

Chapter 11

Action on Households with Special Circumstances

1100 Self-employment Income

The procedures for handling income received from boarders by a household that does not own and operate a commercial boardinghouse are described in [Section 1101](#).

For all other households receiving self-employment income, including those households that own and operate a commercial boardinghouse, the county department shall calculate the self-employment income in accordance with the policies in the section.

Self-employment is working for oneself, rather than for an employer. Self-employment for food assistance purposes involves a business, job, or enterprise which an individual or individuals work for gain or profit, rather than wages or salaries paid by an employer.

Self-Employment Businesses

1. The income and resources of an unincorporated business are treated as the self-employment income and resources of the proprietor.
2. The income and resources of a partnership are treated similarly with each partner receiving a proportionate share of the partnership income and resources.

S Corporations and Other Corporations

1. S Corporations are closely-held family corporations in which income from such is reported together with other household income on its tax return. S Corporations are “pass through” entities for tax purposes. The income of these companies are passed through to their owners and reported on the owners’ personal income tax returns. **Income from an S Corporation is counted as earned income, but it is not treated as self-employment.** Owners of S Corporations are considered employees of the corporation and; therefore, cannot be considered as self-employed. Because they are not considered self-employed, they are not entitled to the exclusion of certain costs of producing self-employment income (40% standard deduction). In an S Corporation only the salary paid to the employee-owner is subject to employment tax.

For those households who have an S Corporation, only the income as reported on the household’s income tax return, form 1040, for the S Corporation is budgeted as earned income and annualized over a 12-month period. The salary and withdrawals for household expenses made from the S Corporation, including earnings from the company, salary, and withdrawals is subject to a 20% earned income deduction. If the household reports a net loss, the income attributed to the food assistance household would be zero since net losses may not be used to offset other income. Losses experienced by employees of S Corporations must not be offset against other countable income in the household.

The income of other types of corporations is income to the shareholder only if it is distributed to the shareholder. Any cash or expenses paid to or for the household from corporate funds should be considered “distributions” and counted as income.

2. Corporate assets for any corporation should be clearly registered in the name of the corporation to receive an exclusion from the household’s resource determination. Otherwise, these would be considered property of the household and counted or excluded as appropriate according to the provisions found in [Chapter 8](#). Additionally, the value of the stock which represents the value of non-income producing corporate property is considered a resource to the stockholder.

A. Annualizing Self-employment Income

Self-employment income may be received irregularly or on a regular basis and is handled as follows:

1. Self-employment income which represents a household’s annual income shall be annualized over a 12 month period even if the income is received within only a short period of time during those 12 months. For example, self employment income received by farmers shall be averaged over a 12-month period, if the income is intended to support the farmer on an annual basis.

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, the county department shall calculate the self-employment income on anticipated earnings. The county department shall not calculate self-employment income on the basis of prior income (e.g., income tax returns) when the household has experienced a substantial increase or decrease in business.

2. Self employment income which is received on a monthly basis but which represents a household’s annual support shall normally be averaged over a 12 month period. This self-employment income shall be annualized even if the household receives income from other sources in addition to self-employment.

If, however, the averaged amount does not accurately reflect the household’s actual monthly circumstances because the household has experienced a substantial increase or decrease in business, the county department shall calculate the self-employment income based on anticipated earnings.

3. Self-employment income which is intended to meet the household’s needs for only part of the year shall be averaged over the period of time the income is intended to cover. For example, self-employed vendors who work only in the summer and supplement their income from other sources during the balance of the year shall have their self-employment income averaged over the summer months rather than a 12-month period.

Determining the Period of Time Self-Employment Income is Intended to Cover

In an effort to determine if the self-employment income which is received other than on a regular monthly basis is intended to support the household on an annual basis, other factors, in addition to the household’s own statement, could provide some indication as to how long the household could sustain itself on such income would have to be examined and evaluated. Such factors would include, but would not be limited to, previous year’s business and personal expenses, tax records, anticipated expenses for the current year, income received from other sources during the previous year, income during the coming year, and so on. Such factors, when compared with the

income from seasonal self-employment, would provide a basis for making a determination as to how long the income is intended to support the household.

For example, if the previous year's expenses were proportionate to the household's income from self-employment, it could be an indication that the income would sustain the household for a year. Therefore, the household's income could be annualized. If expenses were not proportionate with the income, it could be assumed that such income could not sustain the household for a year; therefore, income would be averaged over the period of time for which such income is received.

Although the period of time for which the income is intended to cover would be a factor in determining the length of the household's certification period, all household circumstances would have to be evaluated. Additionally, although information obtained by the household would provide some indication as to the appropriate certification period to be assigned, the responsibility for establishing the appropriate certification period remains that of the county department.

New Self-Employment Enterprises

If a household's self-employment enterprise has been in existence for less than a year, the income from that self-employment enterprise shall 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 for such a short time that there is insufficient information to make a reasonable projection, the household may be certified for less than a year until the business has been in operation long enough to base a longer projection.

Termination of Self-Employment

When a self-employed household whose income and expenses have been annualized and prorated over a 12-month period goes out of business, the county department must remove the prorated income from the food assistance budget when the last income is received from that source. For example, a farmer reports that he plans to stop farming and expects to sell his last crop in October. The sale of the crop has previously been anticipated and the income had already been included in the averaged amount. The averaged amount would be counted for October. No self-employment income would be counted for November.

1. If the household is expected to receive residual income after the person stops being actively engaged in the self-employment enterprise, the county department must calculate the residual self-employment income based on anticipated amounts.

The income can either be counted in the month it is anticipated to be received or the county department can average the income forward over the certification period.

2. When the self-employment income is no longer counted in the food assistance budget, the self-employment expenses are no longer allowed, even if they continue to be incurred.

B. Determining Monthly Income from Self-employment

For the period of time over which self-employment income is determined, the county department must add all gross self-employment income (including capital gains); divide the gross self-employment income by the number of months over which the income will be averaged. This is the amount to be shown on the DHR-FAD-1139.

The households with self-employment income are entitled to a standard deduction of 40% of the gross proceeds from the self-employment income as a cost of doing business. This procedure is automated.

For those households whose self-employment income is not averaged but is instead calculated on an anticipated basis, as noted in Item A of this section, the county department must:

1. Add any capital gains the household anticipates it will receive in the next 12 months, starting with the date the application is filed.
2. Divide the amount by 12. This amount shall be used in successive certification periods during the next 12 months, except that a new average monthly amount shall be calculated over this 12-month period if the anticipated amount of capital gains changes.
3. The monthly anticipated average of capital gains as determined above shall then be added to the anticipated monthly self-employment income.

Households with self-employment income are entitled to standard deductions of 40% of the gross proceeds from the self-employment income as a cost of doing business. This procedure is automated.

Other Household Income and Self-Employment Income

The monthly net self-employment income shall be added to any other earned income received by the household. The total monthly earned income, less a 20% earned income deduction, shall then be added to all monthly unearned income averaged by the household. (This process is handled by automation.)

Special Provision for Farmers

For purposes of this provision, to be considered a self-employed farmer, the farmer must receive or anticipate receiving annual gross proceeds of \$1000 or more from the farming enterprise.

A fisherman is treated the same as a self-employed farmer if the fisherman is self-employed and receives or anticipates receiving annual gross proceeds of \$1,000 or more from fishing. This applies even if the fisherman is only involved in catching or harvesting the fish as well as watermen, crayfishermen and other type fishermen.

When the Secretary of Agriculture determines that a farm emergency exists due to a natural disaster, any payments to farmers pursuant to such a determination shall be excluded from income and resources for food assistance purposes. This exclusion is required by Section 312(d) of the Disaster Relief Act of 1974, as amended in 1988.

Certain Farm Payments

1. Agricultural Stabilization and Conservation Service (ASCS) cash payments including payments for crop losses are counted as earned self-employment income except when such payments are for loans. Farm loans are excluded from income for food assistance purposes.
2. Payments from the Federal Crop Insurance Corporation (FCIC) are considered recurring lump-sum payments, and as such they are considered as resources.
3. Crop insurance settlements from private companies which are made as a nonrecurring lump sum payment are counted as a resource.

Termination of Farm Self-Employment Income

When a farm self-employment household whose income and expenses have been annualized and anticipated over a 12-month period, discontinues farming, the county department shall

remove the farm self-employment income from the budget in accordance with the appropriate reporting and processing time frames for changes.

Annualized farm self-employment income that had been prorated as income from the budget due to termination of self-employment would lose its resource exclusion. However, any property or vehicles essential to farm self-employment of a household member engaged in farming is excluded as a resource for one year from the date the household member terminates farm self-employment.

C. Capital Gains

The proceeds from the sale of capital goods or equipment shall be calculated in the same manner as capital gains for Federal income tax purposes. However, even if 50% of the proceeds from the sale of capital goods or equipment are taxed for Federal income tax purposes, the State agency shall count the full amount of the capital gain as income for food assistance purposes.

Recaptured Depreciation

The Internal Revenue Service (IRS) allows self-employed persons to deduct depreciation as a cost of doing business. Then, when a piece of equipment, for instance, is sold before the end of its useful life, the former owner must declare a portion of depreciation as income. This is commonly referred to as recaptured depreciation. Recaptured depreciation is NOT counted as income for food assistance purposes.

Recaptured Investment Credit

IRS allows for a percentage of certain investments to be deducted as an expense. If the asset is disposed of or ceases to be eligible before the end of the recapture period for recovery property or before the end of the estimated life used to figure the credit, a percentage of the credit may have to be recaptured. This is commonly referred to as recaptured investment credit. Recaptured investment credits are NOT counted as income for food assistance purposes.

D. Allowable Costs of Producing Self-employment Income

Households with self-employment income are given a standard deduction of 40% of the gross proceeds from self-employment income for operating expenses as a cost of doing business. The standard will be used for all food assistance households reporting self-employment income. This procedure is automated.

E. Assigning Certification Periods

Households that receive their annual support from self-employment and have no other source of income may be certified for up to 12 months.

For those households that receive other sources of income or whose self-employment income is intended to cover a period of time that is less than a year, the county department shall assign a certification period appropriate for the household's circumstances.

For those self-employed households that receive their annual income in a short period of time, the initial certification period shall be assigned to bring the household into the annual cycle. For example, the county department may provide for recertification at the time the household normally receives all or a majority of its annual income or the State agency may prefer to have the annual cycle coincide with the filing of the household's income tax.

F. Special Instructions for Farmers in USDA Payment-in-Kind (PIK) Program

The following policy establishes the procedures for handling grain received by farmers under the new Payment-In-Kind (PIK) Program. Under this program, farmers who have already taken portions of land out of production under the Land Diversion or Acreage Reduction Programs will be encouraged to take more land out of production. Farmers who enroll will receive surplus grain which can be retained for their own use or sold. Rice and upland cotton, as well as wheat, corn and sorghum are involved in PIK program.

Grain received under this program should normally be considered self-employment income. It should be included when annualizing income if the household indicated the grain will be sold during the year. It should be noted that no income is in fact realized by the household until the commodities are sold. Indeed, farmers receiving PIK payments from the Commodity Credit Corporation (CCC) will incur no Federal income tax liability until sale of the commodities occurs. However, the Food Assistance Program regulations provide for a process of annualizing to be used when certifying self-employed households, such as farmers. PIK commodities, like any other product of the farm enterprise, should be included as part of annual income if their sale may be reasonably anticipated during the year for which income is being calculated. This process allows self-employed households to have certification periods that reflect the uneven time frames in which their income is generated.

It should also be noted that in many cases farmers will sell commodities they own to CCC and receive them back from CCC as PIK commodities. Farmers will be paid by CCC for the commodities with the payment being used to repay price support loans previously extended to the farmer by CCC. These sales and loan repayments should be treated as completely separate from the receipt of PIK commodities and handled in the same manner as any other sale of commodities and repayment of a price support loan.

The value of any grain which the household intends to use for feed or seed would not be considered a resource. In those instances where the household intends to retain the grain without sale longer than 12 months, it should be considered a non-liquid resource. It should also be noted that farmers who qualify for PIK grain and are already storing grain under a CCC loan will be allowed to divert for personal use the amount of PIK entitlement from their own storage, and will be released from any obligation for that amount of grain. PIK grain should be considered as described above whether diverted from the farmers own storage or received from the CCC.

1101 Boarders

A. Households with Boarders

Persons defined as boarders in [Section 102](#) who are not requested by the household to be treated as a household member, shall be excluded from the household, when determining the household's eligibility and benefit level. The income of households owning and operating a commercial boarding house shall be handled as described in [Section 1100](#). For all other households, payments from the boarder shall be treated as self-employment income and the household's eligibility determined as follows.

B. Income from the Boarder

The income from boarders shall include all direct payments to the household for room and meals, including contributions to the household's shelter expenses. Shelter expenses paid directly by boarders to someone outside of the household shall not be counted as income to the household.

C. Cost of Doing Business

The household will receive a 40% deduction from the gross income generated from the boarders as a cost of doing business. This procedure is automated.

D. Deductible Expenses from Boarders

The income from self-employment is earned income.

Shelter costs the household actually incurs shall be used to determine the household's shelter deduction, even if the boarder contributes to the household for part of the household's shelter expenses. Shelter costs shall not include any shelter expenses paid directly by the boarder to a third party, such as to the landlord or utility company.

Non-boarders for Whom Household Furnishes Meals

Persons who receive meals only are not included in the definition of boarders. That portion of the cash compensation that the household receives for providing meals to such an individual that exceeds the cost of producing the meals would be considered income to the household.

1102 Treatment of Resources, Income and Deductions of Certain Non-household Members

A. Disqualifications Due To:

1. Intentional Program Violation (IPV)
2. Convictions involving Food Assistance trafficking or firearm purchases.
3. Felony convictions under federal or state law for any offense which has an element possession, use or distribution of a controlled substance.
4. Fleeing felons.
5. Probation or parole violators.

Refer to Chapter 1, [Section 101](#), for specific information on the above disqualified individuals. The eligibility and benefit level of any remaining household members in a household containing these disqualified individuals shall be determined as follows:

Resources

The resources of the disqualified member(s) shall be counted in their entirety to the remaining household members. If the disqualified household member is the only elderly or disabled member of the household, the resource limit for the remaining members shall not exceed \$2,250, since the household is no longer considered an elderly or a disabled household.

Income

The income of the disqualified member(s) shall be counted in its entirety to the remaining household members.

Deductions

Any deductions to which the disqualified member is entitled, such as medical, dependent care, and the child support deduction, will be added to the remaining member's deductions and used in determining the entire household's allowable deductions.

Any shelter costs billed to or incurred by the disqualified member shall also be added to the remaining member's shelter costs and used in determining the entire household's allowable shelter expense.

Eligibility and Benefit Level

The disqualified member shall not be included when determining the household's size for the purpose of assigning a benefit level to the household; comparing the household's monthly income with the income eligibility standards; or comparing the household's resources with the resource eligibility limits.

The county department shall ensure that no household's food assistance allotment is increased as result of the disqualification for IPV or failure to comply with food assistance work requirements of one or more household members.

B. Disqualifications Due To:

1. Social security number disqualification.
2. Ineligible alien.
3. Recipients determined to have received multiple benefits.
4. Ineligible Able Bodied Adults without Dependents (ABAWDS).

The eligibility and benefit level of any remaining household members of a household containing these disqualified individuals shall be determined as follows:

Resources

The resources of the disqualified or ineligible member(s) shall be counted in their entirety to the remaining household members. If the disqualified or ineligible household member is the only elderly or disabled member of the household, the resource limit shall be \$2,250 as the household is no longer considered an elderly or a disabled household.

Income

A prorated share of the income of the disqualified or ineligible member(s) shall be counted as income to the remaining members. A prorated share shall be calculated by:

1. Subtracting the allowable exclusions from the disqualified or ineligible member's income.
2. Dividing all of the countable income evenly among members of the entire household, including the disqualified or ineligible member and any other disqualified members.
3. Multiply each member's share by the number of eligible household members; count this as income to the household.

Steps (2) and (3) are handled through automation and are not done by the worker.

Deductions

Shelter expenses either billed to or paid by these disqualified or ineligible members are prorated among all household members, including the disqualified or ineligible member and other excluded members. All but the amount attributed to the ineligible or disqualified individuals is counted in computing the household's shelter costs.

Households shall be allowed the appropriate full utility deduction (SUA/BUA) even if the disqualified or ineligible member pays all or part of the utility expense. The utility expense shall not be prorated among all members to determine the household's allowable utility deduction (SUA/BUA).

Medical and Uncapped Shelter - These disqualified or ineligible household members do not entitle the household to the medical expense or uncapped shelter expenses. When the only elderly or disabled member is an ineligible or disqualified member, the capped shelter amount must be used even if excluded members are billed for or pay the shelter expense. The shelter cap is applied after the excluded member's share is subtracted. If an included member is elderly or disabled, the uncapped shelter amount and medical deduction are allowed even if the costs are prorated among the excluded and non-excluded members.

Child Support Deduction - The amount of legally obligated child support paid or expected to be paid will be divided evenly among all the household members, and all but the disqualified and/or ineligible member's share would be counted in the food assistance budget.

When these ineligible or disqualified individuals do not have income or allowable expenses:

Income - If the eligible members are the only ones with income, their total income is counted in determining the household's eligibility and allotment. Their income is not prorated to exclude members.

Deductible expenses - Deductible expenses billed to or paid by eligible members are treated in the same manner, e.g., if an eligible member pays all of the shelter expenses, the household is entitled to claim the total amount of shelter expenses.

Eligibility and Benefit Level

These disqualified or ineligible members shall not be included when determining their household's sizes for the purpose of assigning a benefit level to the household; comparing the household's monthly income with the income eligibility standards; or comparing the household's resources with the resource eligibility limits.

C. Reduction or Termination of Benefits within the Certification Period

Whenever an individual is determined ineligible due to disqualification sanction, the eligibility of the remaining members shall be based, as much as possible, on information in the case file.

Excluded for IPV Disqualification

If a household's benefits are reduced or terminated within the certification period because one of its members was disqualified due to IPV, the county department shall notify the remaining members of their eligibility and benefit level or ineligibility at the same time the excluded member is notified of the disqualification.

The household is not entitled to a Notice of Adverse Action, but may request a fair hearing to contest the reduction or termination of benefits. This is an option unless the household has

already had a fair hearing on the amount of the claim as a result of the consolidation of the administrative disqualification hearing with the fair hearing.

Excluded for Failure to Comply with Work Requirements

If a household's benefits are reduced or terminated within the certification period because one of its members is disqualified for failure to comply with food assistance work requirements the county department shall:

Issue a Notice of Adverse Action which shall state:

1. The particular act of noncompliance and the eligibility and benefit level of the remaining members.
2. The proposed period of disqualification and the action the household may take to end the disqualification.
3. Specify that the individual may be added back at the end of the disqualification period or, in the case of termination the household may reapply at the end of the ineligible period.

Excluded for:

**Social Security Number Disqualification,
Ineligible Alien,
Recipients of Multiple Benefits,
Ineligible Able Bodied Adults without Dependents (ABAWDS), or
Specified Convictions Involving Food Assistance**

If a household's benefits are reduced or terminated within the certification period because one or more of its members is ineligible because of one of the above listed reasons the county will:

Issue a Notice of Adverse Action in accordance with [Chapter 13](#) which informs the household:

1. Of the ineligibility of the member(s).
2. The reason for their ineligibility.
3. The eligibility and benefit level of the remaining members and
4. The action the household must take to end the ineligibility of these members, if applicable.

1103 Treatment of Resources and Income of Other Non-household Members

The resources and income of roomers, live-in-attendants, ineligible students, and other individuals who share living quarters with a household but are not members of the household shall not be considered available to the household with whom the individual resides.

Cash payments from the non-household member to the household will be considered income under the normal income standards. Vendor payments by non-household members shall be excluded as income.

If the household shares deductible expenses with the non-household member, only the amount actually paid or contributed by the household shall be deducted as a household expense except if the payments cannot be differentiated, the expenses shall be prorated evenly among persons actually paying or contributing to the expense and only the household's pro rata share deducted.

Households which contain members who are ineligible students shall be allowed the appropriate full utility deduction (SUA/BUA) even if these ineligible household members pay all or part of the utility expense. The utility expense shall not be prorated among all members to determine the household's allowable utility deduction (SUA/BUA).

When the earned income of one or more household members and the earned income of a non-household member are combined into one wage, the income of the household members shall be determined as follows:

1. If the household's share can be identified, the county department shall count that portion due to the household as earned income.
2. If the household's share cannot be identified, the county department shall prorate the earned income among all those whom it was intended to cover and count that prorated portion to the household.

Non-household members shall not be included when determining the size of the household for the purpose of assigning a benefit level to the household; comparing the household's monthly income with the income eligibility standards; or comparing the household's resources with the resource eligibility limits.

1104 Residents of Drug/Alcohol Treatment and Rehabilitation Programs

Narcotic addicts or alcoholics who regularly participate in a treatment and rehabilitation program conducted by a private, nonprofit organization or institution, or a publicly operated community mental health center on a resident basis may voluntarily apply for food assistance.

Residents as Households

Resident addicts and alcoholics shall have their eligibility determined as a one person household. In some cases, the family members of the addict or alcoholic will also be housed in the treatment center in an effort to treat the total environment of the resident. Children of residents of drug and alcohol treatment centers who live with their parent in treatment centers may qualify for food assistance and use the benefits to purchase meals served by the center. These children will be included in their parent's food assistance case.

Special Certification Provision

The county department shall certify residents of addict/alcoholic centers by using the same provisions that apply to all other applicant households except that:

1. Certification must be accomplished through an authorized representative as described in [Section 105 B](#).
2. Prior to certification the county department shall verify that the treatment center meets one of the following:
 - a) Authorized by FNS as a retailer if the center wishes to redeem food assistance through a wholesaler.

- b) If not authorized by FNS as a retailer, is certified by the Alabama Department of Mental Health, which has the responsibility for the State's programs for drug addicts and alcoholics.

Requirements for Treatment and Rehabilitation Centers

1. Provide a monthly listing of residents.

Each treatment and rehabilitation center must provide the county department's Food Assistance Office, by the 10th day of each month, a list of their currently participating residents as of the first day of that month. This list shall include a statement signed by a responsible center official attesting to the validity of the list. If the report is received without this statement and signature, it shall be returned immediately to the center as it is considered an incomplete report.

If by the 20th day of the month a complete report has not been received, participation of all center residents must be terminated by individual Notice of Action for adverse action purposes. The reason cited for termination is the refusal to cooperate by the household's authorized representative to furnish monthly information as to the household's residence in the center as required by federal regulations.

2. Maintain accurate EBT records.

Accurate EBT records must be maintained on site, and made available for review by county DHR employees and state and federal auditors. If the drug and alcohol treatment center authorized by FNS, as a retail store does not provide accurate EBT records, the county must promptly notify the USDA Field Office. The address of the USDA Field Office is 4121 Carmichael Road, Suite 503, Montgomery, Alabama 36106. The telephone number is (334) 279-0844. The county must take no action prior to FNS action against the center. If FNS disqualifies the treatment and rehabilitation center as a retail store, the county must suspend the center as an authorized representative. If the center cannot act as an authorized representative, the residents cannot receive food assistance benefits. Individual Notices of Adverse Action are necessary. The reason cited for termination is EBT records not maintained.

A drug and alcohol treatment center not authorized by FNS, as a retail store will have their authorized representative status removed if they fail to provide accurate EBT records. If the authorized status of the drug/alcohol treatment and rehabilitation programs is removed, the residents will not be eligible to receive food assistance benefits. Individual Notices of Adverse Action are necessary.

Requirement for County Departments to Conduct On-Site Visits

The county department shall conduct periodic random on-site visits to the treatment center. The purpose of these visits is to compare what the center has reported concerning residents to the food assistance office with the center's actual records for a particular month or for as many months as determined necessary based on chronic problems of failure to report changes by the center.

The minimum requirement for on-site visits is semi-annually. The Food Assistance office may visit much more frequently when problems or conflicts in reports or information provided by the center arises. The EBT records must be reviewed during the on-site visit.

Residents and Normal Certification Provisions

The following provisions apply to residents of treatment centers:

1. When a resident is entitled to expedited services, eligibility for his initial application shall be processed on an expedited basis, and the county department shall complete

verification and documentation requirements prior to issuance of a second food assistance allotment.

2. When normal processing standards apply, the county department shall complete the verification and documentation requirements prior to making an eligibility determination for the initial application.
3. The county department shall process changes in household circumstances and recertification by using the same standards that apply to all other food assistance households. The treatment center must notify the county office of any changes in household circumstances as provided in [Chapter 12](#).
4. Resident households shall be afforded the same rights to Notices of Adverse Action, to fair hearings, and to entitlement to lost benefits as are all other food assistance households.
5. The treatment center must notify the county office when a resident leaves the treatment center.

Special Issuance Provisions for Resident of Drug and Alcohol Treatment Centers

One-half of the regular monthly allotment will be posted to the EBT account as available on the fourth day of the month. The remaining one-half of the allotment will be posted to the EBT account as available on the 16th day of the month. This will be accomplished through a special issuance code to be used only for these treatment center residents. This will facilitate the delivery of benefits to households who leave the treatment center during the month, as discussed below.

Please refer to the Automation for All Staff Manual for this special issuance code.

When the Resident Leaves the Center

When the resident leaves the center, the center must provide the resident with his EBT card, PIN number and:

1. His full food assistance allotment if already issued and none of the benefits have been spent on behalf of the household. This procedure is applicable any time during the month.
2. If the benefits have already been issued and any portion spent on behalf of the individual, and the resident leaves the center prior to the 16th of the month, the center must provide the resident with one half of his monthly assistance benefit.
3. If the benefits have already been issued and used, and the resident leaves on or after the 16th day of the month, the resident does not receive any food assistance benefits.

Once the resident leaves the center, the facility is no longer allowed to act as that resident's authorized representative. The center must, if possible, provide the resident with a change report form to report to the Food Assistance office the individual's new address and other circumstances after leaving the center, and shall advise the resident to return the form to the local Food Assistance office within ten (10) days. EBT cards inadvertently retained and all AR cards must be destroyed immediately by the treatment center (See Appendix B to the EBT Manual).

As residents may leave without informing the center of their departure, it is still the center's responsibility not to obtain benefits for any resident that was not residing in the center on the day benefits were available. While recognizing that the abrupt departure of residents is a valid problem, it is not the Food Assistance office's responsibility to verify at the time of Issuance that a resident still resides at the center (although it will be done later); it is the center's responsibility.

Liabilities of Centers

See Claims Against Households Manual

1105 Blind or Disabled Residents of Group Living Arrangements

Residents of a group living arrangement (a public or private nonprofit residential setting that serves no more than 16 residents) may voluntarily apply for the food assistance program if blind or disabled as defined in the [Glossary](#).

Applying for Food Assistance

A resident of a group living arrangement may apply for food assistance in one of the following ways. If the residents apply through the use of the facility's authorized representative, eligibility must be determined as one-person households or if the residents apply on their own behalf, the household size must be in accordance with the definition of a food assistance household in [Chapter 1](#).

Special Certification Provisions

The county department must certify these residents by using the same provisions that apply to all other households except, prior to certifying any resident the county department must verify that the group living arrangement meets one of the following:

1. Authorized by FNS as a retailer if the group living arrangement wishes to redeem food assistance through a wholesaler.
2. Certified by the Alabama Department of Mental Health, including the Department of Mental Health's determination of the group living arrangement is a nonprofit organization.

Requirements for Group Living Arrangement

1. Provide monthly listing of residents

By the 10th of each month each group living arrangement must provide the county department's food assistance office a list of their currently participating residents as of the first day of that month.

- a) This list must include a statement signed by a responsible center official attesting to the validity of the list. If the report is received without this statement and signature, it must be returned immediately to the center as it is considered an incomplete report.
- b) If by the 20th day of the month a complete report has not been received, participation of all group living arrangement residents must be terminated by individual Notices of Action for adverse action purposes. The reason cited for termination is the refusal to cooperate by the group living arrangement to furnish monthly information as to the household's residence in the group living arrangement as required by federal regulations.

2. Maintain Accurate EBT Records

Each group living arrangement must maintain accurate EBT records on-site and make them available for review by County DHR employees and State and Federal Auditors. If the group home authorized by FNS as an authorized retail store does not provide accurate EBT records, the county must promptly notify the USDA field office. The address of the USDA Field Office is 4121 Carmichael Road, Suite 503, Montgomery, Alabama 36106. The telephone number is (334) 279-0844.

The county must take no action prior to FNS action against the group home. If FNS disqualifies the group home as a retail store, the county must suspend its authorized representative status. The individuals can reapply in their own behalf.

A group home, not authorized by FNS as a retail store, must have its authorized representative status removed. The individuals can apply in their own name.

Requirement to County Departments to Conduct On-Site Visits

The county department must conduct periodic random on-site visits to the group living arrangement. The purpose of these visits is to compare what the group living arrangement has reported concerning residents to the Food Assistance office with the group living arrangement's actual records for a particular month or for as many months as determined necessary based on chronic problems of failure to report changes by the group living arrangement.

The minimum requirement for on-site visits is semiannually. The Food Assistance office may visit much more frequently when problems or conflicts in reports or information provided by the group living arrangement arise. The EBT records must be reviewed during the on-site visit.

Residents and Normal Certification Provisions

The following provisions apply to residents of group living arrangements:

1. When a resident is entitled to expedited services, eligibility for his initial application shall be processed on an expedited basis, and the county department shall complete verification and documentation requirements prior to issuance of a second food assistance allotment.
2. When normal processing standards apply, the county department shall complete the verification and documentation requirements prior to making an eligibility determination for the initial application.

3. Separate and identifiable room and/or medical costs are given as shelter and medical deductions, respectively. If the amount paid for medical and shelter costs cannot be separately identified, no deduction is allowed for the costs.
4. In some instances, group home residents make a single payment for room, meals, and medical. If so, these items should be identified separately to the extent possible and any allowable shelter and medical expenses deducted.
5. Some group homes charge a basic rate for room and board and higher rates if medical care is needed. In such instances, if a person is charged a higher rate, the basic rate minus the food assistance maximum allotment for a one-person household may be used to determine the shelter costs for that person, and the difference between the basis rate and the higher rate may be determined to be medical costs.
6. If a group home resident makes a single payment for room and meals and the payment cannot be broken down, the amount of the payment which exceeds the maximum food assistance allotment for a one-person household can be allowed as an identified shelter expense.
7. If one or two residents apply as part of the same food assistance household, the food assistance maximum allotment for a one-person household would be deducted from the room and board payment for each person. Any remaining amount for each individual shall be added together and this amount shall be allowed as a shelter deduction for the food assistance household.

These procedures apply to residents making their own payments or those instances where a protective payee is handling the payments, but is using the residents own funds.

If the group living arrangement is acting in the capacity of an authorized representative, the group living arrangement shall notify the county department of changes in the household's income or other changes required to be reported, and when the resident leaves the group living arrangement. The group living arrangement shall return to the food assistance office any food assistance benefits received for the resident after he has left the center,

When the Resident Leaves the Group Living Arrangement

When the resident leaves the group living arrangement, the group living arrangement, either acting as an authorized representative or retaining use of the benefits on behalf of the residents (regardless of the method of application), must provide the resident with his EBT card, PIN number and:

1. His full assistance allotment if already issued and none of the benefits have been spent on behalf of that individual household. This procedure is applicable any time during the month.
2. If the benefits have already been issued and any portion spent on behalf of the individual, and the resident leaves the center prior to the 16th day of the month, the group living arrangement must provide the resident with one-half of his monthly food assistance allotment.
3. If the benefits have already been issued and used, and the resident leaves on or after the 16th of the month, the resident does not receive any refund of benefits.
4. If a group of residents has been certified as one household and have returned the benefits to the facility to use, the departing residents shall be given a prorated share of one-

half the allotment if leaving prior to the 16th day of the month and shall be instructed to obtain ID cards from the Food Assistance office.

5. EBT cards inadvertently retained and all AR cards must be destroyed immediately by the group home (See Appendix B to the EBT Manual). Once the resident leaves a group living arrangement, the facility is no longer allowed to act as that resident's authorized representative.

6. The group living arrangement shall, if possible, provide the resident with a Change Report Form to report to the Food Assistance office the individual's new address and other circumstances after leaving the group living arrangement, and shall advise the household to return the form to the local Food Assistance office within ten (10) days. The Food Assistance office may provide the center with the Exhibit B and inform the center to mail or bring this to the Food Assistance office immediately upon the departure of the resident.

7. As the residents may leave without informing the center of their departure, it is still the center's responsibility not to obtain benefits for any resident that was not residing in the center on the day benefits were obtained. While recognizing that the abrupt departure of residents is a valid problem, it is not the food assistance office's responsibility to verify at the time of issuance that a resident still resides at a center (although it will be done later); it is the center's responsibility.

Use of Food Assistance at the Group Living Arrangement

The group living arrangement may purchase and prepare food to be consumed by eligible residents on a group basis if residents normally obtain their meals at a central location as part of the group living arrangement services or if meals are prepared at a central location for delivery to the individual residents.

If residents purchase and/or prepare food for home consumption, as opposed to communal dining, the group living arrangement shall ensure that each resident's food assistance are used for meals intended for that resident.

If the resident retains use of his own food assistance allotment, he may either use the stamp to purchase meals prepared for them by the facility or to purchase food to prepare meals for their own consumption.

Over-issuances

The same provisions applicable to drug and alcoholic treatment and rehabilitation centers as noted in the Claims Against Households Manual shall apply to group living arrangements when acting as an authorized representative.

These provisions, however, are not applicable if a resident has applied on his own behalf. The resident applying on his own behalf shall be responsible for over-issuances as would any other household.

1106 Shelter for Battered Individuals and Children

Residents of shelters for battered individuals and children may apply for food assistance.

Prior to Certification

Prior to certifying residents of shelters for battered individuals and children, under the provisions of this section, the county department must determine if either of the conditions below have been met:

1. Determine if the shelter is a public or private nonprofit residential facility for abused or battered individuals.
2. Determine that the shelter has FNS authorization to redeem food assistance at wholesalers. This determination must be documented, and no further action is required to make any further determination.

Special Certification Provisions

1. **Special Issuance**

Many shelter residents have recently left a household containing the person who abused them. Their former household may be certified for participation in the Food Assistance Program, and its certification may be based on a household size that includes the individual and children who have just left.

Shelter residents who are included in such certified households may apply for and if otherwise eligible participate in the Food Assistance Program as separate households if such certified household which includes them is the household containing the person who subjected them to abuse.

Shelter residents who are included in such certified households may receive their own allotment as a separate household even though they have not yet been removed from their previous household due to adverse action procedures.

2. **Eligibility Determination**

Shelter residents who apply as separate household shall be certified solely on the basis of their income, resources and the expenses for which they are responsible. For handling of jointly owned resources see the section below. Residents shall be certified without regard to the income, resources, and expenses of their former household.

Jointly Owned Resources

A resident's interest or share in any non-liquid resource which is jointly owned with a non-household member is to be excluded from the resident's countable resources in determining food assistance eligibility if:

1. The resources are jointly owned by such persons and by members of their former household, and
2. The shelter resident's access to the value of the resource is dependent upon the agreement of a joint owner who still resides in the former household.

Liquid resources which the resident jointly owns (bank accounts, etc.) which the resident has access to, shall continue to be counted in the resource determination.

Other County Department Action

County departments shall take prompt action to ensure that the former household's eligibility and allotment reflects the change in the household's composition due to the departure of the battered individuals and children.

The county department may either process the change and, when necessary, issue a Notice of Adverse Action, or shorten the former household's certification period by issuing a Notice of Expiration with the certification to end the month following the month the notice is sent.

1107 Homeless Food Assistance Households

Homeless food assistance households as defined in the Glossary Manual shall be permitted to use their food assistance benefits to purchase prepared meals from homeless meal providers who meet the qualifications below.

Homeless Meals Provider

A homeless meal provider shall mean a public or private nonprofit establishment (soup kitchen, temporary shelters), approved by the Department of Human Resources and USDA, that feed homeless individuals.

Responsibilities of the Meal Provider

The meal provider shall:

1. Be approved by the County Department of Human Resources.
2. File an application with the officer-in-charge at FNS.
3. Provide sufficient data on the nature and scope of the business conducted by the applicant to FNS.
4. Serve meals that include food purchased by the establishment. A meal provider which serves meals which consist wholly of donated foods will not be eligible for authorization.
5. Ensure that only homeless individuals are served prepared meals.
6. Ensure that food assistance participants are not charged for meals; the meal provider can only accept food assistance as donations.

Homeless meal providers may not redeem food stamps through financial institutions for cash. The homeless meal provider is restricted to redeeming food assistance received by homeless recipients through authorized wholesale outlets and authorized retail food stores.

Homeless meal providers will not be permitted to serve as an authorized representative for the homeless food assistance household.

Responsibilities of the County Department

The county department shall:

1. Make one on-site visit to the meal provider.
2. Determine that the establishment/shelter is serving prepared meals to the homeless.
3. Confirm the county department's approval in writing; maintaining a copy of the approval in the county file and
4. Inform the homeless individuals that they may be served prepared meals from approved shelters/establishments and may donate their stamps for these meals.

The county department may wish to consider issuing all or a large part of a homeless individual's monthly allotment in \$2.00 books. Counties choosing this option should ensure that their inventory is adequate to meet this demand by ordering additional \$2.00 books.

Use of Food Assistance to Purchase Meals from Approved Restaurants

Homeless food assistance persons as defined in the Glossary and Index shall be allowed to use their food assistance to purchase meals from restaurants approved by the Department of Human Resources and USDA.

Responsibilities of the Restaurant

1. Sign a contract at the DHR office.
The contract shall specify the approximate prices which will be charged for meals. If the meals are discounted from the regular prices, the amount of the discount shall be included. The amount of the reduction is a matter of resolution between the county department and the restaurant and may be whatever the two parties deem to be reasonable. The contract shall specify that no sales tax will be charged on the food purchased with food assistance benefits.
2. Acquire a copy of the contract.
3. Contact USDA (334-279-3665).
USDA will inform the representative from the restaurant of the steps he must complete to finish the application process. USDA will be responsible for the licensing of the restaurants.
4. Accept food assistance benefits only from homeless individuals. This shall be accomplished by one of the following:
 - a) Require the recipient's ID card (this card shall be marked with a CD and an expiration date) or
 - b) The restaurant knows that the food assistance recipient is homeless and entitled to use the benefits to purchase prepared meals.

Responsibilities of the County Department

1. Inform restaurants that they must come to the appropriate county DHR office and sign a contract. The contract should be signed by a representative from the restaurant and the County Director or his/her designee.
2. Provide a copy of the signed contract to the restaurant.
3. Inform the restaurant to contact the Officer-In-Charge at USDA (334-279-3665) about the remaining steps they must complete to be certified to receive food assistance.
4. Maintain a copy of the signed contract in the office.
5. Mark the homeless recipient's ID card with the letters CD and an expiration date.
6. Remove the letters CD and the expiration date when the homeless household no longer meets the criteria to purchase meals at restaurants.

7. Inform homeless households that they may purchase meals with their food assistance from approved restaurants.

1108 Households Containing Sponsored Alien Members

This section applies to those aliens identified in Chapter 4, [Section 400](#).

Definitions

“Sponsored Alien” - means an alien for whom a person (the sponsor) has executed an affidavit of support.

“Sponsor” - means a person who executed an affidavit of support (INS Form I-864 or I-864A) pursuant to Section 213A of the Immigration and Nationality Act on behalf of such alien.

Treatment of Income/Resources of Sponsors

The income and the resources of a sponsor and the sponsor’s spouse shall be deemed to be the unearned income and resources of a sponsored adult alien. The income and resources of a sponsor and the sponsor’s spouse (if he or she has executed INS Form I-864 or I-864A) shall continue to be deemed to the sponsored adult alien until such time as the alien either (a) gains U.S. citizenship or (b) worked 40 qualifying quarters of coverage as defined under Title II of the Social Security Act or can be credited with such qualifying quarters or (c) the sponsor dies.

The sponsored adult alien (with worker assistance as needed) must obtain the cooperation of the sponsor and the sponsor’s spouse in providing the agency with the information and documentation necessary to determine and calculate the income and resources to be deemed to the sponsored adult alien. The sponsored adult alien is responsible for providing the names and other identifying factors of other adult aliens for whom the alien’s sponsor has signed an affidavit of support, for reporting the required information about the sponsor and sponsor’s spouse should he or she obtain a different sponsor and for reporting a change in income should the sponsor or the sponsor’s spouse change or lose employment or die during the certification period.

The sponsored adult alien shall be ineligible until such time as all necessary information and verification can be obtained. The eligibility of any remaining household members shall be determined under normal procedures. The county department must consider available to the remaining household members the income and resources of the ineligible alien in determining the eligibility and benefit level of the remaining household members. A review of deemed income and resources must be done at application and recertification.

Deeming of Sponsor’s Income

The monthly income of the sponsor and sponsor’s spouse must be their total monthly earned and unearned income as defined in Chapter 9, [Section 901](#) considering allowable income exclusions as defined in Chapter 9, [Section 902](#). This income is then reduced by:

1. A 20 percent earned income deduction for earned income of the sponsor and the sponsor’s spouse.
2. An amount equal to the gross income limits for the household size of the sponsor, the sponsor’s spouse, and any dependents.

These calculations must be done manually by the worker.

If the alien has already reported gross income information on his or her sponsor in compliance with the sponsored alien rules of another State agency administered assistance program, the county department may use that income amount for Food Assistance Program deeming purposes, subject only to the above reductions.

The county department must consider as income to the alien any money the sponsor or the sponsor's spouse pays to the sponsored adult alien, but only to the extent that the money exceeds the amount deemed to the sponsored adult alien as determined above.

If a sponsored adult alien can verify to the county department that his or her sponsor is the sponsor of other aliens, the county department must divide the income deemed by the total number of such sponsored aliens. If this total number includes an alien child, the child's prorated share of the sponsor's income shall be excluded.

Deeming of Sponsor's Resources

The county department must deem as available to the sponsored adult alien the total amount of the resources of the sponsor and the sponsor's spouse in accordance with resource eligibility standards reduced by \$1500.

If the sponsored adult alien can verify to the county department that his or her sponsor is the sponsor of other aliens, the county department must divide the resources deemed by the total number of such sponsored aliens. If this total number includes an alien child, the child's prorated share of the sponsor's resources shall be excluded.

Exempt Aliens

Deeming of income and resources do not apply to the following:

- 1. An alien who is a member of his or her sponsor's food assistance household.**
- 2. An alien who is sponsored by an organization or group rather than an individual.**
- 3. An alien who is not required to have a sponsor under the Immigration and Nationality Act, such as a refugee, a parolee, an Asylee, or a Cuban or Haitian entrant.**
- 4. Alien children who are under age 18.**
- 5. A battered alien individual, alien parent of a battered child or child of a battered alien, for 12 months after the county department determines that the battering is substantially connected to the need for benefits, and the battered individual does not live with the batterer.**

After 12 months the county department must not deem the batterer's income and resources if the battery is recognized by a court or the INS and has a substantial connection to the need for benefits, and the alien does not live with the batterer.

- 6. An indigent alien that the State agency has determined is unable to obtain food and shelter.**

An eligible sponsored alien is indigent if the sum of all the sponsor household's income and any assistance the sponsor or others provide (cash or in-kind) is less than or equal to 130% of the poverty income guideline for the household's size. The state agency shall determine the amount of income and other in-kind

assistance provided the month of application. Each indigence determination is good for 12 months and is renewable for additional 12 months periods.

For assistance in determining the applicability of deeming and the calculation of income and resources to be deemed for cases containing sponsored aliens, contact the State Policy Desk.

1109 Households Requesting Replacement of Allotments or Food Destroyed in a Disaster

Replacement of Allotments

A household may request a replacement for that portion of its allotment, not to exceed one month's food assistance allotment, which it had received but which was subsequently destroyed in a household disaster such as fire or flood.

To qualify for a replacement, the household shall:

1. Report the destruction to the local county department within 10 days of the incident or within the period of intended use, whichever is earlier.
2. Sign Form PSD-BFA-1334, Affidavit of Loss, which shall be retained in the case file and on which the household is:
 - a) Attesting to the destruction of the household's food assistance benefits.
 - b) Stating that the original stamps will be returned to the county department if recovered by the household and
 - c) Stating that the household is aware of the penalties for intentional misrepresentation of facts.
3. Upon receipt of a request for replacement for food assistance as destroyed in an individual household disaster, the county department shall:
 - a) Verify the disaster through either a collateral contact, documentation from a community agency including, but not limited to the fire department, the Red Cross, or a home visit.
 - b) Examine the case file for notation of previous requests by the household for replacement of stamps reported destroyed subsequent to receipt.
 - c) Replace stamps reported as destroyed subsequent to receipt no more than twice in a six-month period.

If in the previous six months, the household has been issued two replacements for stamps destroyed subsequent to receipt, then replacement shall be denied.
 - d) Issue replacement stamps, if warranted, within 10 days of receipt of request for replacement.
 - e) Indicate in the case file a replacement has been provided.

Improperly Manufactured or Mutilated Food Assistance

The county department shall provide a replacement for food assistance that were received by a household or subsequently found to be improperly manufactured.

The amount to be replaced shall be equal to the value of the improperly manufactured or mutilated stamps.

If the county department cannot determine the value of a mutilated stamp after exhausting all available means of determining the value within the state, the county department shall follow the instructions provided in the handbook for issuance of food assistance. County departments shall not replace stamps which are mutilated to such a degree that less than three-fifths of the stamp is presented by the household.

Replacement of Food Destroyed in a Disaster

In cases in which food purchased with food assistance benefits is destroyed in a disaster affecting a participating household, that household may be eligible for replacement of the actual value of loss, not to exceed one month's allotment if both of the following apply.

1. The loss is reported within 10 days.
2. The household's disaster is verified.

Verification shall be handled in the same manner as for a replacement in the allotment. The county department shall provide a replacement allotment, or an opportunity to obtain a replacement allotment, within 10 days of the reported loss.

This provision shall apply in cases of an individual household disaster such as fire, as well as in natural disasters affecting more than one household. However, in cases where FNS has issued a disaster declaration and the household is otherwise eligible for emergency food assistance benefits as determined by FNS, the household shall not receive both the disaster allotment and replacement allotment under this provision.

1110 Households with a Decrease in Income Due to a Non-compliance with a Public/General Assistance Program Requirement

There will be no increase in food assistance benefits to households in which a penalty resulting in a decrease of PA and GA benefits has been imposed for noncompliance with a federal, state, or local means-tested public assistance program. For the purposes of this provision, "means-tested" public assistance no longer refers to Supplemental Security Income. These decreases may be a reduced benefit amount due to the removal from the grant of the non-complying individual, or a reduction due to recoupment for a client caused error, intentional or unintentional. For those circumstances in which the entire household is terminated for failing to comply with another program's requirement, the attributed amount shall continue to remain in the food assistance budget for the length of the other program's disqualification period, until the household either cures the sanction, or is determined ineligible for the assistance payment for a reason other than failing to comply with a program's requirements.

Food assistance benefits shall be calculated using the benefit amount that would have been issued if no penalty or recoupment had been applied against that program's benefit amount. For this policy to apply, the following two conditions must exist.

1. The agency that is administering the other program (FA) must advise that there has been a noncompliance or client caused overpayment.
2. The individual, unit, or household must have been receiving assistance from the other program at the time of the violation and that assistance must be decreased, suspended, or terminated because of this failure to comply.

The food assistance worker need only verify if a known decrease in a household's benefits is due to a determination of noncompliance by the other program or recoupment due to client caused error. If the determination is not specifically identified by the other program as a noncompliance with one of their requirements, the prohibition on increased food assistance benefits will not apply. Staff should make a good faith effort to obtain the information.

Recoupment Codes for Failure to Comply with FA Requirements

The codes on the Comprehensive Claims System should be used to identify the reason(s) money is recouped from a FA grant. The definition of these codes can be found in the Comprehensive Claims System User's Guide Section 20.

Determining Benefit Level

The procedures for determining food assistance benefits when there is such a decrease in income/benefits are as follows:

1. The county department shall identify that portion of the decrease which is attributed to the penalty for noncompliance or a recoupment for client caused errors.
The penalty shall be that portion of the decrease in PA or GA benefits caused by the household's noncompliance with the other program's requirements, or a recoupment for client caused errors.
2. The food assistance benefits shall then be calculated using the benefit amount which would have been issued by that program if no penalty/recoupment had been applied against that program's benefit amount.

Noncompliance with a JOBS Requirement

This policy does not apply to households during the time the household or a household member is serving a sanction for both food assistance and FA due to noncompliance with a JOBS requirement ([Section 704 C](#)).

Once the sanction for food assistance ends and the individual is added back to the food assistance budget, or the household reapplies, the amount of FA to be placed in the food assistance budget will be the amount they would have received if they had cooperated with JOBS. This amount of FA will remain in the food assistance budget for the duration of the FA JOBS sanction.

Changes during the Penalty Period

1. The county department must act upon any changes that would normally affect the food assistance that are not related to the penalty imposed by the other program. Example, a household's FA check has been decreased from \$164 to \$137 due to a FA program noncompliance with Child Support. The \$164 will remain in the food assistance budget. The household reports employment which causes them to become ineligible for FA. The \$164 FA amount will be removed from the food assistance budget. If the household reapplies for FA and the sanction is again imposed, adverse action will be necessary if the penalty (\$164) amount causes a decrease in food assistance benefits.

2. If the member who committed the noncompliance moves out of the household, the penalty amount will be removed from the food assistance budget of that household.

If the household member continues to be penalized for non-compliance by the other program, the amount of PA/GA attributed to the penalty shall be placed in the food assistance budget of the new household that the individual has joined. Adverse action procedures will apply.

1111 Timely Imposition of IPV Disqualification Periods

The disqualification of a member for Intentional Program Violation shall be handled in accordance with procedures set forth in Chapter 600 of the Claims Against Households Manual. Disqualification penalties must be imposed in a timely manner as described in Section 602 of the Claims Manual. The time period for the disqualification begins when the individual is determined eligible for benefits, regardless of whether the sanction is actually imposed.

1. Therefore, if the county department fails to impose a penalty in a timely manner, only the remaining sanction time can be imposed. For example, if the imposition of a six month disqualification is delayed two months after it was supposed to have started; only the remaining four months shall be imposed. If there are no remaining months, no penalty shall be imposed.
2. An un-served disqualification shall still be counted when determining the number of confirmed offenses against an individual.

1112 Day Care Providers

1. **Income**
Payments made to day care providers to provide meals for children, other than their own, are considered self-employment income. Allowable costs of doing business are excluded from the gross self-employment income, and the remainder is subject to the 20% earned income deduction.
2. **Costs of Doing Business**
A standard 40% of the gross income will be excluded as the cost of doing business.