

## Chapter 9

### Income and Deductions

#### 900 Income Eligibility Standards

Participation in the Food Stamp Program shall be limited to those households whose incomes are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet.

Households which contain an elderly or disabled member (as defined in the Glossary Manual) shall meet the net income eligibility standard.

Households which do not contain an elderly or disabled member shall meet both the net income and the gross income eligibility standards.

Households which are categorically eligible do not have to meet either the gross or net income eligibility standards. The net and gross income eligibility standards are found in the annual Basis of Issuance Chart.

#### 901 Definition of Income

Household income shall mean all income from whatever source excluding only items specified in [Section 903](#).

##### A. Earned Income

Earned income shall include:

1. All wages and salaries of an employee.
  - a) "Sick pay" is counted as earned income when wages continue despite the fact an individual is not working due to illness, but plans to return to work. Sick pay from an outside source other than the employer, such as an insurance company is not earned income.
  - b) Allocated tips (as shown on an employee's W-2 form, (Box 6) should not be counted as income. The allocated amount is used for IRS audit purposes only. Based on the allotted amount, if it appears the employee reported less than he/she should have reported for income tax purposes, IRS will request the employee to provide an explanation. If the explanation is satisfactory, no further action is taken. If the employee cannot substantiate the lesser amount, IRS may conduct an audit to determine the amount of tips. Since the amount of tips that will be taxed as income by IRS will not be known until after an audit is conducted, only the amount of tips reported by the employee should be counted as income for food assistance purposes.
2. Gross income from a self-employment enterprise, including the total gain from the sale of any capital goods or equipment related to the business, excluding the costs of doing business as provided in [Section 1100](#).

- a) Ownership of rental property shall be considered a self-employment enterprise in accordance with Section 1100. However, income derived from the rental property shall be considered earned income only if a member of the household is actively engaged in the management of the property at least an average of 20 hours per week.
  - b) Payments from a roomer or boarder shall also be considered self-employment income.
3. Jury duty payment provided:

The jury pay is dispersed over a time period of a day or several days or weeks in a specific amount, such as \$15 per day. (If the jury pay does not exceed \$30 in a quarter and cannot be reasonably anticipated, it may be excluded for prospectively budgeted households only.)

- 4. Training allowances from vocational and rehabilitative programs recognized by Federal, State, or local governments, such as the work incentive program except for allowances received through programs authorized by the Workforce Innovation and Opportunity Act (WIOA) , to the extent they are not a reimbursement.
- 5. Payments under Title I (VISTA, etc.), of the Domestic Volunteer Service ACT of 1973 (Pub. L. 93-113 Stat., as amended) shall be considered earned income and subject to the earned income deduction excluding payments made to those households specified in [Section 902](#).
- 6. Earnings to individuals participating in on-the-job training programs under Section Section 129 (c) (2)(C)(iv) or section 134 (c)(3)(D)(ii)of WIOA shall be considered income for food assistance purposes. For the purpose of this provision, earnings include moneys paid under the WIOA and moneys paid by the employer. This provision does not apply to household members under 19 years of age who are under the parental control of another adult member, regardless of school attendance and/or enrollment.
- 7. Payments received for the sale of blood.
- 8. Money which is diverted from an employee's earnings through a cafeteria plan or other flexible benefit program to a third party to pay certain expenses such as child care or medical expense is counted as income. The money is legally obligated and otherwise payable to the employee.
- 9. Military special pay and allowances such as "jump pay" or housing allowances Basic Allowance for Quarters (BAQ) which are received in addition to base pay.

NOTE: Marines living on base in adequate quarters are not entitled to receive a Basic Allowance for Quarters (BAQ). However, the Marine Corp has been showing an equivalent amount under entitlements and a similar amount under deductions on the Leave and Earnings Statement (LES). The BAQ shall be disregarded, provided the applicant/recipient provides a written statement from his/her commanding officer stating the BAQ is incorrectly listed on the pay record and the applicant does not actually receive it.

Marines living in inadequate quarters are entitled to a full BAQ and must pay rent. The BAQ is income for food assistance purposes and the rent should be used in determining the household's correct shelter costs.

- 10. Armed Forces Family Subsistence Supplemental Allowance (FSSA).

## B. Unearned Income

Unearned income shall include, but not be limited to:

1. Assistance payments from Federal or federally-aided public assistance programs, such as Supplemental Security Income (SSI) or Family Assistance (FA); General Assistance (GA) programs (as defined in the Glossary Manual), or other assistance programs based on need.
  - a) Such assistance is considered to be unearned income even if provided in the form of a vendor payment (provided to a third party on behalf of the household), unless the vendor payment is specifically exempt from consideration as countable income under the provisions in [Section 902](#).
  - b) GA vendor payments provided to cover housing expenses, other than energy assistance or utility expenses are considered as unearned income.
  - c) Payments made under a State law to provide energy assistance are considered unearned income unless excluded under provisions in [Section 902](#).
  - d) FA payments made to a parent shall be considered the income of the parent. Proration of FA benefits among those individuals included in the FA budget is appropriate when the parties included in the FA budget reside in different households [see [Section 902\(14\)](#)]. The case file should contain documentation of the reason and method of proration.
  - e) 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.
2. Annuities; pensions; retirement, veteran's or disability benefits; worker's or unemployment compensation; old-age, survivors, or social security benefits; strike benefits; gross income minus the cost of doing business derived from rental property in which a household member is not actively engaged in the management of the property at least 20 hours a week; foster care payments (both the service payment and the maintenance payment) for children or adults who are considered members of the household.
3. Agent Orange Veteran Payments to veterans. Public Law 102-4, Agent Orange Act of 1991, authorizes veteran's benefits to veterans of the Viet Nam War with service connected disability resulting from exposure to Agent Orange. These monthly VA payments are counted as unearned income. The checks are from the Department of Veterans Affairs.
4. Support or alimony payments made directly to the household from non-household members: Child support is considered the income of the person to whom it is legally obligated, usually the custodial parent. The total amount of the child support shall be counted as income to the person to whom it is legally obligated regardless of whether the child is a household member or non-household member.

If the child is a non-household member, any payments in money made directly to the child's household from the child support shall be counted as income to that household. If the child is a non-household member, any payments from the child support made on behalf of the child are excluded vendor payments and would not be counted as income to the child's household.

The amount of child support, which is paid through the Family Court System (or an attorney), to be budgeted is the amount that is legally obligated and otherwise payable to the household. For example, a divorce decree specifies that the absent parent pay the household \$100 per month and this payment is made through the Family Court. If the court withholds \$10 for court cost and the household receives \$90, then \$100 is budgeted to the household because that is the amount legally obligated. However, if the divorce decree specifies that the absent parent pay \$100 per month and the court requires the parent to pay \$1.00 to cover court cost, and then \$100 is still the amount to be budgeted to the household.

Any identified arrearages due to the nonpayment of court cost shall not be counted as income when received by the client even if a specified arrearage amount is added to the regular child support payments. If the arrearage is paid in a lump sum payment, it shall be considered a nonrecurring lump sum payment. For example, an absent parent is ordered to pay child support in the amount of \$40.00 weekly to the Family Court. The order further stipulates that the father is responsible for the court processing fee of \$1.00 weekly in addition to the \$40.00 weekly child support. The father sends the \$40.00 each week, but does not include the extra \$1.00 processing fee. The Family Court deducts the processing fee from the \$40.00 and sends the client a check for \$39.00. The \$1.00 is reflected by the court as uncollected, overdue child support, and becomes a part of any arrearage payments subsequently collected and paid to the client. When the client receives this identified arrearage payment, it is excluded as income. The \$40.00 weekly child support is the amount which is legally obligated to the client, and the amount which is counted in the food stamp budget.

5. Payments from Government-sponsored programs, dividends, interest, royalties, and all other direct money payments from any source which can be construed to be a gain or benefit.
  - a) Interest income must be considered as having been received in the month in which it is credited to the account for both prospectively and retrospectively budgeted households. The date credited means the date it is posted to the account rather than when the household is notified of the amount through bank statements.
  - b) Under prospective budgeting the interest must be counted as unearned income if it can be reasonably anticipated, such as when a household maintains a relatively constant balance in its account. The interest income may be averaged over the certification period.
6. Moneys which are withdrawn or dividends which are or could be received by a household from trust funds considered to be excludable resources under [Section 902](#).
  - a) Such trust withdrawals shall be considered income in the month received, unless otherwise exempt under the provision in [Section 902](#).
  - b) Dividends which the household has the option of either receiving as income or reinvesting in the trust are to be considered as income in the month they become available to the household unless otherwise exempt under the provisions in [Section 902](#).
7. Money which is regularly received from a guardianship or conservatorship account is considered unearned income. This provision applies when the guardian or conservator is not a household member.
8. Payments made by an insurance company directly to the landlord/mortgage holder shall be counted as income to the household if the client is named as the beneficiary of the

insurance policy. The insurance policy should be reviewed to determine who the beneficiary is.

9. Payments from sources other than an employer which an employee receives when he is unable to work due to illness; these payments may include disability insurance payments, etc. even if the insurance premium was paid by the employer or the employee.
10. The income of the sponsor and the sponsor's wife which is deemed to be the income of the sponsored eligible adult alien. Refer to Chapter 11, [Section 1108](#) for the budgeting of this income.

### **C. Income of Non-household Member**

See Chapter 11, [Sections 1102](#) and [1103](#), for the handling of earned and unearned income of individuals who have been determined to be:

1. Disqualified for intentional program violation.
2. Disqualified for failure to provide a social security number in accordance with [Chapter 6](#).
3. An ineligible alien.
4. Other individuals such as ineligible students, roomers, etc.

See Chapter 11, [Section 1108](#), for handling of the income for households containing sponsored alien members.

### **D. Certain Income Withholdings Not Counted**

Income shall not include the following moneys:

1. Moneys withheld from an assistance payment, earned income, or other income source, or moneys received from any income source which is voluntarily or involuntarily returned, to repay a prior overpayment received from that income source, provided that the overpayment was not excludable as described in [Section 902](#). However, moneys withheld from another means tested program due to the household's failure to comply with the other program's requirement or to recover an overpayment due to client error shall be included as income as described in Chapter 11, [Section 1110](#).
2. Child support payments received by FA recipients, which must be transferred to the Department of Human Resources to maintain FA eligibility.

## **902 Income Exclusions**

Only the following items shall be excluded from household income and no other income shall be excluded:

1. Any gain or benefit which is NOT in the form of money payable directly to the household, including nonmonetary or in-kind benefits, such as meals, clothing, public housing, or produce from a garden, and vendor payments. Money payments that are not payable

directly to a household, but are paid to a third party for a household expense are vendor payments and are excludable as follows:

- a) A payment made in money on behalf of a household shall be considered a vendor payment whenever a person or organization outside of the household uses its own funds to make a direct payment to either the household's creditors or a person or organization providing a service to the household.
  - b) Rent or mortgage payments made to landlords or mortgages by the Department of Housing and Urban Development (HUD), Farmers' Home Administration (FmHA), or by State or local housing authorities are examples of vendor payments.
  - c) Payments by a government agency to a child care institution to provide day care for a household member are also excluded as vendor payments.
2. Payments or allowances made for the purpose of providing energy assistance (a) under any Federal law, other than part A of Title IV of the Social Security Act including utility reimbursements provided by the Department of Housing and Urban Development (HUD) and the Rural Housing Service or (b) a one-time payment or allowance applied for on an as needed basis made under a federal or state law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative heating or cooling device. A down-payment followed by a final payment upon completion of the work will be considered a one-time payment for purposes of this provision.
3. A Public Assistance (PA) or General Assistance (GA) payment (as defined in the Glossary Manual) which is not made directly to the household, but paid to a third party on behalf of the household to pay a household expense, shall be considered as income and not excluded as a vendor payment unless such PA or GA payment is for:
- a) Medical assistance.
  - b) Child care assistance.
  - c) Utility or energy assistance (see Glossary and Index for definition of energy assistance).
  - d) Housing assistance from a state or local housing authority.
  - e) Any emergency PA or general assistance payment which is provided to a third party on behalf of the migrant or seasonal farm worker household (i.e. vendor payment) while the household is in the job stream. This assistance may include but is not limited to emergency vendor payments for housing or transportation.
4. Payments in money that are not made to a third party, but are made directly to the household, are counted as income and are not excluded as a vendor payment.
5. Moneys that are legally obligated and otherwise payable to the household, but which are diverted by the provider of the payment to a third party for a household expense, shall be counted as income and not excluded as a vendor payment.
- a) The distinction is whether the person or organization making the payment on behalf of a household is using funds that otherwise would have to be paid to the household. Such funds include:
    - ❖ Wages earned by a household member and therefore owed to the household, a public assistance grant to which a household is legally entitled.

- ❖ Support or alimony payments in amounts which legally must be paid to a household member.

If an employer, agency, or former spouse who owes these funds to a household diverts them instead to a third party to pay for a household expense, these payments shall still be counted as income to the household. However, if an employer, agency, former spouse, or other person makes payments for household expenses to a third party from funds that are not owed to the household; these payments shall be excluded as vendor payments.

- b) Payments made by an insurance company directly to the landlord/mortgage holder shall be treated as a vendor payment and therefore excluded as income if the landlord/mortgage holder is named as beneficiary of the insurance policy. If the client is named as beneficiary of the insurance policy, the payments (which are diverted to the landlord/mortgage holder) shall be counted as income to the food stamp household.
6. Wages earned by a household member that are garnisheed or diverted by an employer, and paid to a third party for a household's expenses, such as rent, shall be considered as income. However, if the employer pays a household's rent directly to the landlord in addition to paying the household its regular wages, this rent payment shall be excluded as a vendor payment. In addition, if the employer provides housing to an employee, the value of the housing shall not be counted as income.
7. All or part of a public assistance (PA) or general assistance (GA) grant or payment which is diverted to a third party or to a protective payee for purposes such as, but not limited to, managing a household's expenses, shall be considered as income to the household and not excluded as a vendor payment, except as provided in this section.
- a) Assistance financed by State or local funds which is provided over and above the normal PA or GA grant or payment, or is not normally provided as part of such grant or payment would be considered emergency or special assistance and excluded as income if provided to a third party on behalf of the household.
  - b) If a PA or GA program provides all households in a particular category, with a larger monthly amount, the larger amount would not be excluded because it is part of the regular monthly assistance for all households in that category and is not really an "extra" payment. On the other hand, if a fire destroyed a household item and it receives an "emergency" amount paid directly to a store to purchase a replacement, such a payment could be excluded under this provision.
  - c) Where the program is not composed of various standards, allowances, or components, but is simply designed to provide assistance on an *as needed* basis rather than provide routine, regular monthly benefits to a client, no exclusion would be granted under this provision because the assistance is not provided over and above the normal grant; it is the normal GA grant.
8. 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.

9. Income of a SSI recipient necessary for the fulfillment of a Plan for Achieving Self-Support (PASS) under Title XVI of the Social Security Act.
10. Other than interest income, any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter.
11. Student financial assistance received by a household member shall be excluded in its entirety for persons at a recognized institution of post secondary education, at a school for the handicapped, in a vocational education program, or in a program that provides for obtaining a secondary school diploma or GED. This includes but is not limited to grants, scholarships, fellowships, educational loans on which payment is deferred, all work study, and veteran's educational benefits.
12. Allowances, earnings, or payments (including reimbursements) to individuals participating in programs under the Workforce Innovation and Opportunity Act (WIOA) (Public Law 113-128) shall be excluded. This includes earnings from the Summer Youth Employment and Training Program. This exclusion does not apply to earnings for on-the-job training programs as stated in POE [Section 901A](#).
13. Reimbursements for past or future expenses, to the extent they do not exceed actual expenses, and do not represent a gain or benefit to the household. Reimbursements for normal household living expenses 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 shall be counted as income. However, reimbursements shall not be considered to exceed actual expenses, unless the provider or the household indicates the amount is excessive.

SUP payments (State Supplementation) which are greater than the actual expense for which they are intended cannot have the amount exceeding the expense counted as income unless the household verbally states the SUP check is greater than the expense. The case record will reflect the amount of the SUP check (as an income to be excluded) and the amount of the expense will be reflected in the listing of medical expenses, these figures shall not be used to determine countable income; only the household's verbal statement of excess will entitle the amount by which SUP check exceeds the expense to be counted as income.

Excludable reimbursements which are not considered a gain or benefit to the household include, but are not limited to:

- ❖ 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 the basic wages for these expenses are excluded; however, these expenses, if not reimbursed, are not otherwise deductible. Reimbursements for the travel expenses incurred by migrant workers are also excluded.
- ❖ Reimbursements for out-of-pocket expenses of volunteers incurred in the course of their work.
- ❖ Medical or dental care reimbursements and direct payments to a household to cover costs of securing and maintaining "service animals" such as Seeing Eye

dogs, hearing guide dogs and housekeeper monkeys are to be excluded as a medical reimbursement.

- ❖ Reimbursements received by households to pay for services provided by Title XX of the Social Security Act.
- ❖ P.L. 93-288, Section 312(d), the Disaster Relief Act of 1974, as amended by P.L. 100-707, Section 105(i), the Disaster Relief and Emergency Assistance Amendments of 1988 provide that payments precipitated by an emergency or major disaster are not counted as income or resources for food stamp purposes. This exclusion applies to Federal Assistance provided to persons directly affected and to comparable disaster assistance provided by States, local governments, and disaster assistance organizations. Disaster Unemployment Assistance.  
A major disaster is any natural catastrophe such as a hurricane or drought, or regardless of cause, any fire, flood, or explosion, which the President determines causes damage of sufficient severity and magnitude to warrant disaster assistance to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.  
An emergency is any occasion or instance for which the President determines that Federal assistance is needed to supplant State and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe.
- ❖ National Flood Insurance Program (NFIP) payments made to property owners under the National Flood Insurance Act of 1968 as amended by P.L. 109-64, enacted on September 20, 2005.
- ❖ Any payment made to an E and T participant for costs that are reasonably necessary and directly related to participation in the E and T program. These costs include, but are not limited to, dependent care costs, transportation, other expenses related to work, training or education such as uniforms, personal safety items or other necessary equipment, and books or manuals (P.L. 101-485).

14. Moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member.

- a) When a protective payee who receives money which is legally obligated to a third-party beneficiary who is not a member of the household, uses some or all of the money for himself, that portion of the money that the protective payee uses for himself is counted as income to the protective payee's household. The portion that is not used for the beneficiary is not counted as income to the beneficiary's household. The total moneys assigned to the beneficiary and/or the protective payee cannot exceed the amount of the benefits.
- b) If the intended beneficiaries of a single payment are both household and non-household members, any identifiable portion of the payment included and used for the care and maintenance of the non-household member shall be excluded.
- c) If the non-household member's portion cannot be readily identified, the payment shall be evenly prorated among intended beneficiaries and the exclusion applied to the non-household member's pro rata share or the amount actually used for the non-household member's care and maintenance, whichever is less.

15. Earned income of children in the household under age 18 who attend elementary or secondary school, or attend classes to obtain a GED. The student can also attend elementary or secondary classes through a home-school program recognized or supervised by the student's state or local school district.

- a) This exclusion shall continue to apply during temporary interruptions in school attendance due to semester or vacation breaks, provided the student's enrollment will resume following the break.
  - b) If the student's earnings or amount of work performed cannot be differentiated from that of other household members, the total earnings shall be prorated equally among the working members and the student's pro rate share excluded.
  - c) The earned income of students who become 18 will be excluded the entire month of birth for eligibility and allotment determinations.
16. Money received in the form of a nonrecurring lump-sum payment, including, but not limited to:
- a) Income tax refunds, rebates, or credits.
  - b) Retroactive lump-sum social security, SSI, Family Assistance, railroad retirement benefits or other payments. Retroactive SSI benefits paid in installments (other than for drug addiction/alcoholism) are excluded from income.
  - c) Lump-sum insurance settlements.
  - d) Refunds of security deposits on rental property or utilities.
  - e) Agent Orange VA payments to disabled veterans or to spouses or dependent children of deceased Vietnam Veterans. All payments from the Agent Orange Compensation Exclusion Act or any other fund established pursuant to the settlement in the Agent Orange Product liability litigation are excluded from income and resources retroactive to January 1, 1989. The disabled veteran will receive yearly payments. Survivors of the deceased disabled veterans will receive a lump sum payment. These payments are disbursed by the AETNA insurance company using their own checks. (Public Law 101-201).
  - f) Funds received from a guardianship or conservatorship account which is limited to use in emergency situations.
  - g) Child support received by the household from income tax intercepts.
17. The cost of producing self-employment income. The procedures for computing the cost of producing self-employment income are described in [Section 1100](#).
18. Any income that is specifically excluded by any other federal statute from consideration as income for the purpose of determining eligibility for the food assistance program. The following laws provide such an exclusion:
- a) The monthly fee collected by a qualified organization acting as the representative payee for an individual receiving SSI benefits (P.L. 101-500, Section 5105(a)) or SSI and/or Social Security disability due to drug addiction and/or alcoholism (P.L. 103-296)
    - ❖ The monthly fee collected by the organizational representative payee is legally obligated to the payee rather than the household. The organization must be a community based nonprofit social service agency which is bonded or licensed in the state.

- ❖ For organizations serving as representative payees for SSI and/or SS disability payments for drug addiction and/or alcoholism (DAA), the maximum monthly fee is \$50.00 or 10% of the monthly benefit, whichever is less.
- ❖ For organizations serving as representative payees for SSI recipients (other than DAA individuals), the maximum monthly fee is \$25.00 or 10% of the monthly SSI benefit amount, whichever is less.

- b) P.L. 79-396, Section 12(e) of the National School Lunch Act as amended by Section 9(d) of P.L. 94-105 provides that the value of assistance to children under this act shall be excluded as both income and resources for any purpose under any Federal or State laws. Please note that the exclusion applies to assistance provided to children rather than that paid to providers.

This law authorizes:

- ❖ The school lunch program.
- ❖ The summer food service program for children.
- ❖ The Commodity Distribution Program.
- ❖ The Child and Adult Care Program.

The amount of Child and Adult Care Food program payments paid to the day care provider to provide meals to children other than the provider's own children is considered self-employment income for the provider.

Any payments under this program paid to a day care provider for meals served to the provider's own children shall be excluded in its entirety to the provider's household.

- c) P.L. 89-642, the Child Nutrition Act of 1966, Section 11(b) provides that the value of any assistance to children shall not be considered as income or resources for any purpose under any Federal or State law.

This law authorizes:

- ❖ The Special Milk Program.
- ❖ The School Breakfast Program.
- ❖ The Special Supplemental Food Program for Women, Infants and Children (WIC).

- d) P.L. 97-252, The Uniform Services Former Spouse Protection Act provides that a military retirement plan is property subject to division and any payments diverted to an ex-spouse in a divorce settlement shall be considered as such. Any portion of the retirement plan which is legally obligated and otherwise payable to the ex-spouse shall be excluded as income in the retiree's household.

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

- f) Any payment to volunteers under Title II (RSVP, Foster Grandparents and others) of the Domestic Volunteer Services Act of 1973 (P.L. 93-113) as amended.

- ❖ Payments under Title I of that Act (including payments from VISTA) to volunteers shall be excluded for those individuals receiving food assistance or public assistance at the time they joined the Title I program, except that households which were receiving an income exclusion for a VISTA or other Title I subsistence allowance at the time of conversion to the Food Stamp Act of 1977, shall continue to receive an income exclusion for VISTA for the length of their volunteer contract in effect at the time of conversion.
- ❖ Temporary interruptions in food assistance participation shall not alter the exclusion once an initial determination has been made. New applicants who were

not receiving public assistance or food assistance at the time they joined VISTA shall have these volunteer payments included as earned income.

- g) Income derived from certain sub marginal land of the United States which is held in trust for certain Indian tribes (P.L. 94-114, Section 6).
- h) Payments received from the youth incentive entitlement pilot projects, the youth community conservation and improvement projects, and the youth employment and training programs under Title IV of the Comprehensive Employment and Training Act Amendments of 1978 (P.L. 95-524).
- i) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (P.L. 94-540).
- j) P.L. 112-240, The American Taxpayer Relief Act of 2012, provides that all tax refunds received after December 31, 2012 are permanently excluded as income for the Food Assistance Program. This exclusion includes Earned Income Tax Credit (EITC) and Child Tax Credits.
- k) 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).
- l) Payments to the Passamaquoddy Tribe and the Penobscot Nation and the Houlton Band of Maliseet received pursuant to the Maine Indian Claims Settlement Act of 1980 (P.L. 96-420, Section 9(c)).
- m) Payments of relocation assistance to members of the Navajo and Hopi Tribes under P.L. 93-531.
- n) 25 USCS 1407 Judgment Funds (as amended by P.L. 93-134 and P.L. 97-458) provides that none of the funds (appropriate in satisfaction of judgments of the Indian Claims Commission or Claims Court in favor of any Indian tribe, band, etc.) which meet one of the following:
  - ❖ Are distributed per capita or held in trust pursuant to a plan approved under the provisions of this Act (25 USCS 1401 et seq.).
  - ❖ On the date of enactment of this Act [enacted Jan. 12, 1983], are to be distributed per capita or are held in trust pursuant to a plan approved by Congress prior to the date of enactment of this Act.
  - ❖ Were distributed pursuant to a plan approved by Congress after December 31, 1981, but prior to the date of enactment of this Act [enacted Jan. 12, 1983], and any purchases made with such funds.

Including all interest and investment income accrued thereon while such funds are so held in trust, shall be subject to Federal or State income taxes, nor shall such funds nor their availability be considered as income or resources nor otherwise utilized as the basis for denying or reducing the financial assistance or other benefits to which such household or member would otherwise be entitled under the Social Security Act [42 USCS 301 et seq.] or, except for per capita shares in excess of \$2000, any Federal or federally assisted program.

The \$2000 amount applies to each payment made to each person. Initial purchases made with exempt payments distributed between January 1, 1982 and January 12, 1993, is excluded from resources to the extent that excluded funds were used.

- o) P.L. 98-64, 8/2/83, applied the exclusion in 25 USCS 1407 to per capita payments from funds which are held in trust by the Secretary of Interior (trust fund distributions) for an Indian tribe.
- p) Payments made to U.S. citizens of Japanese ancestry, Japanese resident aliens, and certain eligible Aleutian residents under Wartime Relocation of Civilians (P.L. 100-383).
- q) P.L. 99-576, Veteran's Benefits Improvement and Health Care Authorization Act of 1986, Section 303(a) (1) which amended Section 1411(b) and 1412(c) of the Veterans Educational Act (GI Bill), provides that any amount by which the basic pay of an individual is reduced under this subsection shall revert back to the Treasury and shall not for purposes of any Federal Law be considered to have been received by or to be within the control of such individual. Section 1411 refers to basic educational assistance entitlement for service on active duty and Section 1412 refers to basic educational entitlement for service in Selected Reserve. (Section 216 of P.L. 99-576, authorized stipends for participation in study of Vietnam era veterans' psychological problems. These stipends are not excluded by law.)
- r) The Child Care Payments authorized under Title V, Section 5801 of the Omnibus Reconciliation Act of 1990 to low income families who need such care to work and would be at risk of becoming eligible for AFDC if such payments are not provided. These payments are commonly referred to as "at risk" Child Care Payments, P.L. 101-508. No deduction for child care may be allowed for that portion of the child care expense covered by the "at risk" payments.
- s) The value of any child care payment paid by the Jobs Opportunity Basic Skills (JOBS) program under Title IV-A of the Social Security act or the Transitional Child Care (TCC) program shall be considered as a reimbursement. Regardless of whether these child care payments (reimbursements) are paid directly to the client or paid directly to the provider, they shall not be an allowable deduction. Any amount paid by the household which exceeds the amount paid by TCC or JOBS shall be an allowable child care deduction.
- t) P.L. 102-586, Section 8, amended the Child Care Development Block Grant Act Amendments of 1992 to exclude the value of any child care provided or arranged under this Act. Any amount received as payment for such care or reimbursement for cost incurred for such care is also excluded. (These payments are made under the Social Security Act, as amended.)
- u) Payments to individuals under the Radiation Exposure Compensation Act enacted October 15, 1990 (P.L. 101-426).
- v) P.L. 101-610, Section 177(d), 11/16/90, National and Community Service Act (NCSA) of 1990, provides that Section 142(b) of the "on-the-job trainings programs under section 129 (c)(2)(C)(iv) or section 134 (c)(3)(D)(ii)of WIOA". This includes payments for any Summer Youth Employment and Training Programs under AmeriCorps. Title I includes three acts:
  - ❖ Serve-America: the Community Service, Schools and Service-Learning Act of 1990
  - ❖ The American Conservation and Youth Service Corps Act of 1990.
  - ❖ The National and Community Service Act.

There are approximately 47 different NCSA programs and they vary from state to state. Most of the payments are made as a weekly stipend or for educational assistance.

- ❖ The Higher Education Service-Learning program and the AmeriCorps umbrella program come under this Title. The National Civilian Community Corps (NCCC) is a federally-managed AmeriCorps program. The summer for Safety program is an AmeriCorps program under which participants earn a stipend and a \$1000 post-service educational award.
- w) The Alaska Native Claims Settlement Act and Section 15 of P.L. 100-241, 2/3/88, the Alaska Native Claims Settlement Act Amendments of 1987 - all payments made to households are excluded from income and resources - (P.L. 92-203) This includes cash, stock, partnership interest, land, interest in land and other benefits.
- x) Per capita and interest payments made to the Assiniboine Tribe of the Fort Belknap Indian Community and the Assiniboine Tribe of the Fort Peck Indian Reservation (Montana) (P.L. 98-124).
- y) Per capita and interest payments made to the Red Lake Band of Chippewa's (P.L. 98-123).
- z) Payments to the Saginaw Chippewa Indian Tribe of Michigan (P.L. 99-346).
- aa) Per capita payments to the Chippewa's of Mississippi (P.L. 99-377)
- ab) Old Age Assistance Claims Settlement Act provides that funds made to heirs of deceased Indians under this Act shall not be considered as income or resources nor otherwise used to reduce or deny food stamp benefits except for per capita shares in excess of \$2,000.
- ac) Payments to the Turtle Mountain Band of Chippewa's, Arizona (P.L. 97-403).
- ad) Payments to the Blackfeet, Gros Ventre, and Assiniboine tribes (Montana) and the Papago (Arizona) (P.L. 97-408).
- ae) P.L. 99-146, Section 6(b), 11/11/85 - funds distributed per capita or held in trust for members of the Chippewa's of Lake Superior are excluded from income and resources. Judgments were awarded in Dockets Numbered 18-S, 18-U, 18-C, and 18-T. Dockets 18-S and 18-U are divided among the following reservations:

Wisconsin:

Bad River Reservation  
Lac du Flambeau Reservation  
Lac Courte Oreilles Reservation  
Sokaogon Chippewa Community  
Red Cliff Reservation  
St. Croix Reservation

Michigan:

Keweenaw Bay Indian Community (L'Anse, Lac Vieux Desert, and Ontonagon Bands)

Minnesota:

Fond du Lac Reservation  
Grand Portage Reservation  
Nett Lake Reservation (including Vermillion Lake and Deer Creek)

## White Earth Reservation

Under Dockets 18-C and 18-T, funds are given to the Lac Courte Oreilles Band of the Lake Superior Bands of Chippewa Indians of the Lac Courte Oreilles Reservation of Wisconsin, the Bad River

Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, the Sokaogon Chippewa Community of the Mole Lake Band of Chippewa Indians, and the St. Croix Chippewa Indians of Wisconsin.

- af) P.L. 99-264, White Earth Reservation Land Settlement Act of 1985, 3/24/86, Section 16 excludes moneys paid under this Act from income and resources. This Act involves members of the White Earth Band of Chippewa Indians in Minnesota.
- ag) P.L. 99-346, Section 6(b) (2) - payments to the Saginaw Chippewa Indian Tribe of Michigan is excluded from income and resources
- ah) P.L. 99-377, Section 4(b), 8/8/86 - Funds distributed per capita to the Chippewa's of the Mississippi or held in trust under this Act are excluded from income and resources. The judgments were awarded in Docket Number 18-S. The funds are divided by reservation affiliation for the Mille Lac Reservation, Minnesota; White Earth Reservation, Minnesota; and Leech Lake Reservation, Minnesota.
- ai) P.L. 101-41, 6/21/89, The Puyallup Tribe of Indians Settlement Act of 1989, Section 10(b), provides that nothing in this Act shall affect the eligibility of the Tribe or any of its members for any Federal program. Section 10(c) provides that none of the funds, assets or income from the trust fund established in Section 6(b) shall at any time be used as a basis for denying or reducing benefits to the Tribe or its members under any Federal, State or local program. (The Puyallup Tribe is located in Washington State.)
- aj) Funds appropriated in satisfaction of judgments awarded to the Seminole Indians in Dockets 73, 151, and 73-A of the Indian Claims Commission are excluded from income and resources except for per capita payments in excess of \$2,000. Payments were allocated to the Seminole Nation of Oklahoma, the Seminole Tribe of Florida, the Miccosukee Tribe of Indians of Florida, and the independent Seminole Indians of Florida. (P.L. 101-277, 4/30/90.)
- ak) P.L. 101-503, Section 8(b), Seneca Nation Settlement Act of 1990, dated November 3, 1990, provides that none of the payments, funds or distributions authorized, established, or directed by this Act, and none of the income derived there from, shall affect the eligibility of the Seneca Nation or its members, or be used as a basis for denying or reducing funds under any Federal program.
- al) P.L. 103-66, Section 13736, dated August 10, 1993, provides that interest of individual Indians in trust or restricted lands shall not be considered as a resource and up to \$2,000 per calendar year of income received by individual Indians that is derived from such interest shall be excluded in determining both food stamp eligibility and benefit level.
- am) 25 USCS 1931 Indian Child Welfare (P.L. 95-608, 11/8/78), subparagraph (a) provides for child and family service grant programs on or near reservations in the preparation and implementation of child welfare codes. Such programs may include, but are not limited to, family assistance, including homemaker and home counselors, day care, after school care, and employment, recreational activities, and respite care home improvement; the employment of professional and other trained personnel to

assist the tribal court in the disposition of domestic relations and child welfare matters; and education and training of Indians; including tribal court judges and staff, in skills relating to child and family assistance and service programs. Subparagraph (b) provides that assistance under 25 USCS 1901 et seq. shall not be a basis for the denial or reduction of any assistance otherwise authorized under any federally assisted programs.

- an) In accordance with 42 USCS 1437T(i), no service provided to a public housing resident under a Family Investment Center program may be treated as income for the purpose of any other program or provision of State or Federal law. Service includes such things as child care, employment training and counseling, literacy training, computer skills training, assistance in the attainment of certificates of high school equivalency, and other similar services. This exclusion does not extend to wages or stipends paid under the Family Investment Program. (P.L. 101-625, Section 22(i), Cranston-Gonzalez National Affordable Housing Act, dated 11/28/90).
  - ao) P.L. 103-322, Section 230202 dated 9/13/94 amended Section 1403 to the Crime Act of 1984 (42 U.S.C. 10602) to provide that payments received by victims of crime from a victim's compensation program must be excluded from income and resources
  - ap) P.L. 103-436, 11/2/94, Confederated Tribes of the Collie Reservation Grand Coulee Dam Settlement Act, Section 7(b), provides that payments made pursuant to that Act are totally excluded from income and resources for food assistance purposes.
19. P.L. 99-425, Section (e), the Low-Income Home Energy Assistance Act, 9/30/86. The amount of any home energy assistance payments or allowances provided directly to, or indirectly on behalf of a household, is excluded from income and resources. In determining any excess shelter expense deduction, the full amount of such payments or allowances shall be deemed to be expended by such household for heating or cooling expenses.
20. retroactive and restored lump-sum payments, such as an FA additional payment for a prior month's under issuance, or a social security retroactive payment; these payments are nonrecurring lump-sum payments and are excluded from income
21. P.L. 100-175, Section 166, Older Americans Act Funds received by persons 55 or older under the Senior Community Employment Program under Title V is excluded from income. Each State and eight organizations receive Title V funds. The organizations that receive some Title V funds are as follows:
- ❖ Green Thumb
  - ❖ National Council on Aging
  - ❖ National Council of Senior Citizens
  - ❖ American Association of Retired Persons
  - ❖ U.S. Forest Service
  - ❖ National Association for Spanish Speaking Elderly
  - ❖ National Urban League
  - ❖ National Council on Black Aging
22. Cash charitable contributions from private nonprofit charitable organizations not in excess of \$300 aggregate per quarter. For the purpose of this policy, a quarter is defined as: January thru March; April thru June; July thru September; and October thru December.
23. The amount of FA to be counted in the food stamp budget, when the recipient has earned income and a dependent care deduction has been allowed for FA purposes, shall be the

amount of FA prior to the FA dependent care deduction. The difference between the actual FA award and the amount of FA prior to the deduction is excluded for food assistance. These households are not entitled to a deduction for dependent care.

Note: In order for the correct amount of FA to be placed in the food assistance budget, the PA worker will have to determine what the FA would be prior to the dependent care deduction.

24. Governmental foster care payments received by households for foster care individuals who are not considered members of the food assistance household. Both the service payment and the maintenance payment portion of the foster care payment are excluded.
25. All loans, including loans from private individuals, commercial institutions and educational loans on which repayment is deferred. A valid loan must be a written agreement signed by both parties that includes:
  - a) the borrower's acknowledgement of obligation to repay; and
  - b) time table and plan for repayment; and
  - c) the borrower's intent to repay by pledging either real or personal property or anticipated income.

If the loan is invalid, the income must be counted as unearned income in the month received.

26. Credits made available to employees by an employer to be used for a variety of things, e.g., buy health insurance or life insurance, etc. The employee cannot elect to receive a cash payment; therefore, these credits are not legally obligated and otherwise payable to the employee as earnings and are excluded.
27. P.L. 103-286, dated August 1, 1994, requires that payments made to individuals because of their status as victims of Nazi persecution is excluded from income and resources. This exclusion applies to such payments received on or after August 1, 1994.
28. Additional pay received and made available to the household by a member of the military deployed to a designated combat zone for the duration of the member's deployment. This income is excluded only if it was not received by the service member prior to the service member's deployment to or service in a Federally-designated combat zone. A combat zone is any area the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat. The list of Federally-designated combat zones is: Bahrain, Gulf of Aden, Gulf of Oman, Iraq, Kuwait, Persian Gulf, Qatar, Oman, Red Sea, Saudi Arabia, United Arab Emirates, Turkey, Israel, Eastern Med, Jordan, Egypt, Afghanistan, Pakistan, Tajikistan, Incirlik AFB Turkey, Kyrgyzstan, Uzbekistan, Phillipines (only troops with orders that reference OEF), Yemen, Djibouti, The Federal Republic of Yugoslavia (Serbia/Montenegro), Albania, The Adriatic Sea, The Ionian Sea (north of the 39th parallel), Bosnia, Herzegovina, Croatia, and Macedonia. When questions arise as to specific issues or payment codes on the Leave and Earnings Statement (LES), the State agency should contact the service members' supporting finance to clarify the types of income to determine if the income should be excluded.

## 903 Income Deductions

Deductions shall be allowed only for the following household expenses:

### A. Standard Deduction

Each household's per month standard deduction is applicable to all households. See Basis of Issuance Chart for listing of standard deduction. The standard deduction will be deducted by the computer.

### B. Earned Income Deduction

A percentage of gross earned income as defined in [Section 901A](#). Earnings excluded in [Section 902](#) shall not be included in gross earned income for purposes of computing the earned income deduction. The earned income deduction will be applied by the computer.

### C. Medical Deduction

That portion of medical expenses in excess of \$35 per month per household excluding special diets, incurred by any household member who is elderly or disabled as defined in the Glossary. These households are entitled to a standard medical deduction of \$175. Households that incur out-of-pocket medical expenses of more than \$175 monthly are entitled to a medical deduction for the actual amount of medical expenses in excess of \$175.

1. A household member applying for disability benefits that would entitle the household to a medical deduction would not be entitled to the deduction; the individual must be receiving the disability check.
2. Spouses or other person receiving benefits as a dependent of the SSI, or disability and blindness recipients are not eligible to receive this deduction, but persons receiving emergency SSI benefits based on presumptive eligibility are eligible for this deduction. If the SSI presumptive eligibility check is stopped and the SSI application is denied, any medical expense allowed shall be removed according to regular processing standards.

A household would continue to be eligible for an excess medical deduction for the medical expenses of a former member who is elderly or is disabled even after that person becomes hospitalized, institutionalized, or dies if the remaining household members are legally responsible for payment of the expenses.

#### Allowable Medical Costs Are:

1. Medical and dental care including psychotherapy and rehabilitation services provided by a licensed practitioner authorized by State law or other qualified health professional.
2. Hospitalization or outpatient treatment, nursing care, and nursing home care including payments by the household for an individual who was a household member immediately prior to entering a hospital or nursing home provided by a facility recognized by the State.
3. 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.

4. Costs of medical supplies, sick-room equipment (including rental) or other prescribed equipment are deductible.
5. Health and hospitalization insurance policy premiums are deductible. The 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.
  - a) When a medical policy provides benefits for other household members who are not elderly or disabled as well as the elderly or disabled individual, the entire premium payment may not be allowed. If a portion of the premium can be assigned to the elderly or disabled member, use that portion. In the absence of specific information on how much of the premium is for the elderly or disabled member, proration may be used to determine the allowable amount.
  - b) When the policy holder is not an elderly or disabled person, but the family policy includes such a household member, that portion of premium attributable to the eligible member may be used in figuring the allowable deduction.
6. Medicare premiums related to coverage under Title XVIII of the Social Security Act; any cost-sharing or spend down expenses incurred by Medicaid recipients.
7. Dentures, hearing aids, and prosthetics.
8. Securing and maintaining a service animal such as Seeing Eye dogs, hearing guide dogs and housekeeper monkeys trained to assist quadriplegics, including the cost of food and veterinarian bills.
9. Eye glasses (or contact lens) prescribed by a physician skilled in eye disease or by an optometrist.
10. Reasonable cost of transportation and lodging to obtain medical treatment or services. These costs are limited to those incurred in order to obtain such treatment. This includes not only trips to a doctor, dentist, etc. but also trips to a pharmacy or other locations to fill the prescriptions for medicine, dentures, a hearing aid, eye glasses, sick room equipment, etc. These costs are to be verified. Allowance for mileage in privately owned vehicles, other than actual verified costs shall be the State rate for mileage paid to State employees for mileage.
11. Maintaining an attendant, homemaker, home health aide, or child care services, housekeeper, necessary due to age, infirmity, or illness. (In order for the household to receive the medical deduction, the attendant, homemaker, etc. shall not be a household member. The attendant may be a relative.) In addition, 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 in effect at the time of initial certification. The county department is only required to update the allotment amount at the next scheduled recertification.

If a household incurs attendant care costs that could qualify under the medical deduction and dependent care deduction, the county department shall treat the cost as a medical expense.

Medical expenses billed through charge accounts (credit cards) are considered billed when the charge account statement is received. Charge account expenses, such as interest, would not be allowable as part of the medical expense. Households may receive a medical deduction for payments made on a loan when the loan is used to pay a onetime only medical

expense provided a deduction has not been previously allowed for the expense. Loan expenses, such as interest, are not allowable as part of the medical expense.

### **Non-Allowable Costs**

The following medical expenses, if paid by QMB (catastrophic) Medicaid, are not deductible medical expenses:

1. Medicare insurance premiums
2. Medicare deductibles this is the amount a Medicare recipient must incur before Medicare pays on an expense.
3. Medicare co-insurance this is the amount a Medicare recipient must pay in addition to the amount Medicare pays.

Such payments by QMB are vendor payments, subject to the policies governing vendor payments as income.

## **D. Dependent Care**

The dependent care deduction is allowed for payments incurred for the actual costs for the care of a child under the age of 18 as well as incapacitated persons of any age that are in need of dependent care when necessary for a household member to accept or continue employment, seek employment in compliance with the employment and program administered by the Department of Human Resources or the job search criteria (or an equivalent effort by those not subject to either) or attend training or pursue education which is preparatory to employment.

The dependent care deduction will be the actual amount that households incur for this expense, including transportation and activity fees. Activity fees are fees that are associated with the care provided to the dependent that are necessary for the household to participate in the care. Although the fees do not have to be mandatory to be deductible, these fees must be specific and identifiable. Examples of activity fees that may be deductible include cost of art classes for an after school program or adult day care program, additional supply fees to attend a summer program or day care, or the cost of field trips sponsored by summer camps.

The dependent care deduction, while allowed because of a dependent, is not the dependent's deduction; it is a deduction allowed for the working member(s) of a household or those household members seeking employment. Therefore, a dependent care deduction may be allowed to a household when the dependent is not a member of that household.

## **E. Child Support Deduction**

Legally obligated child support payments paid by a household member to a non-household member shall be allowed as a deduction. The deduction shall be only for the amount the household member actually pays, and shall not exceed the legally obligated amount. Voluntary child support payments are not allowed as a deduction.

1. The household may receive a deduction for legally obligated child support paid to a party outside the household, even if the child or the children and the other parent are in the same household with the individual paying the child support. For example this may occur if the child moves back and forth between the parents, or if the payee has a continuing obligation to make arrearage payments to the Child Support Collection Agency after the family is reunited.

2. Payments made to a third party (e.g., landlord or utility company) on behalf of the non-household member in accordance with the support order shall be included in the deduction.
3. Legally obligated payments made by the household to obtain medical care and health insurance for the child or children shall be included as part of the child support deduction.
4. In addition to the regular child support payments, a deduction may also be given for arrearage payments. If the amount in excess of the legally obligated amount is for arrearage the household is entitled to a deduction for the entire amount. For example a father (legally obligated to pay \$100 per month child support) is paying \$150 child support which includes \$50 arrearage payments and the \$100 current child support would be entitled to a deduction for the entire \$150. However, if the amount in excess of the legally obligated amount is voluntary and is not for arrearage the household would only be entitled to a deduction for the legally obligated amount.

A separate court order specifying the amount of the arrearage payments is not necessary in order for the household to receive the deduction. A court order or other types of verification of the legally obligated amount of child support is needed only for the current child support payments. The amount of the arrearage payments must be verified, as well as that the payments are truly arrearage. The worker must document thoroughly when giving a deduction for arrearage payments.

5. A deduction shall not be allowed for amounts collected through income tax intercepts. Unlike child support paid through garnishments from current income, child support collected through income tax intercept is taken from a lump-sum payment.

## **F. Shelter Costs**

Monthly shelter costs in excess of 50% of the household's income after all other deductions have been allowed up a maximum limit are the household's shelter deduction except for households that contain an elderly or disabled person (as defined in the Glossary). Such households shall receive an excess shelter deduction for the monthly cost that exceeds 50% of the household's monthly income after all other applicable deductions. If the elderly or disabled member is either hospitalized or institutionalized and is no longer a household member, the household would not qualify for an uncapped shelter deduction. The determination of the shelter expense is automated.

### **Shelter Costs**

Shelter costs include only the following:

1. Continuing charges for the shelter occupied by the household, including rent, mortgage, condominium (condo) and association fees or other continuing charges leading to the ownership of the shelter such as loan repayments for the purchase of a mobile home, including interest on such payments. Payments on second mortgages and home equity loans are allowable shelter costs regardless of why the money was obtained or how it was used.
2. Property taxes, State and local assessments, and insurance on the structure itself, but not separate costs for insuring furniture or personal belongings.
3. The appropriate standard (SUA/BUA or telephone) for utility expenses. The household is entitled to the Standard Utility Allowance or the Basic Utility Allowance or the telephone standard.

- a) An expense paid on behalf of a household under a state law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.
  - b) One-time deposits shall not be included as shelter costs.
  - c) Penalty fees for being late in making payments on utilities, mortgages and/or property taxes are not to be included as a shelter cost or part of a shelter cost. These penalties are not allowable as deductions for food assistance purposes.
4. Shelter costs for the home if temporarily unoccupied by the household because of employment or training away from home, illness, or abandonment caused by natural disaster or casualty loss. Shelter costs may be allowed for the unoccupied shelter if:
- a) The household intends to return to the home.
  - b) The current occupant of the home, if any, must not be claiming the shelter cost for food stamp purposes.
  - c) The home must not be leased or rented during the absence of the household.
- Only one standard can be claimed for both residences. A separate SUA/BUA or telephone standard cannot be claimed for each residence.
5. Charges for the repair of the home which was substantially damaged or destroyed due to a natural disaster such as a fire or flood. Shelter costs shall not include charges for repair of the home that have been or will be reimbursed by private or public relief agencies, insurance companies, or from any other source.
6. Shelter costs for two residences may be claimed when it is necessary for a household member to be away from home and occupy a second residence for part of the month due to employment or training or illness. Only the standard can be claimed for both residences. A separate standard cannot be claimed for each residence.

## **G. Standard Utility Allowance**

### **1. General Information**

The Standard Utility Allowance (SUA) is a standard amount to be budgeted monthly for utility expenses that include a heating or cooling component. The SUA is determined on an annual basis and any adjustment is handled as a mass change effective October 1.

The SUA shall be made available only to households who incur heating and cooling costs separately and apart from their rent or mortgage. A cooling cost which entitles a household to the SUA is a utility expense relating to the operation of air conditioning systems or room air conditioners. These households include:

- a) Residents of rental housing who are billed on a monthly basis by their landlords for individual usage, or who are charged a flat rate separately from their rent.
- b) Recipients of direct or indirect energy assistance made under the Low Income Home Energy Assistance Act of 1981 even if these households incur no heating or cooling charges. This payment must be more than \$20 and must be received in the current month or preceding 12 months.

- c) Recipients of direct or indirect energy assistance, other than LIHEAA, that is excluded as income if the expense exceeds the amount of the assistance.
- d) Recipients of direct or indirect energy assistance that is counted as income and incurs a heating or cooling expense.
- e) Recipients in public housing with shared meters that are charged for excess utility costs that include either a heating or cooling component.

2. Entitlement to the SUA

A household which expects to incur a heating or cooling expense within the next 12 months will be allowed the SUA. Entitlement to the SUA may be verified by documenting the household's statement concerning qualified heating or cooling costs that are incurred during the year.

- a) If the household has moved and has not established a pattern of energy use, the worker will have to anticipate whether the household will incur a heating or cooling expense in the next 12 months. This can be done by documenting that the household has the ability to incur costs which will entitle it to the SUA.
- b) The SUA is not intended for households who incur infrequent and minimal expenses such as:
  - ❖ A household which has no air conditioners, cuts its own firewood for heating, and only incurs the expense of gasoline for a chain saw and matches for lighting the fire.
  - ❖ A household which has no air conditioners and which used only electric blankets for warmth.
  - ❖ A household living in an apartment with no air conditioners, but with gas included in the rent payment, has electricity billed separately; while the household heats with gas, it runs a blower fan with electricity; this household is not entitled to the SUA.

3. When the Household Moves

The SUA is allowed for the certification period; the household is only required to report a change in its shelter deduction when it moves. A move by any household using the SUA requires the county department to determine the household's entitlement to the SUA at the new address.

- a) A household loses entitlement to the SUA when it moves and stops incurring separate heating and cooling costs. When the county department becomes aware of such a change, it should take appropriate action, considering the applicable notice requirements, to remove the standard utility allowance from the household's net income computation, or change the standard, as appropriate, if the household establishes entitlement to the BUA or telephone standard.
- b) When a household who was not entitled to SUA reports a move, the county department is required to determine if the household would be entitled to the SUA at their new address.

4. The SUA and Sharing Expense

When utility expenses are shared among different households living together in one residence, each household is entitled to receive the full SUA if the residence has qualifying heating or cooling costs. All households are not required to be participating in food assistance program for this purpose.

5. Low Income Home Energy Assistance Act Payments (LIHEAA) and the SUA  
A household whose shelter arrangement does not change and who receives at least one LIHEAA payment will keep its entitlement to the SUA for a full year, the same as a household that incurs heating or cooling costs on a regular basis. If a household moves and receives a LIHEAA payment at the new address, it would continue to be eligible for the SUA. However, if it moves and its circumstances are such that it receives neither a LIHEAA payment nor incur out-of-pocket heating or cooling costs it will not receive the SUA.

## **H. Basic Utility Allowance**

1. General Information  
The Basic Utility Allowance (BUA) is a standard utility amount to be budgeted monthly for households who incur utility expenses other than or in addition to a telephone expense, but not separate heating or cooling costs or LIHEAA payments.
2. Entitlement to the BUA  
To qualify for the BUA a household must be billed for at least two utility expenses separate and apart from their rent or mortgage. Qualifying expenses include: electricity, fuel for purposes other than heating or cooling, water, telephone, sewerage, garbage or trash collection, installation and maintenance of a septic tank or a well, or an excess utility cost that does not include heating or cooling for households who live in public housing or other similar rental units.
3. The BUA and Sharing Expense  
When utility expenses are shared among different households living together in one residence each household is entitled to receive the full BUA if the residence has qualifying costs. All households are not required to be participating in the food assistance program for this purpose.

## **I. Telephone Standard**

If a household only incurs the cost of a telephone (may be a cell phone), they will only be entitled to the telephone standard not the Basic Utility Allowance (BUA).

## **J. Actual Utility Expense**

Households incurring only one utility expense other than a telephone or a heating or cooling expense are not entitled to receive a utility standard. These households will be given that utility expense as a deduction based on an average of the actual expenses incurred and anticipated for the certification period. In this situation counties are encouraged to contact the State Policy Desk for assistance in determining the deduction.