

---

---

**INCOME/DEDUCTIONS**

---

---

**EP - 410 INCOME/DEDUCTIONS**

**Change #2-2010**

**September 1, 2010**

**410.01 INCOME LIMIT**

Households meet income eligibility if the total household members' countable income for October is equal to or less than 110% of the current poverty level.

<b>No. Eligible In Household</b>	<b>Maximum Countable Income</b>	<b>No. In Household</b>	<b>Maximum Countable Income</b>
1	\$ 993	13	\$5,107
2	1,337	14	5,451
3	1,679	15	5,793
4	2,022	16	6,136
5	2,365	17	6,479
6	2,707	18	6,821
7	3,050	19	7,164
8	3,394	20	7,508
9	3,736	21	7,850
10	4,079	22	8,193
11	4,422	23	8,536
12	4,764	24	8,878
		25	9,221

If there are more than 25 in a household, call the Economic Services Section for the maximum countable monthly income.

**410.02 COUNTABLE INCOME FOR RECIPIENTS AND NON-RECIPIENTS**

If the household has income not listed under countable or excluded income, contact the Food and Nutrition Services & Energy Programs Help Desk at (919) 334-1100.

To compute countable income for both recipients and non-recipients, count:

- A. Wages from employment, tips, seasonal employment, baby-sitting, domestic employment, Work Force Investment Act (WIA) or work experience payments. (See 410.03 A., B., and DD., below for exceptions.) Count gross amount before any deductions.
- B. Income from roomers, boarders, or tenants
- C. Farm income
- D. Small business income, including income from self-employment
- E. Income from rental property
- F. Foster care payments (only if child is included in the household) and adoption assistance payments.
- G. Work First Family Assistance

Cases where payments have been sanctioned, count gross check amount. For Work First cases where the client is in the one-month penalty period, continue to count the Work First payment. If it is after the one-month period, do not count the Work First check, unless they have reapplied for assistance and are eligible. If the check is reduced by being recouped for any overpayment, subtract the recoupment from the gross amount.

---

## INCOME/DEDUCTIONS

---

- H. Supplemental Security Income (SSI) benefits. If the check is reduced by a recoupment for any overpayment, subtract the recoupment amount from the gross amount.
- I. Social Security benefits (RSDI). If the check is reduced by a recoupment for any overpayment, subtract the recoupment amount from the gross amount.
- J. Veteran's benefits (VA). This includes Aid and Attendant Care benefits.
- K. Railroad Retirement benefits
- L. Unemployment Insurance benefits
- M. Trade Readjustment benefits
- N. Private disability or unemployment benefits
- O. Worker's Compensation
- P. Pensions
- Q. Contributions
- R. Support payments
- S. Work release income
- T. Interest, dividends from stocks, bonds, other investments, and income from trust funds
- U. Military allotments and alimony
- V. Brown or Black Lung benefits
- W. Monthly payments received from sale of property
- X. Educational assistance in the form of scholarships offered by civic groups and institutions, and athletic scholarships. To determine the countable income, deduct the following:
  - 1. Tuition and mandatory fees
  - 2. Materials and supplies related to the course of study
  - 3. Books, supplies, transportation, and miscellaneous expenses including, but not limited to, professional membership dues, journal subscriptions, meals for commuting students, and clothing.
- NOTE:** This exclusion does not include room and board expenses.
- Y. Assistance from other agencies and organizations if such aid is for rehabilitation purposes, special training, or educational opportunities. This includes Veterans Administration (VA) Educational Assistance. (See 410.03 K. below for exception.)
- Z. Incentive payments made to an applicant/recipient participating in a vocational rehabilitation program.
- AA. Reimbursements for normal living expenses (such as rent, mortgage, personal clothing, or food eaten at home) and any other reimbursement that exceeds the actual expense.

---

---

**INCOME/DEDUCTIONS**

---

- BB. Per Capita Gaming Payments made under Per Capita Act PL 98-64. Divide the current payment by six to get a monthly amount. Do not include Reserve Distribution as income.
- CC. Special Assistance (SA)
- DD. Strikers Income. (For LIEAP budgeting purposes, refer to Section 265, Variable Income, of the Food and Nutrition Services Certification Manual.

**410.03 INCOME EXCLUSIONS FOR BOTH RECIPIENTS AND NON-RECIPIENTS**

If the household has income not listed under countable or excluded income, contact your Food and Nutrition Services & Energy Programs Representative for assistance.

In computing income, do not count:

- A. Wages (part-time or full-time) received by a high school or elementary school student under age 18 who is under parental control of an adult household member.
- B. Income from Work Force Investment Act (WIA) for a child when he is under age 19, and he is under the parental control of an adult household member.
- C. Reimbursements for past or future expenses are excluded if they are for a specific expense and used for the purpose intended, not a reimbursement for normal living expenses (such as rent, mortgage, personal clothing, or food eaten at home), and the reimbursement does not exceed the actual expense.
- D. Income for supportive services or reimbursement of out-of-pocket expenses to volunteers serving as foster grandparents, senior health aides or companions, Service Corps of Retired Executives (SCORE), Active Corps of Executives (ACE), or any other programs under Titles II and III of PL 93-113. Exclude payments under Title I as Vista, University Year of Action, etc.) if the individual was receiving public assistance (Work First Family Assistance or SSI) or Food and Nutrition Services at the time of joining VISTA/ACTION.
- E. In-kind contributions.
- F. Payments made directly to vendors on behalf of a household.
- G. Irregular and infrequent income. This is income under \$30 in a calendar quarter which is received too infrequently or irregularly to be reasonably anticipated.
- H. Personal loans.
- I. Payments made under the Alaska Native Claims Settlement Act, PL 92-203.
- J. Payments to certain Indian tribes as permitted by PL 94-114.
- K. Funds received and used to pay for services rendered by another individual (non-household member) or agency. This includes Veterans Administration (VA) Education Assistance. Example: attendant or chore provider.
- L. Disaster assistance.
- M. HUD Community Development Block Grant funds received to finance the renovation of a privately owned residence.
- N. The value of the Food and Nutrition Services Benefit amount.

---

**INCOME/DEDUCTIONS**

---

- O. The value of USDA donated foods (surplus commodities).
- P. Relocation payments provided under the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- Q. Benefits received under Title Seven, Nutrition Program for the Elderly Older Americans Act, and Older American Community Service Programs.
- R. The value of supplemental food assistance received under the Child Nutrition Act and the special food service program for children under the National School Lunch Act.
- S. Payments made under PL 93-134, the Judgment Award Authorization Act of the Indian Claims Commission.
- T. Exclude income from roomer/boarders when roomer/boarder is not part of the LIEAP household.
- U. Payments made under PL 94-540 to the Grand River Band of the Ottawa Indians.
- V. Agent Orange payments received from Aetna Insurance Company.
- W. Child care payments received through Work First, the Division of Child Development and Development Block Grant Program (CCDBG), and "at-risk" child care.
- X. Payments distributed pursuant to any judgment of the Indian Claims Commission of the Court of Claims in favor of any Indian tribe.
- Y. Assistance to prevent fuel cutoffs and to promote energy efficiency under the Emergency Energy Conservation Services Program or the Energy Crisis Assistance Program as authorized by the Economic Opportunity Act of 1964, as amended.
- Z. Any Emergency Assistance or CIP paid or on behalf of an applicant.
- AA. Employment and training benefits received under Title V of the Older Americans Act.
- BB. Payments received under the Repatriated Americans Programs if the person receiving the payment is required to sign an express agreement to repay the funds received.
- CC. Payments received as a result of the Wartime Relocation of Civilians law which are provided to certain citizens of Japanese ancestry, Japanese aliens, and Aleuts.
- DD. Job Training Partnership Act (JTPA) training allowances.
- EE. Salary deduction for military service personnel used to fund the GI bill.
- FF. Cash charitable contributions up to \$300 per calendar quarter based on need which are received from a private nonprofit charitable organization (e.g., Salvation Army, Urban Ministry, churches, etc.).
- GG. Nonrecurring lump sum payments. Example: Benefit Diversion Payment.
- HH. Earned Income Tax Credit.
- II. Money received by a payee which is used for the care and maintenance of a person who is not a household member.
- JJ. Monies used to repay either voluntarily or involuntarily an overpayment from the same source.

---

## INCOME/DEDUCTIONS

---

- KK. Payments received as a result of the Radiation Exposure Compensation Act. These payments are provided to individuals for injuries or death resulting from exposure to radiation from nuclear testing or uranium mining in Arizona, Nevada, and Utah.
- LL. Money designated by Social Security Administration for deposit to a Plan for Achieving Self-Support (PASS) account.
- MM. Title IV and Bureau of Indian Affairs (BIA) educational assistance. See chart in ([Figure 410-1](#) (pages 1 and 2) for educational assistance.)
- NN. Income from the Adult Developmental Activities Program (ADAP).
- OO. Payments made by HUD for utility assistance.
- PP. Housing improvement grants.
- QQ. Any funds distributed per capita to or held in trust for members of any Indian tribe under PL 92-254.
- RR. Experimental Housing Allowance Program (EHAP) payments.
- SS. Holocaust survivor's restitution payments

### 410.04 **DETERMINATION OF GROSS INCOME (APPLIES TO WALK-IN HOUSEHOLDS ONLY)**

#### A. **Food and Nutrition Services, Work First Family Assistance, Medical Assistance (MA), and Supplemental Security Income (SSI) Recipients**

1. For Food and Nutrition Services, Work First Family Assistance, MA and SSI recipients:
  - a. Use the gross income that was used in computing the payment or the benefit for **October**. This is the amount showing in FSIS, EIS, or the SDX. Unless there was an error in the budget (e.g. computation, keying error, etc.) or the applicant states the income has been terminated, use this amount when entering the income for LIEAP. If there was an error or income has been terminated, follow procedures in 2. and 410.05.  
  
**NOTE:** Do not add recoupments back to the payments.
  - b. Determine if the individual had other income which was not used in determining the October payment or benefit but is countable for LIEAP. See 410.02.  
  
**NOTE:** All income received by Simplified Reporting, Transitional Food and Nutrition Services (TFNS), and Simplified Nutritional Assistance Program (SNAP) households will be used to determine LIEAP eligibility for Walk-in applicants.
  - c. Determine if the household had income which is excluded for LIEAP. See 410.03. Subtract any excluded income.
2. If there was an error in the budget (e.g. computation, keying error, etc.) for the income used to determine the October payment or benefit, ask the applicant to provide verification of the actual income he received in October. Use this corrected income in determining eligibility for LIEAP. Notify the Food and Nutrition Services, Work First Family Assistance or MA Unit of the change in income.

---

---

**INCOME/DEDUCTIONS**

---

---

Give the applicant until the deadline date (See timetable in EP-100.) to provide the actual October income. If he does not provide verification by this date, you must process the application. Count the income used to determine the October payment or benefit.

**B. Non-Recipients**

Unless the income has terminated, count gross October income, unless otherwise indicated in 410.02 or 410.03. (See 410.05 below for terminated income.) **Use actual countable income received in October.** Do not convert.

**410.05 TERMINATED INCOME (APPLIES TO WALK IN HOUSEHOLDS ONLY)**

**Income is terminated when the last check is received.** This applies to recipients and non-recipients.

- A. When a household member's income is terminated on or before the date the applicant signs the application use actual countable income plus any new anticipated November income for LIEAP. If the household anticipates no November income, count zero.
- B. If the household member's income is terminated after the date the applicant signs the application, use the **actual income** received during the month of October.

**410.06 TREATMENT OF INCOME FROM FARM, SELF-EMPLOYMENT, OR RENTALS**

**A. Recipients (Work First Family Assistance, MA, SSI, and Food and Nutrition Services)**

For recipients, count income from farm, self-employment, or rentals used to determine the **October** payment or benefit. This is the amount **after** operational expenses.

**B. Non-Recipients**

For non-recipients, count actual gross income received in **October** from farm, self-employment, or rentals. If the household member's income for the entire year is received in October, see 2. below.

- 1. To arrive at gross countable income from farm, self-employment, or rentals, first subtract the operational expenses incurred in **October**.

The operational expenses for **farm income** are:

- a. Fertilizer, insecticides, seed, crop insurance
- b. Livestock maintenance
- c. Rent payments
- d. Taxes
- e. Building and equipment maintenance
- f. Labor
- g. Interest on debts

The operational expenses for **self-employment** are:

- a. Taxes required to operate the business
- b. Licenses and permit fees
- c. Rent payments
- d. Insurance

**INCOME/DEDUCTIONS**

- e. Labor costs
- f. Maintenance
- g. Products required to operate the business
- h. Interest on debts
- i. Actual food cost for self-employed baby-sitters.
- j. **Food allowance for boarder.** Allow the maximum Food and Nutrition Services allotment for the number of boarders in the household. See chart below.

Number of Boarders	1	2	3	4	5	6	7	8	9	10
<b>Allowance</b>	200	367	526	668	793	952	1052	1202	1352	1502

The operational expenses for **rentals** are:

- a. Interest on debts
  - b. Taxes
  - c. Insurance
  - d. Maintenance
  - e. Utilities, if paid by the applicant
  - f. Labor costs
  - g. Real estate agent's fees
2. If the household member is paid only once a year and the income is **received in October**:
- a. Add the operational expenses for the previous 12 months together; and
  - b. Divide the total operational expenses by 12 or by the number of months in business, if less than 12 months, to compute a monthly amount; and
  - c. Divide the yearly income by 12 or by the number of months in business, if less than 12, to compute a monthly amount; and
  - d. Subtract the monthly operational expenses from the monthly income to arrive at the gross countable income for LIEAP.

**410.07 TREATMENT OF FOSTER CARE CASES**

The foster parent may choose to include the foster child(ren) as a LIEAP household member. If the child(ren) is included, count his countable income and count the supplemental payments for foster care as income to the foster parents.

**410.08 VERIFICATION AND DOCUMENTATION**

**A. Verification of Income for Recipients of Work First Family Assistance, MA, SSI, and Food and Nutrition Services**

If a household member receives Work First Family Assistance, MA, or Food and Nutrition Services, use the verification of income in the **case record** used to determine the benefit for October. You may also use FSIS, EIS, SDX or on-line inquiry for verification of the income used to determine the October benefit. No further verification is required for these household members.

**B. Verification of Income for Non-Recipients**

1. Earned Income

Verify actual earned income which was received in **October**. Listed below are some sources of verifications.

a. Wages

- Check stubs for income received in **October**
- DSS-8113 completed by the employer for wage verification
- Contact with source/employer/collateral
- If verification cannot be obtained from any other source, use the client's statement as verification.

b. Farm, Self-Employment, or Rentals

- Applicant's business records
- Bills/receipts for operational expenses
- Records from banks, suppliers, or other knowledgeable sources for income AND operational expenses
- Statement from roomer/boarder

2. Unearned Income

Verify actual unearned income which was received in **October**. Listed below are some sources of verifications.

- For Child Support use ACTS, or Contribution Form
- Award letter
- TPQY
- ESC-UIB
- Check stub OR copy of October check
- Contact with source of income
- Contact with bank; may use bank statement if income is by direct deposit.

**NOTE:** If a Medicare premium is deducted from Social Security income, add the premium to the amount deposited to determine the countable income.

3. Terminated Income

a. If questionable, verify income is terminated by viewing:

- Layoff slips
- Contact the local Employment Security Commission (ESC) office
- Contact other collaterals

b. To verify the November income amounts, use same sources of verification listed in 1. and 2. above.

---

---

**INCOME/DEDUCTIONS**

---

---

**Document all verifications on the worksheet or attach any verifications received to the worksheet.**

**NOTE:** A client's statement can be used as verification of income if the household is over the income limit.

**410.09 DEDUCTIONS**

From total **gross** countable income of each eligible household member, the following deductions are allowed:

**A. Standard Medical Deduction for Specified Persons**

Each specified person will receive a standard medical deduction of \$85, regardless of whether they have an expense. A specified person is an individual 60 years of age or older, or one of the following:

1. Who receives SSI or disability or blindness payments under Title one, two, fourteen or sixteen of the Social Security Act. These individuals may have been approved but have not received their initial payment.
2. Who receives VA disability for a 100% service or non -service connected disability.
3. Is a disabled surviving spouse or disabled surviving child of a Veteran.
4. Receives disability retirement benefits from a State, county, or local government agency due to a disability considered permanent under Section 221 of the Social Security Act.
5. Is receiving a pension from Railroad Retirement Act of 1974 and determined to be eligible to receive Medicare.
6. Who receives Federal Employees Compensation Act payments due to a disability considered permanent under the Social Security Act.
7. Receives Medicaid based on disability.
8. Receives SSI based on presumptive eligibility.

**B. Standard Work-related Expenses (from the table below) of Each Household Member with Earned Income.**

The Energy System allows **automatically** the standard deduction for all types of earned income including farm, self-employment, and rental income. (The table includes an allowance for hospital insurance premiums, FICA, State retirement, etc.)

Gross Income Level	Standard Deduction
\$ 1 - 50	\$ 10
51 - 100	20
101 - 150	30
151 - 200	40
201 - 300	60
301 - 400	80
401 - and up	20%

**Section 410  
Change #2-2010  
September 1, 2010**

**C. Dependent Care Deductions**

1. Work First Family Assistance, MA, and Food and Nutrition Services

For a Work First, Medicaid, or Food and Nutrition Services recipient household member with earned income, determine whether he has child care expenses used to determine the **October** benefit or payment. If so, allow the full amount paid by the recipient to the day care provider up to \$200 for each child under age 2 and \$175 for each child age 2 and over if applicable for Work First and Medicaid only. Allow the full amount paid by the recipient to the day care provider for a Food and Nutrition Services recipient household member. Do not allow any amount paid by or reimbursed by other parties.

2. Non-recipients and SSI recipients

Determine whether a household member has out of the pocket child care expenses in **October**. If so, allow the full amount of out-of-pocket expenses paid to the day care provider. Do not allow any amount paid by or reimbursed by other parties.

3. Verification and Documentation

- a. If a household member receives MA, Work First Family Assistance, or Food and Nutrition Services and has earned income, use the verification of child care costs in the case record or in EIS or FSIS used to determine the Work First, Food and Nutrition Services or MA benefit for October.
- b. Verify actual child care costs paid in October for each household member with earned income that is a non-recipient or SSI recipient. Verify child care by seeing a receipt or canceled check or by contacting the child care provider.

**Document all verifications on the worksheet or attach any verifications received to the worksheet.**

**D. Child Support Deduction**

Determine whether a household member is required to pay legally obligated child support to a non-household member. Legally obligated child support is:

- Court ordered; **or**
- Ordered through an administrative process (such as IV-D); **or**
- Ordered through a legally enforceable separation agreement.

**Take the following steps when a household member reports he pays legally obligated child support to a non-household member.**

1. Verify the child support amount actually paid (including arrearages) by the household member, in October. Verify by ACTS inquiry, statement from receiving parent, canceled checks, and money orders. Enter the amount in field 17 on the DSS-8114. **Document all verifications on the worksheet or attach any received verifications to the worksheet.**

---

---

**INCOME/DEDUCTIONS**

---

---

2. Allow as a deduction the child support actually paid (including arrearages) by the household member. This includes court ordered payments or rent, mortgage, or other shelter expenses to the custodial parent and child in lieu of child support and court ordered payments for health insurance coverage for the child.
3. **Do not allow a child support deduction for alimony payments, spousal support payments, or property settlement payments paid by a household member.**

**410.10 HOUSEHOLDS WITH AN INELIGIBLE ALIEN**

**A. Computation of Gross Countable Income**

1. Follow instructions in the appropriate section to determine the gross countable income of eligible recipient and non-recipient household members.

To determine who is a qualified or non-qualified alien, please refer to Section 225.04 of the Food and Nutrition Services Certification Manual.

2. To compute countable income of an ineligible alien (if it is determined not to be terminated income) you must:

a. Qualified Ineligible Aliens

Include this member's prorated countable gross income. For instruction on proration, refer to d below.

b. Treatment of Income of Non-Qualified Ineligible Aliens

Count all income of non-qualified ineligible alien's when applying the manual gross income test for eligibility purposes; do not include the non-qualified ineligible alien in the household size. If the household's income exceeds the gross income test, deny the application.

**EXAMPLE:** A LIEAP Unit consists of four persons. The head of household, who is an undocumented alien is employed and has earnings that exceed the maximum income level for a household of three. Deny assistance. Enter the total gross income in field 35 of the DSS-8114 on the same line with the ineligible member.

If the household's income does not exceed the gross income level, include this member's prorated countable gross income. For instructions on proration, refer to d below.

- c. Determine if the ineligible alien paid room/board in October to the LIEAP household. Exclude the room/board payment from the ineligible alien's gross income since the room/board payment is counted as income for another LIEAP household member. The exclusion cannot exceed the amount of the room/board income.
- d. Divide the gross countable income of each ineligible alien by the total number in the household [including the ineligible alien(s)]. This is each person's pro rata share.
- e. Multiply the pro rata share amount by the number of eligible household members in the LIEAP budget. This figure is the prorated amount to count in the budget for the ineligible alien(s).

---

---

## INCOME/DEDUCTIONS

---

---

**EXAMPLE:** A household consists of seven persons. The household contains two ineligible aliens. One is employed and earns \$700 per month. The other has \$70 unearned income per month.

**Ineligible Alien 1:**

\$700 divided by 7 = \$100 (prorata share)

\$100 x 5 (eligible household members) = \$500

\$500 = Income of this ineligible alien to be counted for remaining eligible household members in the LIEAP budget. This is the prorated amount.

**Ineligible Alien 2:**

\$70 divided by 7 = \$10 (prorata share)

\$10 x 5 (eligible household members) = \$50

\$50 = Income of this ineligible alien to be counted for remaining eligible household members in the LIEAP budget. This is the prorated amount.

3. Terminated Income

If an ineligible alien's income has terminated, see 410.05 above to determine the amount of gross income. Prorate this amount. (See A., 2., c. above for instructions on how to prorate.)

**B. Deductions**

1. Do not allow a medical deduction for an ineligible alien, even if he is a specified person.
2. The Energy System deducts **automatically** the standard work-related expenses using the table in 410.09 B. above. The standard work-related deduction is based on the prorated income counted in the LIEAP budget.

**EXAMPLE:** A household consists of three people (one of which is an ineligible alien). The ineligible alien has \$300 gross wages. Count \$200 of his gross wages in the LIEAP budget. The standard deduction would be \$40. (This is based on the \$200 that is counted in the LIEAP budget.)

3. If paid by a ineligible alien who was in a recipient household:

Prorate the monthly child care costs used to determine the October benefit or payment. See example below for instructions on how to prorate.

4. If paid by an ineligible alien in a non-recipient household with earned income:

Prorate the monthly child care costs paid in October. See example below for instructions on how to prorate.

**EXAMPLE: To prorate, you must:**

Divide the amount (child care, etc.) by the total number in the household [including the ineligible alien(s)]

Multiply this amount by the number of eligible household members. This is the prorated amount (child care deduction, etc.)

---

**INCOME/DEDUCTIONS**

---

A household consists of three people (one of which is an ineligible alien). The ineligible alien has paid \$60 in child care costs.

$\$60 \text{ divided by } 3 = \$20 \text{ prorata share}$

$\$20 \times 2 \text{ (eligible household members)} = \$40$

$\$40 = \text{allowable child care costs}$

**410.11      ROUNDING OF INCOME**

- A. Round each entry on the DSS-8114 to the nearest whole dollar before and after each calculation.
- B. If the income or deduction ends with one cent to 49 cents, round down to the nearest dollar; or if ends with fifty cents to 99 cents, round up to the nearest dollar.