does not spell out how much of the premium is for each household member, the worker may prorate the premium amount among all household members. Only the prorated amount for the eligible member would be considered a deduction. If the policy holder is not elderly or disabled, but the family policy includes a person who is eligible for the medical deduction, that part of the premium for the eligible member may be used in computing the deduction.

Section 4122.3, Medical Deduction for Elderly or Disabled, D, Health Ins., Continued:

Costs of health and accident policies such as those payable in lump sum settlements for death or dismemberment or income maintenance policies such as those that continue mortgage or loan payments while the beneficiary is disabled are not deductible. However if the insurance policy (i.e. policies for cancer, nursing home, etc.) states the insurance benefits are to cover medical expenses, the premium is allowed.

E.) Medicare premiums (including Medicare Part D for drug costs) and any cost-sharing or spend-down expenses incurred by Medicaid recipients.

F.) Dentures, hearing aids, and prosthetics.

G.) Securing and maintaining a service animal including the cost of the animal, food and veterinarian bills. A service animal must be individually trained to provide assistance to an individual with a disability.

H.) Eyeglasses prescribed by a physician skilled in eye disease or by an optometrist.

I.) Reasonable cost of transportation and lodging to obtain medical treatment or services. IRS mileage and actual motel costs up to the current State allowed motel rate are defined as reasonable costs.

J.) Cost of maintaining an attendant, homemaker, home health aide, or child care services, housekeeper necessary due to age, infirmity, or illness. Also, an amount equal to the one person coupon allotment shall be deducted if the household furnishes the majority of the attendant's meals. The allotment for this meal related deduction shall be that allotment in effect at the time of initial certification. The allotment amount will be adjusted, if necessary, at the time of recertification. If a household incurs attendant care costs that could qualify under both the medical deduction and dependent care deduction, the cost must be treated as a medical expense.

4122.4 DEPENDENT CARE DEDUCTION

The amount of actual costs for the care of a child or other dependent when necessary for a household member to seek, accept or continue employment, comply with employment and training requirements, or attend training or education preparatory to employment are an allowable deduction. Dependent care expenses are allowed only in the month the expense is billed, regardless of when the expense is paid. Deductions may only be allowed for expenses the household is responsible for. If the expense is paid by a vendor payment or reimbursement fund, the expense is not allowed. The household is allowed the total amount of dependent care expense they are billed for, as long as the expense is not questionable. If questionable, follow procedures identified in Section 6230 and 6240.

Some examples of dependent care payments are:

1) Unreimbursed dependent care expenses billed to a household directly from the provider for employment, work registration requirements, or training are allowed as a deduction.

2) Payments made for a household from Child Care Services (CCS) are paid directly to the provider and not counted as income to the household nor is the portion of the dependent care expense paid by the program allowed as a deduction to the household.

Section 4122.4 Dependent Care Deduction Continued:

3) If dependent care funds are paid from one household member to another household member, the funds are not income to either household member if they are both included in the same Food Stamp household. A deduction is not allowed either.

4) Dependent care expenses paid by the household with earmarked educational assistance funds may not be allowed as a deduction.

4122.5 SHELTER COSTS

Monthly shelter costs in excess of 50 percent of the household's net income after all the above deductions have been allowed are budgeted. The maximum (capped) shelter deduction is **$459** for all households. The shelter deduction shall not exceed the maximum unless the household includes a member who is age 60 or over, or disabled (Section 2012). Households with an elderly or disabled individual receive the full amount that exceeds 50% of the household's monthly income after all other deductions.

Only the most current bills can be used for verification of shelter costs. Past due amounts are not an allowable expense. Expenses need not be in the household's name, but must be incurred by the household and the household must be expected to pay the expense.

If heat is included in the rent payment and the household is eligible for Low Income Energy Assistance Payments (LIEAP), LIEAP will pay up to 30% of the rent expense to the landlord. The landlord, in turn, will charge a lesser rent amount to the household during the time he receives LIEAP payment. For the Food Stamp budget, allow the full rent payment, prior to the LIEAP rent reduction being considered, because all LIEAP payments are exempt for food stamp purposes. The SUA is also allowed if the household hasn't moved, and anticipates a LIEAP payment the next heating season.

Households budgeted a medical deduction for a former member, but do not currently include a member who is elderly or disabled as defined in Section 2012, are not exempt from the maximum excess shelter deduction.

Shelter deductions apply only to continuing charges for shelter currently occupied by the household, except as provided in Section 4122.61. The shelter deduction is adjusted periodically as per Consumer Price Index changes.

1.)Allowable shelter costs include:

A.) Rent, mortgage, and other continuing charges leading to ownership of the property, such as loan repayments for the purchase of a mobile home, including interest on such payments. Payments on any liens or loans for which the home property is used as collateral are allowable. Condominium fees are considered an on-going shelter cost and allowed if verified.

B.) Property taxes and insurance on the shelter itself but not on the contents of the shelter. If the insurance does not separate coverage on the shelter from the coverage on the contents, the entire premium is allowed as a shelter cost.

C.) If the household is billed for heating, cooling, cooking fuel, electricity, water, sewage, garbage, and telephone expenses, including charges for initial installation of the utility, and the household is expected to pay the expense, the household is allowed a utility allowance. In addition, households whose fuel costs are paid by LIEAP shall be allowed to claim such fuel costs as a shelter expense even if the payment is made directly to the fuel provider. If the household receives a utility reimbursement payment, a utility allowance is allowed only if the utility expenses are greater than the reimbursement amount.

Section 4122.5 Shelter Costs Continued:

D.) Charges for the repair of the home which was substantially damaged or destroyed because of a natural disaster, such as a fire or flood. Shelter costs shall not include charges for the repair of a home that have been or will be reimbursed by private or public relief agencies, insurance companies, or from any other source.

Yearly payments or expenses billed less often than on a monthly basis may be allowed in the month they are billed or may be averaged over the period they are intended to cover.

2.) Shelter costs do not include:

A.) One-time deposits.

B.) Any other shelter-related expenses not specifically listed above.

C.) Closing costs, as a whole, would not be counted toward shelter costs. If the closing costs can be itemized to identify costs which are allowable deductions, such as insurance and property taxes, then these costs can be deducted as shelter costs.

4122.51 SHELTER COST OF UNOCCUPIED HOME

The shelter costs may be deducted for a home not currently occupied by the household for reasons of employment or training away from home, illness, or abandonment of the home caused by a natural disaster or casualty loss. For these costs to be deductible all the following criteria must be met:

A.) The household must intend to return to the home.

B.) The current occupants of the home, if any, must not be claiming the shelter costs for food stamp purposes.

C.) The home must not be leased or rented during the household's absence.

The household may claim both the shelter costs of its current residence and the costs of the unoccupied home in computing the shelter deduction, but the maximum excess shelter deduction still is applicable. Only one utility allowance is allowed regardless of whether or not the household must pay utility expenses for their temporary home and the vacant home. Use the highest applicable utility standard for the expense of the temporary home or the vacant home.

Charges are allowed for the repair of a home which was substantially damaged or destroyed because of a natural disaster, such as a fire or flood. Such costs do not include charges for the repair of the home that have been or will be reimbursed by private or public relief agencies, insurance companies, or other sources.

4123 VERIFICATION OF SHELTER COSTS

4123.1 Initial Applications or Reapplications:

Verification of residency is always required at application and at reapplication. If residency verification is not received within 30 days following the date the DSS-EA-301 is received, deny the case.

Verification of shelter costs (rent, mortgage, lot rent, taxes, insurance, utility expense) is required at initial application and reapplication.

If obtaining verification of expenses would delay the initial application, the household may choose to have its application processed without the deduction, as long as the expense is not questionable. If questionable, the situation must be resolved.

If not questionable, eligibility and allotment determination will be calculated without the shelter expense if the household has verified residency and either does not submit verification of the shelter expense within 30 days following the application date, or requests the application be processed without the expense. Documentation is essential. (Section 6240)

4123.2 Recertifications:

Verification of residency is required if the household has moved since the last residency verification was received. If residency verification is not received within 30 days following the date the DSS-EA-301 is received, deny the recertification.

Verification of shelter expenses is not required at recertification unless the shelter costs have changed, the household has moved, or the shelter expense becomes questionable.

If obtaining verification of expenses would delay recertification approval, the household may choose to have its recertification processed without the deduction, as long as the expense is not questionable. If questionable, the situation must be resolved.

If not questionable, eligibility and allotment determination will be calculated without the shelter expense if the household has verified residency and either does not submit verification of the shelter expense within 30 days following the DSS-EA-301 date, or requests the application be processed without the expense. Documentation is essential. (Section 6240)

4123.3 Changes Reported During the Certification Period:

During the certification period the household is required to report and verify changes in shelter costs if they move or if the shelter costs change because someone moved in or out of their household. Remember if a household reports someone moved in or out of their household, shelter expenses must be reviewed to determine the correct expense.

If the household moves, residency and shelter expense verification must be requested within 10 days. If residency verification is not received within 10 days, close the case following 10 day adverse action procedures.

If residency is verified but the required shelter expense is not verified within 10 days, approve the case without the shelter expense, unless the change is questionable. Questionable situations must be resolved before benefits are approved. Notify the household that if they submit the required verification, benefits may be adjusted the month following receipt of the verification.

4123.3 - Changes Reported During the Certification Period Continued:

Within 10 days, verification must be requested for changes that are voluntarily reported. A voluntarily reported change is one that is not required to be reported, such as changes in shelter expenses at their current residence that is not the result of a move or the result of someone moving in or out. If verification is not received, and the worker can determine eligibility and benefit level without verification, the information should be budgeted if the change results in a reduced benefit amount. If the change results in an increased benefit amount, the change will not be budgeted until verification is received. The notice must inform the household the change will not be completed until verification is received. Households are allowed 10 days to provide the requested verification. This procedure should occur for both monthly reporting and non-monthly reporting households.

Example: On the May DSS-EA-214 or DSS-EA-310, Jackie reported that her rent decreased from $150 to $50. Since the change is not questionable, not the result of a move, or the result of someone moving in or out, the change must be budgeted without verification because benefits are reduced as a result of the change. Verification should be requested but is not required until the next certification period.

Example: On the May DSS-EA-214 or DSS-EA-310, Jackie reports her rent increased from $50 to $150. The change is not questionable, not the result of a move, or the result of someone moving in or out. If budgeted, the household's allotment would increase, thus verification is required before the change can be budgeted. Within 10 days, send out a DSS-EA-308, Information Request, or a Spec C NOTC advising the household of the verification needed. The notice must inform the household that the change cannot be budgeted until the verification is received. The household must be allowed 10 days from the date the notice is mailed to provide the information.

If the household's eligibility or benefit level cannot be determined without further information/verification, the following occurs:

A.) Monthly Reporting Households - Incomplete the report form, and request the information; or

B.) Non-monthly Reporting Households - Within 10 days, send out a DSS-EA-308, Information Request, or a Spec C Notc advising the household of the information/verification needed. The household must be allowed 10 days from the date the notice is mailed to provide the information. If not received within 10 days, the case must be closed following 10 day adverse action time frames. (Section 2820.1 A provides more details.)

At each subsequent certification, they are required to report their shelter expense, and provide verification if the amount has changed.

4130 DETERMINING UTILITY COSTS

Households cannot claim actual utility expenses and are only entitled to one of the four utility allowances. If the household is billed for heating, cooling, cooking fuel, electricity, water, sewage, garbage and telephone expenses, including charges for initial installation of the utility, and the household is expected to pay the expense, the household is allowed a utility allowance. In addition, households whose fuel costs are paid by LIEAP shall be allowed the Standard Utility Allowance (SUA) even if the payment is made directly to the fuel provider. If the household receives a utility reimbursement payment, a utility allowance is allowed only if utility expenses are greater than the reimbursement amount.

4130 - Determining Utility Costs Continued:

The four utility allowances are:

A.) **Standard utility allowance (SUA) of $663** - household must be responsible for heating/cooling bills or meet LIEAP requirements.

B.) **Limited utility allowance (LUA) of $186** - household must be responsible for at least two non-heating/cooling utility expenses and doesn't meet LIEAP requirements.

C.) **One utility allowance (OUA) of $76** - household must be responsible for only one non-heating cooling utility expense. The OUA is not allowed if the household's only utility expense is a telephone (the telephone standard should be allowed).

D.) **Phone utility allowance (PUA) of $44** - household must be responsible for any portion of the basic service fee for a telephone (including cellular phones) and it is the household's only allowable utility expense.

The utility expense does not have to be incurred each month. A household which incurs utility costs on an irregular basis may continue to receive the allowance between billing periods if the household is otherwise eligible to receive the allowance.

☆ Example 1: A household incurs a heating expense September through May, but no cooling expense is incurred in the summer. The household is still entitled to the standard utility allowance in summer months. The caseworker must only determine that an expense is regularly incurred during the appropriate season.

☆ Example 2: A household pays an excess electricity payment for the summer months. The household has an air conditioner. The household is allowed the standard utility allowance year round. (If the household did not have an air conditioner, the household could receive the limited utility allowance or the one utility allowance, whichever is appropriate.)

If the household is billed for a utility expense and is expected to pay the expense, the household is allowed the full standard deduction even if an ineligible individual shares in the expense. If the ineligible individual pays the entire cost of the utilities, the household is not allowed a deduction.

If two households residing together (purchase and prepare separately) share the utility costs, both households receive the same utility standard. If two households in different residences share a utility expense via the same meter, each receives the full allowance.

The household is entitled to the full utility standard if a disqualified individual shares in the utility expense. A disqualified individual for this exemption is defined as an individual disqualified for ABWAD time limits, IPV, work sanctions [including voluntary quits], SSN, TANF sanction, or alien status.

4131 UTILITY REIMBURSEMENT PAYMENTS:

If a household received a utility reimbursement payment (either directly or vendored), the utility payment is excluded as income. A utility standard is allowed only if the household incurs or anticipates incurring utility expenses over and above their utility reimbursement payment. Verification of whether or not the household incurs a utility expense over and above their utility reimbursement is required only if the household's claim to the utility expense is unreasonable. Telephone expenses are not used in the determination on whether or not the household will pay out of pocket utility expenses. If the household receives a utility reimbursement payment, and states the payment will cover all utility expenses it is intended for, the household shall have the Phone Utility Allowance (PUA), if they are eligible for one.

Determination of utility standards are:

1.) New Residence: Determine if household reasonably anticipates applying for and receiving LIEAP this year. If yes, allow SUA and document. If no, determine if the household reasonably anticipates making payments to any non-telephone utility provider over and above the utility reimbursement payment in any one month during the next 12 months.

a.) The household must reasonably anticipate paying out of pocket non telephone utility expenses so documentation is important on how they determined the anticipated expense. If the anticipation is not reasonable, require further information (statement from landlord regarding averaged seasonal bill, or verification from the provider of the averaged seasonal bill, etc.). If the verification does not support out of pocket payments in excess of the utility payment, only allow the telephone standard (if entitled to it) until the household submits verification of the out of pocket expense.

b.) Example #1: John reported he moved into a low-income apartment. He is billed for propane heat and electricity. John does not have cooling costs. He receives a $100 monthly utility reimbursement payment. He states the landlord quoted average propane cost for the heating season is $800 (September - April) and electricity runs about $50 a month. Anticipated monthly utility expense during the heating season is $150. If John states he spends out of pocket money for the heat bill, he is entitled to the SUA during the certification period. (He is entitled because his anticipated costs are reasonable.)

c.) Example #2: Jane reported moving into low-income housing. Jane does not have heat expenses but has an air conditioner and pays electricity. She states her utility reimbursement payment is $100 a month and anticipates paying in excess of $100 for electricity. This does not seem reasonable so verification was requested. The landlord quoted an average electricity payment of $80 during the summer months and $50 during the rest of the year. The SUA would not be allowed because the utility payment is in excess of the anticipated electricity bill. If Jane provides a electricity bill during the summer in excess of the utility reimbursement, the SUA may then be allowed.

2.) Same Residence: Determine if the household received LIEAP last year, and anticipates applying and receiving it this year. If yes, allow SUA and document. If no, determine if the household anticipates applying for LIEAP and reasonably receiving it the next heating season. If yes, allow SUA and document.

4131 - Utility Reimbursement Payments Continued:

If no, determine if the household is eligible for any of the utility standards. If yes, determine if the household made payments to a non-telephone utility provider in excess of the utility reimbursement payment any one month in the past 12 months. If yes, ask if the excess payments were made for non-telephone utility expenses. If yes, ask if they anticipate excess payments anytime in the next 12 months. If yes, allow the appropriate utility allowance and document. If no, do not allow any non-telephone utility allowances until the household submits verification of the out of pocket expense for heat or cooling. If the household is not allowed a utility allowance and is responsible for telephone, allow the telephone utility allowance.

a.) Example #1: During Jane's recertification interview, she reported her utility payment is $150 a month and on-going utility expenses average $200 a month. She provided verification of utility expenses in December showing $250, and stated she paid out of pocket money for heat costs. Jane is allowed the SUA.

4132 HEATING/COOLING STANDARD UTILITY ALLOWANCE (SUA)

The heating/cooling standard utility allowance (SUA) shall be available only to households that incur either heating or cooling costs separate and apart from their rent or mortgage or receive or anticipate receiving a Low Income Energy Assistance Program (LIEAP) payment. Eligibility for the SUA should be the first step in the utility allowance determination. If the household is not eligible for the SUA, eligibility for the other three remaining utility allowances (LUA, OUA, PUA) should be researched.

If the household received LIEAP payments in the last heating season and its circumstances have not changed, caseworkers can anticipate that LIEAP payments will be received in the next heating season entitling the household to the SUA. If the household that received LIEAP last heating season moves to a residence where they have no heating/cooling costs and will no longer be eligible for LIEAP, the household loses its entitlement to the SUA. The household may be eligible, however, for one of the other utility standards if they incur the appropriate expense(s).

If the household did not receive LIEAP last year (either did not apply or was not eligible) but the household reasonably anticipates applying for and receiving LIEAP for the upcoming heating season, the household is entitled to the SUA.

STANDARD UTILITY ALLOWANCE *

$663

1.) Heating Costs are defined as expenses incurred from a primary source of heat for which the household is billed separate and apart from their rent or mortgage. Households responsible for any portion of the heating costs are entitled to receive the Standard Utility Allowance (SUA) as long the household didn't receive a utility reimbursement payment in excess of the actual heat expense (Section 4131). Sources of heat include but are not limited to propane, oil, and electricity.

If the household's primary source of heat is wood, use of wood does not entitle the household to the standard allowance unless the household purchases their wood. If the household secures their own wood, no deduction is allowed.

4132 - Heating/Cooling Standard Utility Allowance (SUA) Continued:

Households billed on a monthly payment schedule (year around) established by a fuel distributor are entitled to claim the Standard Utility Allowance.

When two households reside in a residence that incurs heating or cooling costs separately from the mortgage or rent payment, and both households share in the utility expense, both households receive the SUA.

As discussed above, the households billed on a payment schedule for heating costs are entitled to claim the Standard Utility Allowance even if the household does not have cooling costs. Examples:

A.) The household rents a house for $300 plus they are responsible for all utilities. The utilities are on a separate meter and are in the household's name. SUA is allowed.

B.) The household rents a house for $300 plus they are responsible for all utilities. The utilities are in the landlord's name. The household is entitled to the SUA if the landlord bills the household for the utility costs.

C.) The household rents a house for $300 plus $200 for heat. The household is entitled to the SUA.

D.) The household has two sources of heat. The household's primary heating source is propane. A supplemental heat source is wood, which the household cuts themselves. The household is entitled to the SUA because the primary heat source is propane.

E.) Two households reside together. Each pays 50% of the utility expense, which includes heat, electricity, and telephone. Each household member is allowed the SUA because both contribute toward the heat expense.

F.) The household received LIEAP last year, and anticipates receiving it this year, the SUA is allowed.

G.) The household rents an apartment for $200 per month. The household is billed separately for electricity not used to heat or cool his home. SUA is not allowed but the household could receive the limited utility allowance or the one utility allowance, whichever is appropriate.

H.) The household has two sources of heat for his home. The primary heat utility is wood, which is cut by household members, and has a supplemental propane furnace. The household is not allowed the SUA nor is the household allowed a deduction for the propane unless the propane is also used for cooking fuel. If so, the household may be eligible for the limited utility allowance or the one utility allowance, whichever is appropriate for the supplemental propane cost.

I.) Jane and John live in the same apartment but purchase and prepare separately. Both pay $100 rent and Jane pays the heat bill and John pays the electricity and phone bills. Both are entitled to the full SUA because both are contributing to the utility expenses and heat is one of the expenses.

4132 - Heating/Cooling Standard Utility Allowance (SUA) Continued:

2.) Cooling Costs which entitle households to receive the Standard Utility Allowance are defined as electricity expenses required to operate an air conditioner (window or central unit).

Households billed separate and apart for an allowable cooling cost are entitled to claim the Standard Utility Allowance. Households in public housing units who pay an excess heating or cooling costs are allowed the SUA, even if the costs are only incurred for the season. Examples are:

A.) The household rents an apartment (either public or private). Besides the monthly rental charge, the household pays $10 a month for the summer months. The $10 a month is to pay for the excess electricity generated by the household's air conditioning unit. The household is allowed the SUA year round because of its cooling costs.

B.) The household rents a house for $300 plus they are responsible for electricity. The house has central air. The household is entitled to the SUA because of the cooling costs.

C.) The household pays rent plus an excess fee for added electricity costs for a freezer. The household is not entitled to an SUA because it does not have heating or cooling costs. The household may receive the limited utility allowance or the one utility allowance, whichever is appropriated.

D.) The household's only utility is electricity. The household uses window fans for cooling. The household is not entitled to the SUA because it doesn't have cooling but is entitled to the one utility allowance.

4133 NON HEATING OR COOLING UTILITY ALLOWANCES

There are three utility allowances available to households who incur utility expenses that are not for heating or cooling and that are separate from their rent or mortgage. If a household is not responsible for heating or cooling expenses, and did not receive or anticipate receiving LIEAP, the household may be entitled to a limited utility allowance (LUA), a one utility allowance (OUA) or the phone utility allowance (PUA).

Non heating and cooling utility expenses are:

1.) Electricity Costs are allowed as one utility if the electricity is not used for heating or cooling reasons and is billed or incurred separately from the household's rent or mortgage.

2.) Cooking Fuel Costs are allowed as one utility if the cooking fuel is not used for heat and is billed or incurred separately from the household's rent or mortgage.

3.) Water Costs are allowed as one utility if the household is billed or incurs water expenses separately from the household's rent or mortgage.

4133 - Non Heating/Cooling Standard Utility Allowance (SUA) Continued:

4.) Sewage Costs are allowed as one utility if the household is billed or incurs sewage costs separately from the household's rent or mortgage.

5.) Garbage Costs are allowed as one utility if the household is billed or incurs garbage costs separately from the household's rent or mortgage.

6.) Telephone Costs are allowed as one utility if the household is billed for basic telephone service incurred separately from the household's rent or mortgage. If the household is billed only for long distance services, no deduction is allowed. Costs for cell phones are allowed as a telephone expense.

Households who reside together but purchase and prepare their food separately are entitled to one of the three non heating/cooling utility standards if they are responsible for one or more non heating/cooling utilities. The appropriate standard is determined by the number of utilities each is responsible for. If the households share the same utility expense, each household receives the full standard allowance.

4134 LIMITED UTILITY ALLOWANCE (LUA)

The limited utility allowance (LUA) shall be available only to households that incur at least **two** non-heating/cooling utilities costs separate and apart from their rent or mortgage. Households approved for or anticipated to be approved for LIEAP payments must receive the SUA, not the LUA. Utility costs include electricity that is not used for heat or cooling, cooking fuel, water, sewage, garbage, and/or telephone expenses.

Eligibility for the LUA should be the second step in the utility allowance determination. If the household is not eligible for the SUA or LUA, eligibility for the other two remaining utility allowances (OUA, PUA) should be researched.

LIMITED UTILITY ALLOWANCE (LUA)

$186

4135 ONE UTILITY ALLOWANCE (OUA)

The one utility allowance (OUA) shall be available only to households that incur only **one** non-heating/cooling utility cost separate and apart from their rent or mortgage as long as the sole cost is not a telephone expense. Households approved for or anticipated to be approved for LIEAP payments must receive the SUA, not the OUA. Households whose only utility expense is telephone must receive the PUA. Utility costs include electricity that is not used for heat or cooling, cooking fuel, water, sewage, and/or garbage. Eligibility for the OUA should be the third step in the utility allowance determination. If the household is not eligible for the SUA, LUA, or OUA, eligibility for the telephone utility allowance should be researched.

ONE UTILITY ALLOWANCE (OUA)

$76

4136 PHONE UTILITY ALLOWANCE (PUA)

The telephone utility allowance (PUA) is allowed when the household's only utility expense separate and apart from their rent or mortgage is for basic telephone service. Households approved for or anticipated to be approved for LIEAP payments must receive the SUA.

PHONE UTILITY ALLOWANCE (PUA)

$44

Section 4136 Phone Utility Allowance Continued:

Examples of Non-SUA utility allowances are:

1.) Rent is $200 and the household is responsible for electricity, water, sewage, garbage, and telephone expenses. The household does not pay heating or cooling expense. The household is entitled to the Limited Utility Allowance (LUA) because they incur at least two non heating and or cooling utility expenses separate and apart from their rent.

2.) Household pays rent. The landlord also bills them $100 for water, sewage, and garbage. The household is allowed the limited utility allowance (LUA).

3.) Rent is $100. The household is also charged $15 a month during the winter months for excess electricity charges for car plug-ins. The household has no other utility expense. The household is not allowed a utility allowance because the excess electricity expense is not for the household's shelter.

4.) The household's only utility expense is a cell phone bill. The household is allowed the telephone utility standard (PUA).

4137 SHARED SHELTER SITUATIONS

Multiple households (separate purchase and prepare arrangements) residing in the same residence are allowed the actual amount of rent they are billed as a shelter deduction. The households are allowed a utility allowance if they receive a single set of utility bills. To be entitled to an allowance, the households must be billed for at least one utility expense, and must be expected to pay for it, unless LIEAP is the anticipated payer.

A utility allowances is never prorated. If the household is billed for a utility expense and is expected to pay the expense, the household is allowed the full utility standard even if an ineligible student shares in the utility expense.

If two households residing together (purchase and prepare separately) share the utility costs, both households receive the same utility standard. When this occurs, the utility allowance is determined by the utilities for the residence. As long as both households contribute toward the utility cost, both receive the full standard based on the number or type of utilities the households are responsible for.

If two households in different residences share a utility expense (same meter), each receives the appropriate utility allowance. In this situation, the utility allowance is determined by the individual household's expenses because the two households are not residing together and each may have differing utility expenses.

The household is entitled to the full utility standard if a disqualified individual shares in the utility expense. A disqualified individual for this exemption is defined as an individual disqualified for ABWAD time limits, IPV, work sanctions [including voluntary quits], SSN, TANF sanction, or alien status.

4137 - Shared Shelter Situations Continued:

Any payments made from one household to another for rent expenses when they reside together will be exempt as a pass through payment up to the full amount of rent charged. If the payment is more than the full rent changed for the residence, the excess payment would be considered unearned income to the household receiving the payment. A shelter deduction for each household is allowed based on the amount of rent each household is responsible for.

Utility payments from shared household members are also considered pass through payments unless the household receiving such payments has no expense (for example, utilities included in the rent), at which point, the utility payment received by the household would be unearned income.

The following are some examples of shared shelter situations and the correct budgeting procedures:

1. Household A and B reside together but eat separately. The lease and heat expense is in HH A's name and they pay $200 rent plus all utilities. HH B pays HH A $100 and $100 utilities to HH A.

   HH A is allowed $100 rent deduction and the $100 received from HH B is considered a pass through rent payment and exempt. HH B is allowed $100 rent deduction. Each household is allowed the SUA.

2. HH A and HH B reside together in the same apartment. HH A is responsible for the rent payment and is billed for heat. HH A charges HH B a flat rent amount of $200 and no additional utility charge.

   The $200 rent payment received by HH A is exempt as a pass through payment up to the full amount of rent charged and HH A is allowed the full SUA. HH B is allowed a rent deduction of $200 and no utility allowance because HH B does not share in the utility expense.

3. Two households reside together but purchase and prepare food separately. Household A pays $100 rent and electricity costs. Household B pays telephone costs for the basic telephone line.

   The residence has two utilities and both households share in the costs so each receive the full LUA.

4. HH A and HH B reside in a duplex (separate apartments) but they share a utility meter. HH A has the utility meter in his name and HH B pays him 1/2 of the cost.

   The payment from HH B is exempt as a pass through unless HH A pays nothing towards utility costs (for example, paid by county welfare). Both HH A and HH B are allowed the full utility standard.

5. HH A and HH B reside in the same apartment but eat separately. HH A receives LIEAP assistance and HH B pays all the utility expenses.

   Both households receive the full SUA.

4137 - Shared Shelter Situations Continued:

6. HH A and HH B reside in the same tribal housing unit (house) but eat separately. HH A pays $0 rent and Tribal housing pays vendored utilities to the utility company for electric heat and electricity. HH A is responsible for heat and electric costs over and above the vendored amount. HH B pays HH A $50 rent and $25 for their share of the utilities. HH A does not anticipate paying anything over and above the vendored amount.

   The $50 rent is shown as income to HH A as they have no rental obligation and the $25 utility amount is counted as income because they do not pass it through to the utility company. Neither household is allowed the SUA because no one is paying the expense.

7. The household consists of an ineligible student and an eligible student and they pay all the shelter expenses from a joint checking account, which includes heat. The household is allowed the full SUA because the utility allowance is never prorated.

8. Household consists of an ineligible ABAWD who pays 25% of the heating/cooling expense.

   The household is allowed the full SUA because the SUA is not prorated when a household member is ineligible or disqualified for ABWAD time limits, IPV, work sanctions [including voluntary quits], SSN, TANF sanction, or alien status.

4140 DETERMINING DEDUCTIONS & EXCLUSIONS

In addition to the standard deduction and 20% earned income deduction, allowable deductions can include costs for medical, including the standard medical deduction, dependent care, and shelter costs. A deduction is allowed only in the month the expense is billed or otherwise becomes due. Medical expenses are also allowed for prorated or averaged months. The household must be expected to pay the deduction before it can be allowed. Example: John's rent is $100 a month. A $100 a month rent deduction is allowed even though John hasn't paid any rent for the last few months because John is billed for the amount and the landlord expects him to pay his rent.

An exclusion is allowed for legally obligated child support paid to or for an individual who is not residing with the payer. The payment is allowed as an exclusion from gross income when paid, regardless of whether the payment is for current support or arrearages. If the payment is made to an individual or agency outside of the household for a child in the payer's household, the payment may be allowed. This allows a child support exclusion if the child moves in and out of the household, or if arrearages are being paid to an outside agency, usually the Office of Child Support Enforcement (OCSE). [Section 4121.N(8)]

4141 DISALLOWED EXPENSES

Expenses paid by a reimbursement excluded under Section 4121.H or reimbursements made under the Employment and Training Program or an excluded vendor payment as defined in Section 4121.B are not deductible except for certain shelter charges as explained in Section 4122.6. For example: rent paid by an excluded vendor payment is not included in calculating the household's shelter cost. That portion of a household's medical expense, as defined in Section 4122.3, which is reimbursable must be excluded as part of the household's medical expense. Households entitled to the medical deduction will have the nonreimbursable portion considered as a deduction at the time the amount of reimbursement is received or can otherwise be verified.

Section 4141, Disallowed Expenses, Continued:

In some cases, shelter expenses cannot be allowed if the household's home is connected to the business property (or in some cases if the business is in the home), and the expenses are not prorated for business and personal amounts. **See Section 4413.2.**

Expenses paid by the household through an in-kind benefit or expenses paid for services provided by a household member are not deductible. For example: A dependent care deduction cannot be allowed if another household member provides the care or if compensation paid to a household member for the care is paid in the form of an in-kind benefit. (Section 4122.4).

When expenses are shared by members and non-household members, only the amount paid by the household can be budgeted; however, if the household's portion cannot be separated from the non-member's portion, the worker deducts the household's pro-rated share. EXCEPTION: If a disqualified individual shares heating of cooling costs with the household, the household is entitled to the full SUA. If a non household member shares in the utility payment, the household is entitled to the full utility standard as long as the household also is paying the expense.

4142 BILLED EXPENSES

Household expenses, unless averaged according to Section 4143, are deductible only in the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. Child support payments paid to or for an individual residing outside of the payer's household are excluded from gross income as paid if they are legally obligated payments [Section 4121.N(8)]. Prior payment of the expense is not required in order for it to be included in computing the household's benefits. For example: a monthly gas bill shall be included in the household's shelter cost, even if the household has not paid the expense.

Past due balances and any resulting late charges from previous billing periods are not deductible, even if included on the most recent bill and actually paid by the household. Legally obligated child support payments paid to an individual residing outside of the payer's household may be used as an exclusion regardless if the payment is current or an arrearage. Never may an expense be allowed more than once.

For medical expenses, when the household has submitted a bill for reimbursement, the expense is considered deductible in the month in which the reimbursement is determined or otherwise verified rather than when the bill is first received.

4143 AVERAGING EXPENSES

Expenses may be averaged if:

A.) The household elects to have fluctuating expenses averaged, or

B.) The household elects to have expenses which are billed less often than monthly averaged forward over the interval between scheduled billings. If there is no scheduled interval, the expense would be averaged over the period of time it was intended to cover. As with other expenses, medical costs may be averaged. Households may elect to have one-time only expenses reported at certification deducted in a lump-sum or averaged over the certification period.

1.) Mr. B. paid his real estate taxes of $150.00 on 8/4. He applied for Food Stamps on 9/1 and elected to have his expenses averaged. He was certified for a period of six months, August through January. Since the taxes covered a period of 12 months, 1/12th of $150.00 would be allowed for each month certified.

Section 4143, Averaging Expenses Continued:

2.) Mr. B. paid his taxes of $150.00 3/10 and applied for Food Stamps on 3/12 and was certified for March. If he elects not to average expenses, the total expenses for the taxes could be allowed in March. If he elects averaging 1/12 of $150.00 would be allowed.

C.) Non-monthly reporting households will have child support payments averaged over the last 3 months' payments if the payer has had a stable history of payments over the last three months. If the household anticipates a change in legal obligation or paid amount, or if the agency is aware of a change, the change must be budgeted. New averages must be obtained at each certification. [Section 4121.N(8)]

Households reporting one-time only medical expenses during the certification period may elect a one-time deduction or may elect to have the expense averaged over the remaining months of their certification period. Averaging would begin the month the change would become effective.

4144 ANTICIPATED EXPENSES

The CW shall calculate a household's expenses based on the expenses the household expects to be billed during the certification period. The most recent month's bills will be used to anticipate expenses unless the household is reasonably certain a change will occur. The amount considered is the amount anticipated to be incurred by the household during the certification period based on the most recent bill received and any other accurate information available to indicate future changes. Future projected bills can be averaged for the certification period as long as expected increases or decreases are considered.

An individual's child support payments will be anticipated for the application month based on what the household anticipates paying in the application month for monthly reporting households. Non-monthly reporting household's child support payment will be averaged as per 4143 (C) if the payment history is stable. If the individual does not have a stable history of payment, the anticipated amount would be based on the amount the individual anticipates paying, until a stable history can be established [Section 4121.N(8)].

4145 CONVERSION OF DEDUCTIONS

The income conversion procedures in Section 4310 also apply to expenses billed on a weekly or biweekly basis.

4200 DOCUMENTATION OF INCOME

The method used to verify and compute income must be documented in the casefolder at each initial application and subsequent application. Since household eligibility is determined primarily on the basis of income, it is of utmost importance to the validity of a food stamp case that all sources, figures, dates and computations be recorded.

4210 DOCUMENTATION OF EARNED INCOME

Earned income usually is verified by paycheck stubs or wage statements. If paycheck stubs are not used, documentation must explain how the income was arrived at and verified. At a minimum, the following information must be entered:

A.) The name of the payer.

B.) How the anticipated income was determined.

C.) The frequency of receipt of income on each stub or statement (that is, weekly, every two weeks, twice a month, monthly, etc.)

D.) The date the income is normally received; if it is considered stable monthly or semi-monthly income, etc.

E.) Calculations made to arrive at a monthly gross income.

Earned income verified by telephone call to the employer, or by any other acceptable means must be documented with detail comparable to the above example to meet this requirement.

4220 DOCUMENTATION OF TANF HOUSEHOLD INCOME

Documentation contained in the case file is sufficient recording of TANF household income.

4230 DOCUMENTATION OF OTHER INCOME

The method used to verify income other than earned and TANF must be documented. This includes the type of income, the check or document seen, the amount from the check or document, the date the income was verified, and any computations performed to determine the total income.

Self-employment income documentation must consist of recording the business records, income tax forms and method used to average income, the costs of doing business allowed as deductions, and the number of hours the individual is engaged in the enterprise for work registration purposes. The worker must document how the separation of business/personal shelter costs was arrived at, if the self-employment enterprise was conducted in the family's home or on the land they reside on. Any other considerations which guide the worker's decision, such as influence of seasonal or local economic factors, also must be documented.

4300 COMPUTATION OF INCOME

Income and expense figures used to determine net food stamp income are those anticipated for the certification period. Recent amounts are useful as indicators of what may be anticipated in the future, but any changes expected during the certification period must be accounted for in determining net monthly income.

EXAMPLE: Income received in the application month prior to the interview must be used in the budget determination. If none or only a portion has been received by the time of the interview, the income received in the 30 days prior to certification may also be used by the CW as a basis for projecting anticipated income. However, past income may not be used for any month in which a change has occurred or is anticipated.

4310 DETERMINING MONTHLY INCOME

See Section 5900 for determining monthly income for a retrospectively budgeted household.

In determining the household's eligibility and basis of issuance, income already received by the time of interview and any anticipated income the household and the worker are reasonably certain will be received during the remainder of the certification period are considered countable income. (Within 10 days of the approval notice, the household must report changes which occurred after the interview but before the date of the notice.) Income received in the past 30 days may be used as an indication of income that will be received by the household. The income should be counted in the month it is received or anticipated to be received, unless the income is averaged. If income is anticipated, but the amount or when it will be received is uncertain, only that portion of the household's income that is certain should be counted. When receipt of income is reasonably certain, but the monthly amount may vary the income may be averaged at the household's option. Households are required to report the income when it is received.

> EXAMPLE: Mr. A. recently applied for social security benefits and anticipates receiving his first check, but the timing and amount are uncertain. This money cannot be counted by the worker unless there is reasonable certainty of the month the payment will be received and of the amount.

Households receiving income on a recurring monthly or semi-monthly basis will not have their monthly income varied merely because of changes in mailing cycles or pay dates, or because of weekends or holidays cause additional payments to be received in a month. If the household has stable earned or unearned income that is received in the form of a monthly or semi-monthly payment, the income should be counted in the month it was intended to cover, and on the date it would have normally been received. Temporary mail delays or other temporary problems should not result in the household showing two or three payments in one month and only 1 payment in the following month. This regulation, however, only affects income that is stable and income that is received monthly or semi-monthly, not bi-weekly.

> Example: John is paid the 1/15 of each month unless the 1st or 15th falls on a weekend or holiday, then receives his pay on the working day prior to the holiday. His income would be budgeted as if received on the 1st and 15th of the month, regardless of when actually received.

When income is received on an hourly wage or piece-work basis, weekly income may fluctuate if the household member works fewer hours than his normal schedule or works overtime. In this situation, the worker should consult with the household and determine the "normal" amount of income to be expected for one week's work. A determination should also be made to ensure that this amount is reasonably certain to be available during the certification period. Cents should not be dropped. The weekly conversion factor should then be applied to determine monthly income.

When an employee requests that wages be held, this money is counted as income in the month they would otherwise have been paid by the employer. If, however, wages are held by an employer as a general practice, even if held illegally, they cannot be counted as income unless the household anticipates it will ask for and receive an advance or the household anticipates receiving income from previously held wages. Advances (for non monthly reporting cases) are to be considered income only if reasonably anticipated as defined in this section.

Section 4310 - Determining Monthly Income Continued:

Whenever a full month's income is anticipated, but income is paid once a week or once every two weeks, monthly income must be determined by:

A.) Income received once a week - multiply by 4.3.
B.) Income received once every two weeks - multiply by 2.15.
C.) Income received twice a month - multiply by 2.

Caseworkers are reminded that the above conversions are not used for retrospectively budgeted households. (See Section 5900.)

4320 AVERAGING INCOME

Income may be averaged at the household's option, except for destitute or retrospectively budgeted households. Only certain income may be averaged for a retrospectively budgeted household. (See Section 5902.) When a household is eligible in the month of application and ineligible in the following month, it may choose to average its income over a normal certification period for that household. If the household chooses to do this, its eligibility will be determined based on the averaged income for the entire period. As a rule of thumb, no less than 2 months of income shall be used and in most cases it will not be necessary to use more than 6 months to obtain a representative averaged income.

When averaging income, the worker should consider whether the household anticipates fluctuations in income over the certification period. The number of months used to determine the household's average income does not have to be the same as the number of months in the certification period, as long as the worker is reasonably certain that the months used are representative of the income fluctuations.

EXAMPLE: Mr. D. applied on 8-11 and stated his income fluctuates. If the income from July and the anticipated income for August are known and are reasonably representative of the income fluctuations anticipated for the coming months, the income from the two months can be averaged and projected over the certification period of August through July.

A household's annual income received by contract or self-employment in less than a 12-month period, unless received on an hourly or piece-work basis, must be averaged over 12 months. School employees, share croppers, farmers, or other self-employed households may have their income averaged in this manner. These provisions do not apply to migrant or seasonal farm workers. Procedures for averaging self-employed income are described in Section 4411 and procedures for averaging contract income are described in Section 5700.

4330 CALCULATING GROSS AND NET INCOME

This item explains how to calculate gross and net food stamp incomes for determining eligibility and benefits. Categorically eligible households (Section 2900) are not required to meet gross or net income tests.

4331 GROSS INCOME

A.) Add together the total monthly earned income of all household members minus exclusions (Section 4121) to determine the gross earned income.

4331 Gross Income Continued:

B.) Add to the result from step 1 the total of all other income received by the household, minus exclusions, to determine the household's gross monthly income.

C.) Subtract legally obligated child support payments and/or any farm loss from the gross monthly income.

D.) Determine whether the household is subject to the gross income test. If yes, and gross income exceeds the maximum, the household is ineligible. Otherwise, determine net income.

4332 NET INCOME

A.) Multiply gross earned income (Section 4331 (A)) by 20 percent and subtract the result to determine net monthly earned income.

B.) Add to net monthly earned income the household's gross unearned income (Section 4331 (B)).

C.) Subtract the standard deduction, any legally obligated child support and/or farm loss.

D.) If the household is entitled to an excess medical deduction as provided in Section 4122.3, determine if total medical expenses exceed $35. If so, subtract that portion which exceeds $35.

E.) Deduct payments for the actual costs for the care of a dependent if necessary for a household member to continue employment, seek employment, attend training or pursue education. (Section 4122.4)

F.) Deduct monthly shelter costs that exceed 50% of the income remaining after other deductions. The shelter deduction cannot exceed the maximum limit (Section 4122.6) unless the household currently includes a member who is elderly or disabled. The household's net monthly income has been determined once the applicable excess shelter cost has been deducted.

H.) If the net income exceeds the limit, the household is ineligible unless they are categorically eligible (Section 2900).

4333 ROUNDING

In calculating monthly food stamp income, all income and deductions computations are rounded at each calculation. Calculations ending in one through 49 cents must be rounded down while calculations ending in 50 through 99 cents must be rounded up to the next highest dollar. However, when determining the household's allotment, the CW obtains 30% of the household's net income and rounds the product up prior to subtracting from the Thrifty Food Plan. Examples are:

1.) Mrs. A is paid 3.62 an hour and works 40 hours each week. She is paid weekly. Rounding is done after arriving at Mrs. A's earned income. $3.62 x 40 = $144.80; $144.80 x 4.3 = $622.64 rounded up to $623 monthly earned income. The income is then added to other household income, if any.

4333 - Rounding Continued:

2.) Shelter expenses for Mrs. A include $175.49 rent and standard utilities of $128. $175.49 and utilities of $128 = $303.49 which is rounded down to $303.

Also after determining a prorated allotment, benefits are rounded down to the nearest whole dollar.

4334 PROSPECTIVE SUSPENSION FOR NON-MONTHLY REPORTERS

For categorically eligible households see Section 2900.

For monthly reporters see Section 5970.

If a non-monthly reporting household becomes temporarily ineligible prospectively due to a periodic increase in recurring income or another change not expected to continue in subsequent months, the caseworker shall suspend the household's issuance for one month rather than terminating the household.

EXAMPLE: Mr. X normally receives Social Security. He also receives an annuity on a quarterly (January, April, July, October) basis. The combination of the income causes Mr. X to exceed the net income level for a one person household. Since his case is prospectively budgeted, his case may be prospectively suspended in the months of January, April, July, and October.

This rule does not apply to initial applications.

4340 BENEFIT DETERMINATION

If eligible, the household's whole or prorated monthly allotment is determined.

Allotments of $1, $3, or $5 are always rounded up to $2, $4, or $6.

Any one or two person households who are categorically eligible (Section 2900) are entitled to at least $10. Categorically eligible households with three or more members are entitled to at least $2.00 if the Thrifty Food Plan reduced by 30% of net income is at least $1.00. A categorically eligible household with three or more members eligible for zero benefits shall not be denied but shall be approved eligible for zero benefits.

EXCEPTION: Individuals receiving standard allotments in the small group homes under the group home pilot project will receive $1, $3, or $5 in prorated benefits if that is the prorated amount based on their facility left date.

Except during an initial month, all one and two person households shall receive a minimum monthly allotment of $10. One and two person households are not provided a minimum monthly allotment of $10 in the event of a nationally ordered suspension, cancellation or reduction in benefits of 90% or more or if the household's allotment is being reduced to recoup an overpayment (see section 7460). Reminder: When a prorated allotment is less than $10, no benefits are issued for the initial month.

4350 NATIONALLY ORDERED ALLOTMENT REDUCTION PROCEDURES

This section sets forth procedures to follow if monthly food stamp allotments must be reduced, suspended or canceled.

4351 BENEFIT REDUCTION METHOD

If a reduction in allotments is ordered, the maximum food stamp allotment amounts for all household sizes shall be reduced by a percentage specified by FNS. For example if FNS determines that a 25% reduction in the maximum food stamp allotment amount is to be made, the reduction for all four-person households would be calculated as follows: The maximum food stamp allotment amount for a four-person household ($233 in January, 1981) would be reduced by 25% to $175. Then 30% of the household's net food stamp income would be deducted from the reduced maximum food stamp allotment amount.

One-and two-person households affected by a reduction action shall be guaranteed a minimum benefit of $10 unless the action is a cancellation of benefits, a suspension of benefits, or a reduction of benefits of 90 percent or more of the total amount of benefits projected to be issued in the affected month.

4352 BENEFIT SUSPENSION OR CANCELLATION

If benefits are suspended or canceled for a given period of time, determinations of eligibility of applicant households shall not be affected. However, the allotments shall not be issued until such time when the State agency is notified that a suspension is over.

The provision for a $10 minimum benefit level for one-and two-person households shall be disregarded in the event of a suspension or cancellation.

4353 CERTIFICATION PROCEDURES DURING REDUCTION, SUSPENSION, OR CANCELLATION OF ALLOTMENTS

A.) Allotments or portions of allotments representing restored or retroactive benefits for a prior unaffected month would not be reduced, canceled or suspended, even though they are issued during an affected month.

B.) Caseworkers will not provide notices or adverse action to households affected by reductions, suspensions or cancellations.

C.) Households whose allotments are reduced or suspended during affected months are not entitled to restoration of lost benefits at a future date unless FNS directs the state agency to provide restored benefits when a surplus of funds become available.

D.) The reduction, suspension or cancellation of allotments in a given month shall have no effect on certification periods assigned to households. Participating households whose certification periods expire during a month in which allotments have been reduced or suspended will be recertified according to normal procedure.

Section 4353- Certification Procedures during Reduction, Suspension, or Cancellation of Allotments Continued:

E.) Expedited Service - Households eligible to receive expedited processing who apply for program benefits during months in which reductions or suspensions are in effect shall have their cases processed in accordance with expedited processing provisions in Section 2700.

1.) Households receiving expedited service when reductions are in effect and that are determined to be eligible shall be issued reduced allotments within the benefit delivery timeframe specified in Section 2720.

2.) Households receiving expedited service when suspensions are in effect and that are determined eligible shall have benefits issued to them within the timeframe specified in Section 2720. However, if the suspension is still in effect at the time issuance is to be made, the issuance is suspended until suspension is ended.

3.) Households eligible to receive expedited processing during months in which cancellations are in effect shall receive expedited service. However, the deadline for completing the processing of such cases shall be two days or the end of the month of application, whichever date is later. All other rules pertaining to expedited services are applicable to these cases.

4354 FAIR HEARINGS

Any household that has it's allotment reduced, suspended or canceled as a result of an order issued by FNS may request a fair hearing if it disagrees with the action, subject to the following conditions. State agencies are not required to hold fair hearings unless the request is based on the household's belief that it's benefit level was computed incorrectly under these rules or that the rules were misapplied or misinterpreted. State agencies shall be allowed to deny fair hearings to households merely disputing the fact that a reduction, suspension or cancellation was ordered. Households do not have a right to continuation of benefits pending the fair hearing. A household may receive retroactive benefits in an appropriate amount if it is determined that the benefits were reduced by more than the amount directed by FCS.

4400 HOUSEHOLDS WITH SPECIAL INCOME SITUATIONS

4410 SELF-EMPLOYMENT INCOME

Households in which one or more members are engaged in an enterprise for gain either as an independent contractor, franchise holder, or owner-operator must be considered as self-employed, provided that the member(s) is actively engaged in the enterprise on a day-to-day basis. In instances when the member(s) hires or contracts for another person or firm to handle the day-to-day activities of such enterprise, the member(s) will have self-employment income but will not be considered as self-employed for purposes of work registration.

The receipt of income from self-employment, which may constitute all or only a portion of the income of the household, does not automatically exempt the member(s) from the work registration requirement. Review Section 3421.10 if the individual is not grossing federal minimum wage x 30 hours a week.

Households whose member's primary source of income is from self-employment may be certified for periods of up to one year; however, consideration should be given to certifying households for shorter periods of time, if circumstances warrant it. If the household resides on Indian Reservation land, and is required to monthly report, their certification period must be 24 months. These cases need to be monitored however because the self-employment income (Section 4411.1) may only be averaged over 12 months.

Special procedures are given in this chapter for calculating self-employment income. These procedures apply to all households with self-employment income except for households receiving income from boarders in a noncommercial situation. The handling of income received from boarders by a household that does not own and operate a commercial boarding house is described in Section 4414.

Corporations are considered a self-employment enterprise, however, the income individuals receive is not considered self-employment income. Wages paid to an individual from a corporation are counted as received, just like all other wages. Dividends paid from a corporation (identified on Schedule E of the income tax forms) are considered unearned income and annualized. Corporation losses are not budgeted in any way.

PLEASE NOTE: Self-employment for Food Stamp purposes is <u>not</u> computed the same as it is for Internal Revenue Service (IRS) purposes. The IRS forms may only be used for verification purposes.

4410.1 DETERMINING MONTHLY REPORTER STATUS FOR SELF-EMPLOYED HOUSEHOLDS

Generally most self-employment budgets will be annualized. If the self-employment income is annualized, and the household does not meet any other monthly reporting requirements, the case is a non-monthly reporting case. Self-employment income is always annualized if it is:

A.) Farm income; or

B.) Received less often than monthly; or

C.) Unearned corporation income (dividends, etc.).

If the household's only earned income is annualized self-employment income, the household is a non-monthly reporting household.

Section 4410.1 - Monthly Reporting Status for Self-Employment Income Continued:

If the household is required to monthly report because of other earned income, or all household members received TANF or UPP and that program requires them to monthly report, self-employment income is budgeted monthly unless it falls into the categories listed in A.) - C.) in Section 4410.1. The household continues to be required to monthly report.

If the self-employment income is not included in A.) - C.) but is intended for annual support of the household, the income is annualized unless the household is otherwise required to monthly report. If the income is not intended for annual support and not listed in A.) - C.), and is considered seasonal or temporary, the income is budgeted over the period it is intended to cover (4411.1). If the income is not intended for annual support and not listed in A.) - C.), and is not seasonal or temporary, the income is budgeted monthly and the household is required to monthly report.

4411 AVERAGING SELF-EMPLOYMENT INCOME OVER A 12-MONTH PERIOD

4411.1 SELF-EMPLOYMENT AS PRIMARY ANNUAL SUPPORT

When a household receives its annual support from self-employment income, such income is to be averaged over 12 months to determine the household's average monthly income from this source. This policy applies even if the income is received in only a short period of time or the household receives income from other sources in addition to the self-employment income. However, if the averaged annualized amount does not accurately reflect the household's actual circumstances because the household has experienced a substantial increase or decrease in business, a new calculation is completed on the self-employment income on anticipated earnings and not on the basis of prior income (e.g. income tax returns).

For households certified 24 months (reside on reservation land and required to monthly report), self-employment income will need to be monitored to ensure the new annualized amount is verified and budgeted for the second 12 month period.

4411.2 SELF-EMPLOYMENT AS PARTIAL SUPPORT

Households may receive income from self-employment which is intended to support the household for only part of the year. Such self-employment income must be averaged over the period it is intended to cover. A vendor who works only in the summer and supplements his income from other sources during the rest of the year would have his self-employment income averaged over the summer months rather than over a 12-month period because the income is only intended to meet the person's needs for the summer months only.

For monthly reporting households, self-employment income received over a period of less than one year that is not intended for annual support is prorated over the period of intent and budgeted retrospectively. The self-employment income must not affect more benefit months than the number of months in the period it is prorated. The income is not used in the prospective budget calculation but continues to be used in the prospective eligibility determination. Expenses will be budgeted the same as income. An individual does gardening only in the summer months and works as a janitor for the remaining 9 months. His wife has year round employment so the case is a monthly reporting household. Since the self-employment is seasonal and only intended for the household's needs in the summer, the self-employment income is budgeted over the 3 or 4 months the individual is self-employed.

4411.3 SELF-EMPLOYMENT INCOME RECEIVED MONTHLY

Self-employment income received on a monthly basis and representing a household's annual support normally will be averaged over 12 months. If the monthly average does not accurately reflect the household's actual financial situation because of a substantial increase or decrease in business, the self-employment income must be recalculated based on the household's anticipated earnings.

4411.4 SELF-EMPLOYMENT FROM A NEW SOURCE

Income from a self-employment enterprise that has been in business less than a year is to be averaged over the period of time the business has been in operation and the monthly amount projected for the coming year. However, if the business has been in operation such a short time that there is not enough data to make a reasonable projection, the household can be certified for less than a year until the business has been in operation long enough to base a long projection.

4411.5 CAPITAL GAINS

Capital gains from last year are counted as income only if they are expected to recur in the current year.

Proceeds from the sale of capital goods for equipment shall be calculated in the same manner as a capital gain for Federal income tax purposes. To compute capital gain income, compare the sales price to the "cost or other basis." (The "cost or other basis" in general is the cost of the property, purchase commissions, improvements and sales expenses such as broker's fees and commissions minus depreciation, amortization and depletion.) These figures are listed on the 4797 under Part II. If the sales price is greater there is a gain and if the costs are greater there is a loss. The total amount of the capital gain is counted as income. When entering the income on the BUSI panel, make sure the correct type of self-employment (F- Farm, O - Other) is listed.

4411.6 ACCESS ENTRY

Each self-employment business, including capital gains and/or losses and partnership income, must be entered on a separate BUSI (or UNEA) panel on ACCESS. ACCESS automatically calculates self-employment losses from self-employment gains, and farm losses from other income. Remember farm losses are only deducted from other income if the annual farm income is at least $1000.

Corporation dividend income is not entered on a BUSI panel, it is entered on a UNEA panel coded "7". If the individual is not actively working on the rental property at least 20 hours a week, the income is not entered on a BUSI panel. It is entered on a UNEA panel coded "21".

4412 SIMPLIFIED SELF-EMPLOYMENT CALCULATION PROCESS:

The simplified calculation process is completed by taking each business' gross self-employment income times 45%. If the income is from farming, lump sum crop insurance payments and all disaster payments are then excluded. (If the crop insurance payment is paid more than once a year, the income is countable thus it is not excluded in the calculation.) The simplified calculation is used for most self-employment business income UNLESS the self-employment business doesn't report at least one allowable self-employment expense or the household requests that actual self-employment expenses be used.

4412, Simplified SE Calculation continued

A survey of self-employment income and expenses revealed that an average of 55% of self-employment income is offset by self-employment expenses. Therefore the simplified process automatically provides households a self-employment expense deduction of 55% of their self-employment (multiplying the gross income x 45% provides the automatic 55% expense deduction).

The DSS-EA-303, FS Simplified Self-Employment Worksheet, is used for the simplified calculation process. Follow instructions on the form. After the information is entered, the amount to enter on the BUSI (or UNEA) panel will display. The DSS-EA-303 is located on the "P" drive, under DSSForms, EconAsst, FS Self-Employment.

Households should be encouraged to use actual self-employment expenses if their net self-employment income is a loss under food stamp budgeting procedures. To determine if the net self-employment income is a loss under food stamp budgeting procedures, complete the FS SE Loss Wrkst for businesses showing a loss on income tax forms. Households whose net self-employment income shows a loss after deducting allowable expenses from income on monthly ledgers should also be encouraged to claim actual expenses. The FS SE Loss Wrkst is part of the DSS-EA-303 worksheet on the "P" drive.

4412.1 EXCEPTIONS TO THE 55% STANDARD EXPENSE DEDUCTION:

Self-employment income also includes partnership and capital gains/losses and are budgeted on the DSS-EA-303, FS Simplified Self-Employment Worksheet but are not allowed the 55% standard expense deduction. To determine the income amounts for these sources, follow the instructions on the DSS-EA-303.

1) Partnership income does not have the 45% calculation. Partnership income is determined by taking the reported income plus the partner's share of depreciation and entering those figures on the DSS-EA-303.
2) Capital gains and/or losses do not have the 45% calculation. The amount of the capital gains and/or losses is entered on the DSS-EA-303.
3) Corporation Income is budgeted as unearned and annualized dividend income. The amount of the gain is entered on the DSS-EA-303. If the corporation income reported on Schedule E is a loss, enter zero on the DSS-EA-303.

4413 CALCULATING SELF-EMPLOYMENT INCOME WHEN NO EXPENSES ARE REPORTED OR THE HOUSEHOLD REQUEST ACTUAL EXPENSES BE BUDGETED:

Food Stamp State Office staff will calculate self-employment income for business if they report no business expense or request actual expenses be used. When this occurs, fax the business forms, shelter verifications, and household contact information to 1-605-773-7183. A sample fax is attached to FS General Letter 07-06, dated 04-07.

Even though Food Stamp State Office staff will calculate self-employment income for situations in which the simplified calculation is not used, it is still important to be aware of the general requirements for self-employment budgeting. The first step is to determine the gross amount of income for the period of time over which the self-employment income is being considered.

The allowable costs of producing the self-employment income as defined in Section 4413.3 then are excluded and the net income divided by the number of months over which the income is to be averaged.

4413, Calculating SE when no business expenses or actual expense requested:

When self-employment income is calculated on an anticipated basis, as described in Section 4411.3, any capital gains the household anticipates receiving in the next 12 months, beginning with the date the application is filed, are added and divided by 12. This amount is used in successive certification periods over the next 12 months unless a change occurs. A new average monthly amount must be calculated over this 12-month period if the anticipated amount of capital gains changes.

The anticipated monthly amount of capital gains and the anticipated monthly self-employment income then are added and the anticipated costs of producing the income deducted. The cost is calculated by anticipating the monthly allowable costs of producing the self-employment income.

The monthly net self-employment income will be added to any other earned and unearned income received by the household to determine eligibility of self-employed food stamp applicants.

4413.1 DEPRECIATION

Depreciation is not allowed as a cost of doing business. Thus it is counted as income. Recaptured depreciation is not counted as income, but may be considered in the capital gain computation of capital goods or equipment.

A farmer must recapture depreciation when a capital item is sold prior to the end of its useful life. Example: Farmer buys a combine. IRS states the combine has a useful life of six years. However, IRS requires that the combine be fully depreciated over a three year period. Should the combine be sold prior to the end of its useful life, a portion of the depreciation must be recaptured or declared as income. Although the recaptured depreciation results from the sale of a capital asset, it is treated as ordinary income by IRS rather than capital gains income and counted at 100% value by the IRS. Recaptured depreciation appears on the face of the 1040 and is backed up by the 4797.

4413.2 SELF-EMPLOYMENT DEDUCTIONS FROM GROSS INCOME

Determine net income from self-employment by deducting from gross income any identifiable costs of doing business. Examples of identifiable costs of doing business are the costs of labor, stock, raw material, equipment, capital assets, property, seed and fertilizer, and insurance premiums. Self-employment losses must be deducted from other self-employment gains. Farm losses must first be deducted from other self-employment income, then may be deducted from any other household income. The farm loss must be current, not from previous tax years (see 4413.4).

Payments and the interest on the principal of real estate mortgages on income-producing property may be deducted as costs of doing business, as well as taxes on the property. Make sure that the amount deducted is for the business share only, and that the interest is not deducted twice. Money paid to purchase capital assets, equipment, machinery, real estate, and other durable goods is a deduction, including the interest as long as the assets are needed for the self-employment business.

4413.2, Self-employment Deductions from Gross Income continued:

When the self-employment property is connected to the home property, no portion of the costs of the home (such as rent, mortgage, taxes, insurance, utilities) is deductible as a business cost. If the home is connected to the business property and costs cannot be divided, they are not allowed as a business or shelter expense. If the costs can be separated, a portion should be used for home personal expense and a portion for the self-employment expenses. Exception: If utilities are for both the home and the business, no deduction is allowed for the business unless the business utilities are on a separate utility meter.

If the self-employment enterprise meets the office in the home requirements, all the home expenses should be budgeted in the food stamp shelter deduction calculation unless the household has filed Form 8829, Office in the Home, with the household's income tax forms.

In determining the amount to be deducted from gross income as the cost of producing income, the following may not be deducted.

A. Do not deduct any amount claimed as the net loss sustained in any prior period.

B. Do not deduct federal, state, and local income taxes, money set aside for retirement purposes, and other work-related personal expenses (such as the cost of self-employed individuals traveling to and from their place of business) because these expenses are accounted for by the 20 percent earned income deduction.

C. Do not deduct depreciation.

4413.3 OFFSETTING LOSSES OF SELF-EMPLOYED FARMERS

A farmer must receive (or anticipate receiving) annual gross proceeds of **$1,000** or more from the farming enterprise before losses can be offset.

A.) Eligibility Tests: The dollar amount of a farm loss must be first subtracted from all other countable household self-employment income and then subtracted from all other income prior to applying the gross income test.

B.) Budgeting Income:

1.) Calculate income by adding together all self-employment income (BUSI). Offset the farm loss. If the loss is absorbed allow the 20% earned income deduction on the balance of remaining self-employment income. If the loss is not absorbed, go to step 2.

2.) Total all other income (JINC, UNEA). Offset the farm loss. The 20% earned income deduction is allowed on the total wages (JINC) prior to the farm loss offset.

Some examples follow:

a)

$400 Avon Sales (BUSI)		
-$100 Farm Loss (BUSI)		
$300 Net BUSI Income		
+$200 Wages		
$500 x 20%	= $100 Earned Income Deduction	
-$234 Deduction	$134 Standard Deduction	
+$266 Count Income	$234	

4413.2, Offsetting Losses of Self-Employed Farmers continued:

b)
```
 $   0 Wood Cutting (BUSI)
-$600  Farm Loss (BUSI)
 $600  Net Farm Loss

 $700  Wages (JINC) x 20% = $140 Earned Income Ded.
 $336  SSI (UNEA)           +$134 Standard Deduction
$1036  Total Income          $274
-$600  Farm Loss (BUSI)
 $436
 $274  (Deductions)
 $162  Countable Income
```

c)
```
 $700  Farm Loss (BUSI)
1,800  Wages (JINC) x 20% = $360 Earned Income Ded.
                            +$134 Standard Deduction
                             $494


-$700  Farm Loss (BUSI)
$1,100
-$  494 (Deductions)
$  606  Countable Income
```

d)
```
 $600  Antique Sales (BUSI)
-$500  Farm Loss (BUSI)
 $100  BUSI x 20% =   $   20 Earned Income Deduction
                     +$134 Standard Deduction
                      $154
+$300  Social Security (UNEA)
 $400
-$154  (Deductions)
 $246  Countable Income
```

4414 SELF-EMPLOYMENT INCOME FROM BOARDERS

Households owning and operating a commercial boarding house must have their income calculated the same as any other household with self-employment income as discussed previously. Payments received by households from boarders in a noncommercial situation also are considered as self-employment income and are determined as follows.

Income from boarders includes all direct payments to the household for room and meals, including any contributions for part of the household's shelter expenses. Shelter expenses paid directly by boarders to someone outside the household are not considered household income. In determining if the household will receive a shelter deduction, all shelter costs the household actually incurs are considered, even if a boarder contributed to the household for part of the shelter expenses. Only those shelter costs the boarder pays directly to a third party, such as a landlord or utility company, are to be disregarded in determining the household's shelter expenses.

4414.1 ALLOWABLE DEDUCTIONS FROM BOARDER PAYMENTS

The cost of doing business is excluded from the total boarder's payment to the household provided the cost does not exceed the boarder's payment to the household. The cost of doing business is defined as:

4414.1, Allowable Deductions from Boarder Payments, continued:

A.) The cost of the monthly food stamp allotment for a household size equivalent to the food stamp allotment for the appropriate size boarder group. If actual costs are used, only separate and identifiable costs of providing rooms and meals to boarders are excluded.

B.) The actual documented cost of providing room and meals if the actual cost exceeds the food stamp allotment for the appropriate size boarder group. If actual costs are used, only separate and identifiable costs of providing rooms and meals to boarders are excluded.

4415 INCOME MAY BE UNEVENLY PRORATED FOR ALLOTMENT CALCULATION

The net income from self-employment must be added to other earned income and the 20% percent earned income deduction applied.

Once the household is found eligible based on its average net monthly self-employment income, the basis of stamp issuance may be determined by using the same average net income used to determine eligibility, or the total income may be prorated unevenly over the period of time for which income was averaged to match the times when the income is actually received.

If the prorating system is used, income assigned in any one month to determine the household's allotment cannot exceed the maximum eligibility income limits and total income used for eligibility must be used for basis of issuance over the period of time for which income was averaged.

FOR EXAMPLE: A 4-person household receives its annual income of $2400 in October, but does not apply until the following April. Its average monthly gross income during the 12-month period is therefore $200 and the household is eligible for food stamps. The worker assigns a six month certification. However, the household states it has spent $1800 so far and only has $600 left to last until the following October. Because $1800 divided by six months equals $300 monthly, and because this monthly figure does not exceed the maximum allowable gross income for the household, the worker may prorate the remaining $600 evenly or unevenly over the six-month certification period, provided that the gross income assigned on any one month does not exceed the maximum allowable.

The same principles apply to households that are subject to the net income standard instead of the gross limit. Also, note that the allotment for April, the month of application in the example, will be prorated. This proration is in addition to any proration of the household's income.

4416 LEASE INCOME

Real property held in trust -- As a resource, the ownership of real property held in trust by the United States government does not affect eligibility. The first $2,000 of income per year derived from this property is excluded, however, any amount over $2,000 per year does affect eligibility and is considered as income in the budgeting process.

4416, Lease Income continued:

For TANF and food stamp purposes, the lease income will be related to on a twelve month period between July 1 and June 30 even though the BIA is on an October through September (Federal) fiscal year. The reason for the July through June time frame is that often ledgers are not available until January and this month is unfavorable for the BIA to verify the accounts.

The form DSS-EA-241 is designed to provide a uniform method for obtaining and recording receipt of lease income. The Form DSS-EA-208, Authorization to Furnish Information and Release Information, is to accompany the Form EA-241 request when submitted to the BIA for verification.

The Bureau of Indian Affairs (BIA) maintains ledger accounts indicating income credited into individual annual IIM (Individual Indian Money) banks. Income credited to these accounts include sources such as range unit lease, farm lease, land sale, and other such as gravel pit contract sales. BIA records income from all the above sources which have been deposited and disbursed from the IIM account. If the lease income is in excess of $2000, workers must review the ledgers to determine if any of the income is from the sale or transfer of the property. If so, that amount must be deducted from the lease income because it would be a lump sum resource, not income.

In some instances, the applicant or recipient may have made an independent arrangement for leasing his property with the income being paid directly to him or her rather than going through his IIM account. Where the applicant/recipient cannot provide the information or if it is not readily available, the worker also should complete and forward to the Superintendent of the Reservation where the trust land is located a Form EA-241 and Form EA-208 requesting the name and address of the leasee. The worker should, upon receiving the requested information, contact the leasee to determine the amount of lease income to be considered available to and deducted from the client's needs.

Former recipients who had a cycle established prior to going off assistance would remain in the same cycle if eligible.

Verification at application -- If the applicant reports lease in excess of $2,000 per year, or the amount of lease income is questionable, the caseworker explains that verification is needed within 30 days; that it is the applicant's responsibility to request assistance if they are unable to obtain the verification from BIA. A letter has been developed to assist in this explanation. If the verification has not been received within the 30 days and the applicant has not requested assistance, the application may be rejected. If the applicant has requested assistance, the caseworker must attempt to get the verification (signed EA-241) from BIA and proceed on a case by case basis to either approve or reject within Department time frames.

In some areas of the State it may be more expedient for the worker to obtain the information for the EA-241 directly from BIA. Different procedures are permissible in order to handle the verification as expeditiously as possible.

Verification is only required for applicants who report lease income of at least $2,000 a year, or for situations where the lease information appears to be questionable. Further clarification for questionable situations may be found in Section 6230 - 6232.

4416.1 STEPS TO FOLLOW WHEN CONSIDERING LEASE INCOME

Lease income is considered in two separate fiscal year cycles. First is the verification cycle July 1st through June 30th, secondly is the budgeting cycle October 1st through September 30th. For example, lease income in excess of $2,000 is to be budgeted effective October 1 through September 30 and is used from the verification cycle July 1 through June 30.

4416.2 NEW APPLICATIONS

A.) Verify lease income from the previous fiscal verification cycle (verify the amount expected to continue in the current fiscal year) if in excess of $2,000 or is questionable.

B.) Prorate the amount of lease income by dividing by 12 and budget this amount as unearned income in the budget for the approval month to continue in the remaining months through September 30th. October 1st a new budget cycle begins. ACCESS will deduct $166.67 internally and will only budget the amount in excess of that figure.

C.) Lease income that has terminated because of land sale, transfer, etc., after the 1st of July but before the application date will be deducted from the total amount of lease income, and will not be prorated in the budget process.

D.) Lease income received from the acquisition of land after the 1st of July, but before the application date will only be budgeted in the first regular budgeting cycle, which begins October 1st following the application date if it is in excess of $2,000.

E.) Verify lease income (if in excess of $2,000 or is questionable) again in July for the current fiscal verification cycle and continue the prorata share adjustment in October for the current fiscal budget year. Remember to remove income from a land sale or transfer of land since it is a lump sum resource.

Verification for on-going cases with lease amounts of greater than $2,000 or questionable situations -- The caseworker should actually begin preparation for the annual lease verification in June by preparing a listing of cases which will require lease income verification. By June 15 contact should be established with those cases that do not already have a signed EA-241 (Lease Income Letter). The Department has developed suggested wording for a letter to accompany the EA-241 when mailed to clients for this purpose.

Between August 1 and September 1 the signed EA-241 will be submitted to BIA for verification. In cases where BIA has not complied with the Department's request for this information via the EA-241 submitted (by September 1), another contact with the client should be made. The Department has developed a form letter for this purpose. The letter basically informs the recipient that it is now their responsibility to obtain the required verification from BIA. It is then up to the client to get BIA to complete the EA-241 which should also be sent to the client along with the form letter. If BIA has not returned the form or the client does not return the completed EA-241 with their Monthly Report (EA-214) due by September 20th, the caseworker shall make a determination based on the best available information as discussed in Section 6211.9.

4416.2, New Applications continued:

The time frames are illustrated below:

June 15	Aug. 1 - Sept. 1	Sept. 1 - Sept. 20	Sept. 20
Letter explaining process.	State attempts to get verification from BIA.	Client responsible to get verification to Agency.	If not obtained, CW should assess BIA's willingness to cooperate, and if a determination of non-cooperation is made, the CW should proceed using the best available information.

4417 INTEREST INCOME FROM TRUST ACCOUNTS:

Only interest income received from trust accounts is countable. If the interest is not from a trust account, the amount is totally excluded. The terms of the trust must make the interest income available, and the household must receive the income at which point it should be annualized. If the trust interest income is recurring, the annualized amount must be updated prior to each June issuance. Documents which may be used to obtain annual interest amounts include a written statement from the trustee, the 1040 form, 1099 statements, or the annual interest statement from the bank.

The following clarification is offered for situations where last year's interest income does not reflect current circumstances.

1.) The trustee has reduced all or a portion of the interest income sources from the previous calendar year.

A.) The trust's only interest income was from a $1000 CD which has since been liquidated.

Since there is no longer the source of interest income, no interest income should be budgeted. For an on-going case, interest income would also be removed if the household reports and verifies that they no longer have the source of interest income.

B.) The trust had two $1000 CDs last year. One CD was liquidated and one remains valued at $1000.

The interest income from the CD which was liquidated is not budgeted. The interest income from the $1000 CD the household still has is annualized.

2.) The household had no interest income in the previous calendar year but now has a source of interest income. Trustee purchased a CD or opened a savings account.)

This situation can be correlated to Section 4411.4. The caseworker should verify interest accrued to date and average it over the period of time the interest income has been accrued and the resulting monthly amount projected for the coming year.

4420 DESTITUTE HOUSEHOLD

Migrant or seasonal households with little or no income at the time of application may be in need of immediate food assistance even though they receive income at some other time during the month of application. The following procedures must be used in determining when households in these circumstances may be considered destitute and entitled to expedited service and special income calculation procedures. Refer to Section 2710 for procedures on screening cases for expedited processing.

Households other than migrant or seasonal farmworker households cannot be classified as destitute.

A.) A household is considered to be destitute when the household's only income for the month of application was received before the date of application and was from a terminated source. A household may have lost its only source of income because of layoffs, or they received their last wages from a grower. Households in these or similar circumstances may be without income for some time and unable to wait as long as 30 days for food assistance.

Income received monthly or more frequently is considered to be coming from a terminated source if it will not be received from the same source during the remainder of the month in which the application is filed or in the following month.

For households whose income is received in intervals of more than a month, the income must be considered as coming from a terminated source if it will not be received in the month in which the next payment is normally due. For example: if income is received quarterly (that is, January 1, April 1, July 1, October 1) and the household applies in mid-January, the income would be considered as coming from a terminated source if no income is anticipated to be received in April.

B.) Households whose only income for the month of application is from a new source are considered to be destitute. These households are entitled to expedited service if by the 10th calendar day from the date the household files its application or by the end of the month, if sooner, the income received from the new source totals $25 or less. These households may expect to receive income from a new job or may, for example, have applied for, but have not yet received TANF, unemployment compensation benefits, SSI, social security. These households may be without income from the new source for several weeks and unable to meet their current food needs.

Income normally received monthly or more often is considered to be from a new source if income of more than $25 has not been received from that source within 30 days before the date the application was filed.

Income normally received less often than monthly (such as quarterly and once every two months) is considered to be from a new source if income of more than $25 was not received within the last normal interval between payments. For example: Mr. A applies on January 2. He has just begun a new job January 1 and expects to be paid once every three months beginning January 15. The income will be considered from a new source if it was not received in the previous quarter which began October 1.

4420 - Destitute Households Continued:

C.) Households also are considered destitute which receive income both from a terminated source before the date of application and from a new source after the date of application, if:

1.) No other income is received in the month the application is filed; and

2.) Income from the new source will not exceed $25 by the 10th day from the application file date or by the end of the month if less than 10 days are left in the month.

The following chart illustrates the factors to be considered in making a determination of destitute status.

DETERMINATION OF DESTITUTE STATUS

Start of Month	Application Filed	End of Month
Terminated Source of Income (Always Count)	Income Less Than $25 (Destitute)	Disregard Income if Destitute
	More than $25 (Not Destitute) Count	Count Income If Not Destitute
Period Prior to Application	10 Day Test Period	Period After Application

4421 CALCULATING BENEFITS FOR DESTITUTE HOUSEHOLDS

Applications from destitute households which meet all other eligibility criteria must be processed on an expedited basis. For destitute households only the income received between the first day of the month and the date the applications was filed is used for purposes of the gross and/or net income eligibility test and for use in determining the household's benefit level for the month of application. Any income from a new source anticipated 10 days after the day of application must be disregarded for the application month.

A household member who changes jobs but continues to work for the same employer is considered to still be receiving income from the same source. Similarly, a self-employed household member who does work on a contract basis or receives income from different customers is considered to be receiving income from the same source.

These special eligibility and benefit calculations apply to initial applications and recertifications, but only for the first month of each certification period. For recertifications, income from a new source is disregarded in the first month of the new certification period if the income from the new source will not exceed $25 by the 10th calendar day after the date of the household's normal issuance cycle.

Verification requirements for destitute households are discussed in Section 2780.

4421.1 TRAVEL ADVANCES

Money received for the expenses of traveling to a new location for employment may be received in the form of a travel advance or as an advance of wages.

Travel advances paid to new employees are not counted as income, and are not considered in determining whether a household is destitute, to the extent the advance is excluded as a reimbursement.

Advances of wages for travel costs are counted as income. They are not considered in determining whether the household is destitute or whether later payments from the employer are from a new source of income. Such a payment is considered an advance of wages only if, by written contract, it will be subtracted from wages later earned by the employee. For example: A household applies on May 10 and has received a $50 wage advance for travel from a new employer on May 1, but will not begin receiving any other wages until May 30. This household qualifies as destitute. The worker should disregard the earnings anticipated to be received May 30, but should consider as income the wage advance received May 1.

4421.2 MIGRANTS

For migrant farm workers, the grower for whom the migrant is working at a particular point in time, and not the crew chief, is considered the source of income. Migrants working for the same crew chief but moving from one grower to another are considered to have moved from a terminated source of income to a new source.

When a mixed food stamp household is involved, it is the responsibility of the PA worker to inform the appropriate food stamp caseworker when the PA grant changes.

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